



A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF UP TO
\$5,942,481 WATER AND SEWER REVENUE BONDS OF THE CITY OF DOVER FOR THE
CONSTRUCTION OF CERTAIN WASTEWATER PROJECTS
AND AUTHORIZING ALL NECESSARY ACTION IN CONNECTION THEREWITH

WHEREAS, the City of Dover (the “City”) is authorized pursuant to Volume 52, Delaware Laws, Chapter 111, as amended by Volume 57, Delaware Laws Chapter 340, Volume 36 Delaware Laws, Chapter 158, as amended, and the City Charter (collectively the “Enabling Acts”) to issue revenue bonds for the purpose of financing the extension, reconstruction or improvements to the City’s water, sewer and electric systems;

WHEREAS, pursuant to the Enabling Acts, the City adopted a Bond Resolution on February 27, 1989 (the “Bond Resolution”) providing for the issuance of water and sewer revenue bonds and pursuant to the Bond Resolution the City has issued and there remains outstanding its \$7,980,000 Water and Sewer Revenue Bonds, Series 2003 (the “Outstanding Bonds”);

WHEREAS, the City desires to issue additional revenue bonds pursuant to the Bond Resolution on a parity with the Outstanding Bonds;

WHEREAS, the City has approved certain capital improvements to its Water and Sewer Systems and desires to issue its additional parity revenue bonds pursuant to the Bond Resolution and to pay the costs of said improvements, including, but not limited to the following:

1. Route 13 Sanitary Sewer Interceptor
2. Fox Hall/Retreat Force Main Rerouting
3. Acorn Lane Pump Station Replacement #24
4. Delaware State University Pump Station #18
5. Inflow/Infiltration Removal/Sewer Main Relining

(the “Projects”).

NOW THEREFORE THE CITY OF DOVER HEREBY ORDAINS (AT LEAST THREE FOURTHS OF THE MEMBERS OF COUNCIL CONCURRING HEREIN):

Section 1. Amount and Purpose of the Bonds. Acting pursuant to the Enabling Acts, and the Bond Resolution the City shall issue its negotiable obligations in the maximum aggregate principal amount not to exceed \$5,942,481 to finance or refinance a portion of the cost of the construction and equipping of the Projects, an estimate of which is appended hereto as Exhibit A.

The monies raised from the sale of the Bonds (including the investment earnings thereon) after the payment of the costs of issuance, shall be expended only for the purposes authorized herein or as may otherwise be authorized by subsequent action by City Council. Authorized purposes include the costs of planning, constructing, acquiring and equipping the Projects or any portion thereof; interest on the Bonds and any interim financing during the construction period and for a period of up to one year following the estimated date of completion; the costs of issuance of the Bonds and any interim financing; the repayment of temporary loans incurred with respect to the Projects; and the reimbursement of authorized costs previously expended by the City from other funds.

Section 2. Terms of the Bonds. The Bonds shall be sold to the Delaware Water Pollution Control Revolving Fund (the “SRF Fund”) administered by the State of Delaware Department of Natural Resources and Environmental Control pursuant to the terms of its commitment letter dated August 25, 2009 (the “Commitment Letter”), a copy of which is appended hereto as Exhibit B, and the other terms and conditions to be contained in a Financing Agreement between the City and the SRF Fund (the “Financing Agreement”).

It is anticipated that the interest rate on the loan shall be 2.0% if the Projects are under contract or in construction by December 30, 2009. Otherwise, the interest rate for the Loan will be based on the SRF Fund Interest Rate Policy.

Section 3. Security for the Bonds. The principal, interest and premium, if any, on the Bonds shall be payable solely from the City’s Net Operating Revenue which is hereby pledged to secure the Bonds on a parity with the Outstanding Bonds. The full faith and credit of the City shall not be pledged to pay principal and interest on the Bonds.

Section 4. Rate Covenant. The City covenants that it will fix and collect rates, fees and other charges for the use of and for services furnished or to be furnished by the System, and will from time to time revise such rates, fees and other charges so that in each Fiscal year the Net Operating Revenue available to pay debt service on the Bonds will equal at least the principal and interest requirements for the Bonds. If, for any reason, the revenues are insufficient to satisfy the foregoing covenant, the City shall within ninety (90) days adjust and increase its rates, fees and other charges or reduce its Operating Expenses so as to provide sufficient Net Operating Revenue to satisfy such requirement.

Section 5. Details of the Bonds. The Mayor and City Treasurer are authorized to determine the details of the Bonds including the following: the date or dates of the Bonds; provisions for either serial or term bonds; sinking fund or other reserve fund requirements; due dates of the interest thereon; the form of the Bonds; the denominations and designations of the Bonds; registration, conversion and transfer provisions; provisions for the receipt, deposit and investment of the proceeds of the Bonds; provisions for the replacement of a lost, stolen, mutilated or destroyed Bonds; and provisions for issuing uncertificated obligations and all procedures appropriate for the establishment of a system of issuing uncertificated debt. The Bonds shall be executed by the manual or facsimile signature of the Mayor and City Treasurer, shall contain an impression of the City Seal of a facsimile thereof and shall be attested by the manual signature of the City Clerk.

Section 6. Further Action. The Mayor, the President of the City Council, the City Treasurer, the City Manager and the City Clerk are authorized and directed to take such other action on behalf of the City, as may be necessary or desirable to effect the adoption of this Resolution and the issuance and sale of the Bonds and to provide for their security and to carry out the intent of this Resolution, including the publication of notices and advertisements and the execution and delivery of customary closing certificates.

Section 7. Effective Date. This Resolution shall become effective immediately upon its passage. The City Clerk is hereby directed to publish once in a newspaper published in the City a notice in substantially the following form:

“NOTICE IS HEREBY GIVEN that the City Council of The City of Dover, Delaware on September 14, 2009 pursuant to Chapter 111, Volume 52, Delaware Laws, as amended, adopted a resolution entitled as follows:

“RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$5,942,481 WATER AND SEWER REVENUE BONDS OF THE CITY OF DOVER FOR THE CONSTRUCTION OF CERTAIN WASTEWATER PROJECTS AND AUTHORIZING ALL NECESSARY ACTION IN CONNECTION THEREWITH”

“The purpose of the issuance and sale of said bonds is to provide funds (approximately \$5,942,481) to pay a portion of the costs of certain projects including, but not limited to: (1) Route 13 Sanitary Sewer Interceptor; (2) Fox Hall/Retreat Force Main Rerouting; (3) Acorn Lane Pump Station Replacement #24; (4) Delaware State University Pump Station #18; (5) Inflow/Infiltration Removal/Sewer Main Relining.

“Any action or proceeding to contest the validity of said resolution or any of its provisions must be commenced within thirty (30) days after publication of this notice. After expiration of such period of limitation, no right of action or defense founded upon the invalidity of said resolution or any of its provisions shall be asserted, nor shall the validity of said resolution or any of its provisions be open to question in any court upon any ground whatsoever, except in an action or proceeding commenced within such period.”

By order of the City Council of the City of Dover.

City Clerk

ADOPTED this 14th day of September, 2009.

CITY OF DOVER, DELAWARE

Attest:

Clerk, Dover City Council

President, Dover City Council

APPROVED by the Mayor of the City of Dover on the 14th day of September, 2009.

Mayor

Exhibit A

Estimated Costs of Projects

Project #	Description	Project Estimate
WW0810	Route 13 Sanitary Sewer Interceptor	\$3,362,481
WW0905	Fox Hall/Retreat Force Main Rerouting	107,200
WW0907	Acorn Lane Pump Station Replacement #24	336,400
WW0902	Delaware State University Pump Station #18	336,400
WW0903	Inflow/Infiltration Removal/Sewer Main Relining	1,800,000
	Total Project Estimates	\$5,942,481

Exhibit B

Commitment Letter



STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES &
ENVIRONMENTAL CONTROL
DIVISION OF WATER RESOURCES
5 E. REED STREET, SUITE 200
DOVER, DELAWARE 19901

TELEPHONE: (302) 739-9941
FAX: (302) 739-2137

FINANCIAL ASSISTANCE BRANCH

August 25, 2009

Ms. Donna Mitchell,
Controller/Treasurer
City of Dover
Finance Department
P.O. Box 475
Dover, DE 19903-0475

RE: Delaware Water Pollution Control Revolving Fund, Binding Commitment Letter
Offer, City of Dover – Wastewater Projects

Dear Ms. Mitchell:

On behalf of the Delaware Water Pollution Control Revolving Fund, (the "Fund"), the Delaware Department of Natural Resources and Environmental Control (the "Department") is pleased to advise you that a Loan (the "Loan") has been authorized from the Fund to the City of Dover (the "City") in the amount of \$5,942,481 for a term of twenty (20) years. The Loan will primarily be used for the construction costs associated with the City's approved wastewater projects (the "Projects"), namely

- Route 13 Sanitary Sewer Interceptor: \$1,562,481
- Fox Hall/Retreat Force Main Rerouting: \$107,200
- Acorn Lane Pump Station Replacement #24: \$336,400
- Delaware State University Pump Station #18: \$336,400
- Inflow/Infiltration Removal/Sewer Main Relining: \$1,800,000

The interest rate for the Loan shall be of 2.0%, if the Projects are under contract or in construction by December 30, 2009. Otherwise, the interest rate for the Loan will be based on the Fund's Interest Rate Policy; the current interest rate is 3.97%. The City shall pay semi-annual interest only payments during construction, based on cumulative loan disbursements. Amortized loan payments shall begin semi-annually after the completion of each project, respectively.

It is understood that a Water and Sewer Revenue Pledge of the City will secure the Loan. The City must, if applicable, provide the Fund with evidence that other funds and/or financing are in place for the Project costs not funded with the proceeds of the Loan, prior to the closing of the Loan. All legal costs, incurred by the Fund, associated with loan closing shall be borne by the City and will become a part of loan proceeds.

Delaware's Good Nature Depends on You!

Ms. Donna Mitchell
August 25, 2009
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It is further understood that the Loan is subject to the following recommendations of the Clean Water Advisory Council:

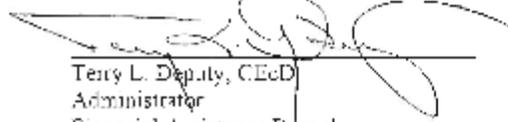
- Due to inadequate capacity at the Kent County Pump Station #2, the City of Dover shall not re-route sewer flows from the Fox Hall/Reheat Pump Station to the Kent County Pump Station #2 until a future force main connection is made from the Delaware State University Pump Station #18 to the proposed Route 13 Interceptor and,
- The City of Dover and Kent County shall develop and coordinate a sequence outlining the construction and operation of the proposed projects

The Fund reserves the right to withdraw or alter the terms of the commitment if, between the date of the City's loan application and the date of the closing, the City incurs any debt or its financial condition changes in any way deemed material by the Fund at its sole discretion. Loan closing and the disbursement of funds in connection therewith shall remain subject to satisfaction of any condition prerequisite thereto established by the Fund. The City shall comply in all respects with all applicable Fund project requirements and reporting, federal laws, regulations and other requirements related to or arising out of or in connection with the Project and the funding thereto by the Fund. The City shall also comply in all respects with the Federal Single Audit Act and OMB Circular A-128, as a sub-recipient of Federal funds. The Catalog of Federal Domestic Assistance (CFDA) number for the Fund is 66-458. Where noncompliance of such requirements is determined by the Fund or the Department, the issue shall be referred to the Proper Federal authority and/or agency for consultation and/or enforcement action.

If you have any questions concerning the foregoing, please contact this office (302) 739-994. If you concur with the terms and conditions herein stated, please acknowledge your acceptance thereof by signing below and returning the original to this office no later than September 15, 2009.

If Loan closing shall not have occurred within 120 days of receipt of this letter, the Fund reserves the right to discontinue processing the City's application.

Sincerely,
FOR THE DELAWARE WATER POLLUTION
CONTROL REVOLVING FUND



Terry L. Deputy, CECD
Administrator
Financial Assistance Branch
Division of Water Resources

Ms Donna Mitchell
August 25, 2009
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The foregoing terms and conditions are hereby acknowledged and accepted this _____ day
of _____.

By: _____
Donna Mitchell,
Controller/Treasurer

(SEAL OF THE CITY)

cc: Katherine Bunting-Howard, DNREC
Ron Lunt, City of Dover
Brian Turner, City of Dover
Ryan Flickinger, KCI Technologies
Hans Medlarz, Kent County