

**RESOLUTION RATIFYING AND CONFIRMING SALE OF
\$8,810,000 ELECTRIC REVENUE REFUNDING BONDS OF
THE CITY OF DOVER (SERIES 2010) AND RELATED MATTERS**

WHEREAS, The City of Dover (the “City”) is authorized pursuant to Chapter 111, Volume 52, Laws of Delaware, as amended, and the City Charter, Chapter 158, Volume 36, Laws of Delaware, as amended (the “Enabling Acts”) to issue revenue bonds for the purpose of financing and refinancing improvements to its electric system;

WHEREAS, pursuant to the Enabling Acts, the City adopted a Resolution on December 23, 1985, as subsequently supplemented (the “Original Bond Resolution”) in order to issue various series of electric revenue bonds;

WHEREAS, the Original Bond Resolution was amended and restated by a Resolution adopted on August 23, 2004 (the “Bond Resolution”) pursuant to which the City issued The City of Dover, Delaware \$22,535,000 Electric Revenue Refunding Bonds (Taxable Series 2004) (the “2004 Bonds”);

WHEREAS, the City has previously entered into a Debt Service Reserve Agreement (the “Reserve Agreement”) dated as of January 30, 1995 with Delaware Trust Company as trustee (now succeeded by the Trustee as defined herein) and TMG Financial Products, Inc (now succeeded by JPMorgan Chase Bank, National Association), relating to the investment of the debt service reserve funds for the City’s electric revenue bonds, including the 2004 Bonds;

WHEREAS, the City desires to unwind and terminate the Reserve Agreement;

WHEREAS, pursuant to the Bond Resolution and a Resolution adopted on August 23, 2010 (the “Authorizing Resolution” and together with the Bond Resolution, the “Resolutions”), City Council authorized the Mayor and Controller/Treasurer to cause the issuance of up to \$12,000,000 of Electric Revenue Refunding Bonds (the “2010 Bonds”) to refund the 2004 Bonds;

WHEREAS, the Mayor and Controller/Treasurer with the assistance of Public Financial Management, Inc., as the City’s financial advisor, solicited proposals from investment banking firms and other entities that underwrite municipal bonds to act as underwriter for the 2010 Bonds pursuant to a Notice of Sale dated November 17, 2010, a copy of which is attached hereto as Exhibit “A.” Copies of the bids received pursuant to the Notice of Sale are attached as Exhibit “B.” The bid submitted by J.P. Morgan Securities LLC (the “Underwriter”), offering to purchase the 2010 Bonds at a net purchase price of \$9,412,619.30 (which bid price has been adjusted as per the Notice of Sale) has been selected as offering the proposal with the lowest true interest cost to the City.

NOW THEREFORE, the Council hereby resolves as follows:

1. Defined Terms. All defined terms used herein, identified by initial capital letters and not otherwise defined herein, shall have the meanings assigned to them in the Bond Resolution.

2. Authorization of 2010 Bonds. The City Council hereby ratifies and affirms the actions taken by the Mayor to cause the issuance of \$8,810,000 aggregate principal amount of 2010 Bonds to be designated “City of Dover Electric Revenue Refunding Bonds (Series 2010)” on the terms and subject to the conditions hereinafter set forth.

3. Purposes. The proceeds from the sale of the 2010 Bonds shall be used to provide funds for (a) the refunding of the 2004 Bonds and (b) the payment of the costs of issuance of the 2010 Bonds and other transaction costs related to the foregoing.

4. Pledge of Revenues; Parity Bonds. Pursuant to Section 512 of the Bond Resolution, the City has pledged, and does hereby ratify and confirm said pledge of, the Revenues of the Electric System to the payment of the principal of, premium, if any, and interest on, every Bond issued under the Bond Resolution, including the 2010 Bonds, as and to the extent provided in the Bond Resolution. The 2010 Bonds will be issued pursuant to Section 209 of the Bond Resolution and will be secured on a parity with the other Bonds issued under the Bond Resolution.

5. Payment and other Terms of Bonds; Form of Bonds.

a. Maturities, Interest Rates. The 2010 Bonds shall be issued in denominations of \$5,000 or integral multiples thereof, shall be dated the date of issuance, shall be stated to mature on July 1 in the years and in the principal amounts and shall bear interest from the date of issuance, payable on each Interest Payment Date commencing July 1, 2011, all as set forth on Schedule 1 appended hereto.

b. Form of Bonds. The 2010 Bonds, the form for ordinary registration of, transfer and the form of certificate of authentication to appear thereon are to be substantially in the form set forth in Exhibit C hereto with necessary or appropriate variations, omissions and insertions as permitted or required by the Bond Resolution.

6. Redemption Provisions. The Series 2010 Bonds are not subject to optional or mandatory redemption prior to their stated maturities.

7. Book-Entry Form of Issue. The 2010 Bonds shall be issued in book entry form subject to the terms and conditions of the Blanket Letter of Representations to The Depository Trust Company (“DTC”) attached as Exhibit D hereto notwithstanding anything to the contrary in the Bond Resolution. DTC and its participants, and the beneficial owners of the 2010 Bonds by their acceptance of the 2010 Bonds, have agreed that neither the City nor the Trustee (as defined below) shall have any liability for the failure of DTC to perform its obligations as set forth in this Resolution or in the “Rules” or “Procedures” of DTC; nor shall the City or the Trustee be liable for the failure of any participant to perform any obligation the participants may incur to a beneficial owner of any 2010 Bond.

8. Trustee, Paying Agent and Registrar. The Bank of New York Mellon, is appointed as the Trustee (the “Trustee”) and either the Trustee or the City may serve as Paying Agent and Registrar for the 2010 Bonds at the direction of the Controller/Treasurer.

9. Creation of Funds and Accounts; Deposit of Bond Proceeds. The Trustee shall

establish the following funds and accounts with respect to the 2010 Bonds and shall deposit the proceeds of the 2010 Bonds into said funds and accounts as follows:

a. Costs of Issuance; Expense Account. The Trustee shall establish an account within the Expense Fund to be called the "Expense Account - 2010 Bonds" and shall deposit therein, from the proceeds of the 2010 Bonds, the amount certified by the City as reasonably estimated to pay the costs of issuing the 2010 Bonds and other transaction costs relating thereto. Upon written request of the City identifying the payee and the purpose of the payment, the Trustee shall disburse funds from said account to pay for, or reimburse, costs of issuing the 2010 Bonds and transaction costs relating thereto. Upon written certification of the City that all costs of issuing the 2010 Bonds and related transaction costs have been paid, or duly provided for, any funds remaining in said Expense Account shall be transferred to the Redemption Account in the Interest and Sinking Fund for the 2004 Bonds.

b. Debt Service Reserve; Reserve Account. The Trustee shall establish a sub-account within the Reserve Account, to be called the "Reserve Account - 2010 Bonds." The funds in the Reserve Account shall be invested in accordance with the Resolutions at the written direction of the Controller/Treasurer.

10. Preliminary Official Statement and Official Statement. The Council hereby ratifies the use of the Preliminary Official Statement dated October 26, 2010 and the final Official Statement, copies of which have been presented to this meeting, and their distribution to prospective purchasers.

The Council hereby ratifies the actions taken by the Mayor and Controller/Treasurer in executing the Official Statement in the name of The City of Dover, supervising its distribution to the Underwriters, to municipal securities information repositories and to potential purchasers and in making changes from the Preliminary Official Statement to the date of delivery to make the information contained therein not contain any untrue statement of a material fact or omit to state a material fact necessary to make any statement therein, in light of the circumstances under which it was made, not misleading.

11. Reserve Agreement. The Council hereby authorizes the unwinding and termination of the Reserve Agreement according to any related provisions therein if found to be in the City's best interest by the Controller/Treasurer after consultation with Public Financial Management, Inc. and PFM Asset Management, LLC, as the City's financial and investment advisor.

12. No Consents Required for Amendments. Any amendments to the Bond Resolution contained in this Ratifying Resolution are being made without the consent of any bondowners because, upon the issuance of the 2010 Bonds, the owners of the 2010 Bonds shall hold a majority of the Bonds Outstanding under the Bond Resolution and shall have consented thereto. The notice of amendment to bondholders required by Section 1002 of the Bond Resolution is satisfied by the Official Statement sent to prospective holders of the 2010 Bonds since the 2010 Bonds will be the majority of Bonds Outstanding on the date of issuance.

13. Certain Representations and Covenants of the City. The City hereby represents and covenants with the holders of the 2010 Bonds that:

a. this Ratifying Resolution incorporates by reference all the terms of the Bond Resolution;

b. the Bond Resolution, as amended by this Ratifying Resolution, is in full force and effect. Hereafter, the Bond Resolution shall comprise the Bond Resolution as amended by this Ratifying Resolution; and

c. all conditions to be satisfied and all acts and things necessary to be done in order to make this Ratifying Resolution binding on the City have been satisfied or done, as the case may be.

14. Future Actions. The Mayor, Controller/Treasurer, Clerk of Council and other City officials are authorized and directed to take all actions necessary to issue the 2010 Bonds and carry out the terms and the purposes of this Resolution, including the making of any elections and the filing of any reports with the Internal Revenue Service, and the delivery of necessary closing documents and certificates.

The Clerk of Council shall maintain an official transcript of the proceedings relating to the sale of the 2010 Bonds including copies of the Preliminary Official Statement and Official Statement.

15. Effective Date. This Resolution shall be effective immediately upon its adoption according to law.

APPROVED by the Council of The City of
Dover the 8th day of November, 2010

City Clerk
The City of Dover

APPROVED by the Mayor of The City of
Dover the ___ day of _____, 2010.

SCHEDULE 1

The City of Dover, Delaware
Electric Revenue Refunding Bonds
(Series 2010)

See Attached.

EXHIBIT A

Notice of Sale

See Attached

EXHIBIT B

Bids Received

See Attached

CITY, AS PROVIDED BY THE ENABLING ACT (HEREINAFTER MENTIONED) AND THE BOND RESOLUTION AND FROM THE INTEREST AND SINKING FUND ESTABLISHED UNDER THE BOND RESOLUTION, AND THE OWNER HEREOF HAS NO RIGHT TO COMPEL THE LEVY OF ANY TAX FOR THE PAYMENT OF THIS BOND OR THE INTEREST TO ACCRUE THEREON. THE CITY IS NOT OBLIGATED TO PAY THIS BOND OR THE INTEREST HEREON EXCEPT FROM SUCH SPECIAL FUNDS, AND NO OWNER OF THIS BOND SHALL EVER HAVE THE RIGHT TO ENFORCE THE PAYMENT THEREOF AGAINST ANY PROPERTY OF THE CITY, AND THIS BOND DOES NOT CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY.

This bond is one of a duly authorized series of revenue bonds of the City, designated "Electric Revenue Refunding Bonds (Series 2010)", in the original aggregate principal amount of \$8,810,000 (the "2010 Bonds") issued pursuant to a Resolution adopted by the City on December 23, 1985, as amended and restated by Amending and Restating Electric Revenue Bonds Resolution Adopted August 23, 2004 and Resolution No. 2010-10 adopted August 23, 2010 (collectively, the "Bond Resolution") and a Ratifying Resolution adopted November 8, 2010 to provide funds for (i) the refunding of The City of Dover, Delaware \$22,535,000 Electric Revenue Refunding Bonds (Taxable Series 2004) and (ii) the payment of the costs of issuance of the 2010 Bonds. The Bond Resolution also provides for the issuance, from time to time, under the conditions, limitations and restrictions therein set forth, of additional Bonds for the purpose of paying all or a part of the cost of additional improvements of the City's electric system (the "Electric System"), and for the purpose of refunding any Bonds issued by the City under the provisions of the Bond Resolution. Reference is hereby made to the Bond Resolution for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Bond Resolution, the collection and disposition of revenues, the funds charged with and pledged to the payment of the interest on and the principal of the Bonds, the nature and extent of the security, the terms and conditions on which the Bonds of each series are or may be issued, the rights, duties and obligations of the City and of the Trustee under the Bond Resolution and the rights of the owners of the Bonds, and, by the acceptance of this bond, the owner hereof assents to all the provisions of the Bond Resolution. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Bond Resolution.

This bond is issued and the Bond Resolution was adopted under and pursuant to the Constitution and laws of the State of Delaware, particularly Chapter 111, Volume 52, Laws of Delaware, as amended by Chapter 340, Volume 57, Laws of Delaware, (the "Enabling Act"). The Bond Resolution, in accordance with and as required by the Enabling Act, provides for the fixing, revising and collecting by the City of rates, fees and other charges for the use of, and for the services and facilities furnished by, the Electric System which will provide revenues sufficient at all times to pay the cost of maintaining, repairing and operating the Electric System and provide reserves therefor and to pay the principal of and the interest on all bonds issued under the provisions of the Bond Resolution and then Outstanding as the same shall become due and payable and to provide reserves therefor. The Bond Resolution provides for the creation of a special fund designated "City of Dover Electric Revenue Bonds Interest and Sinking Fund" (the "Interest and Sinking Fund"), which special fund is pledged to and charged with the payment of the principal of and the interest on all Bonds issued under the provisions of the Bond Resolution. The Bond Resolution also

provides for the City to apply the revenues of the Electric System to maintain an Improvement and Extension Fund. After providing for current expenses of the Electric System and current debt service payments on the Bonds issued under the Bond Resolution, certain reserves therefor and the required level of contribution to the Improvement and Extension Fund, the Bond Resolution permits the City to apply the net revenues remaining from the Electric System to any lawful purpose of the City.

Modifications or alterations of the Bond Resolution or of any resolution supplemental thereto may be made to the extent and in the circumstances permitted by the Bond Resolution.

This bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the designated office of the Trustee but only in the manner, and subject to the limitations and upon payment of the charges provided in the Bond Resolution, and upon surrender and cancellation of this bond. Upon such transfer, a new bond or Bonds of the same maturity or maturities, interest rate or rates and of an authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefore. The City and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest due on the Bonds and for all other purposes, and neither the City nor the Trustee shall be affected by any notice to the contrary. The City and the Trustee are not required (a) to issue, transfer or exchange any Bonds during the period beginning at the opening of business on the 15th day of the month preceding any interest payment date and ending at the close of business on the interest payment date, or (b) to transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

As declared by the Enabling Act, this bond shall be negotiable for all purposes, except as restricted by registration. This bond is issued with the intent that the Laws of the State of Delaware shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the State of Delaware and the ordinances and resolutions of the City to happen, exist and be performed precedent to and in issuance of this bond have happened, exist and have been performed as so required.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Resolution until the certificate of authentication appended hereto shall have been signed by the Trustee.

IN WITNESS WHEREOF, The City of Dover has caused this bond to bear the manual or facsimile signature of its Mayor and the manual or facsimile signature of its City Clerk, and has caused the City's corporate Seal to be printed or affixed hereon.

Mayor

City Clerk

(SEAL)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the series designated therein and issued under the provisions of the within mentioned Resolution.

By: _____
The Bank of New York Mellon, as Trustee

Date of Authentication

By: _____
Authorized Officer

ASSIGNMENT

For the value received, the undersigned sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute _____ attorney to transfer the said Bond on the books kept for registration of said Bond, with full power of substitution in the premise.

Dated: _____

Signature of Registered Owner

NOTICE: The signature(s) to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an approved eligible guarantor institution, an institution which is a participant in a Securities Transfer Association recognized signature guaranteed program.

EXHIBIT D

BLANKET LETTER OF REPRESENTATIONS
TO THE DEPOSITORY TRUST COMPANY

See Attached