



MAYOR AND COUNCIL

COUNCIL RESOLUTION NO. 2020-08

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$732,200 WATER AND SEWER REVENUE BONDS OF THE CITY OF DOVER FOR THE CONSTRUCTION OF A CERTAIN SEWER PROJECT 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 (a) \$750,000 Water and Sewer Revenue Bonds, Series 2000, (b) \$5,581,059 Water and Sewer Revenue Bonds, Series 2009, (c) \$2,404,017 Water and Sewer Bond, Series 2010, (d) \$765,060 Water and Sewer Revenue Bond, Series 2011, (e) \$6,125,000 Water and Sewer Revenue Bonds, Series 2013, (f) \$881,400 Water and Sewer Revenue Bond, Series 2018, and (g) \$4,000,000 Water and Sewer Revenue Bond, Series 2018A (the "Outstanding Bonds");

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

WHEREAS, the City has approved certain capital improvements to its Sewer System and desires to issue its additional parity revenue bond or bonds (the "Bonds") pursuant to the Bond Resolution and to pay the costs of financing the replacement of a failing grit removal system that is located within the Puncheon Run Pump Station (the "Project"). The existing infrastructure is failing and is in need of upgrades. Delaying these upgrades will reduce the efficiency of the pump station and operational costs will continue to increase for the aforementioned pump station without the needed upgrades.

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 \$732,200 to finance, refinance or reimburse itself for a portion of the cost of the construction and equipping of the Project, 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 Project 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 Project; 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 March 6, 2020 (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 Bonds will be 2.0%.

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 Sewer 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 of the Bonds; due dates of the interest thereon; the form of the Bonds; the denominations and designations of the Bonds; registration, conversion and transfer provisions of the Bonds; provisions for the receipt, deposit and investment of the proceeds of the Bonds; provisions for the replacement of 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 or a facsimile thereof and shall be attested by the manual or facsimile 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 June 8, 2020 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 \$732,200 WATER AND SEWER REVENUE BONDS OF THE CITY OF DOVER FOR THE CONSTRUCTION OF A CERTAIN SEWER PROJECT AND AUTHORIZING ALL NECESSARY ACTION IN CONNECTION THEREWITH"

The purpose of the issuance and sale of said bonds is to provide funds (approximately \$732,200) to pay a portion of the costs of financing the replacement of a failing grit removal system that is located within the Puncheon Run Pump Station. The existing infrastructure is failing and is in need of upgrades. Delaying these upgrades will reduce the efficiency of the pump station and operational costs will continue to increase for the aforementioned pump station without the needed upgrades.

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.

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



City Clerk

ADOPTED this 8th day of June, 2020.

CITY OF DOVER, DELAWARE

Attest:



Clerk, Dover City Council



President, Dover City Council

APPROVED by the Mayor of the City of Dover on the 8th day of June, 2020.



Mayor

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Exhibit AEstimated Cost of Project

<u>Project</u>	<u>Total Bid Cost</u>	Delaware Water Pollution Control Revolving Fund <u>Financed Amount</u>	City of Dover <u>Financed Amount</u>
Puncheon Run Pump Station Grit Removal System Replacement	\$732,200	\$732,200	\$0

Exhibit BCommitment Letter

March 6, 2020

Ms. Donna Mitchell
City Manager
City of Dover
15 Loockerman Plaza
Dover, DE 19903

RE: Delaware Water Pollution Control Revolving Fund Binding Commitment Offer for City of Dover – Puncheon Run Pump Station Grit Removal System Replacement Project

Dear Ms. Mitchell:

On behalf of the Delaware Water Pollution Control Revolving Fund (“Fund”), the Delaware Department of Natural Resources and Environmental Control (“Department”) is pleased to advise you that a Loan (“Loan”) has been authorized from the Fund to the City of Dover (“the City”) in the amount of **\$732,200** for a term of **twenty (20) years**. The Loan will be used to finance a new grit removal system to replace the old existing one.

The loan interest rate shall be **2.0%** for a term of 20 years. The City will pay semi-annual interest only payments during the period commencing with the date of Closing (“Closing”) on the Loan through and including the payment date following the date on which the Project is actually completed based on cumulative loan draws. After the Project has been completed, principal and interest payments shall be paid semi-annually in an amount sufficient to amortize the outstanding balance over twenty years.

It is understood that a Water and Sewer Revenue Pledge of the City will secure 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.

The Fund reserves the right to withdraw or alter the terms of this 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 shall remain subject to the satisfaction of any conditions established by the Fund.

Delaware's Good Nature Depends on You!

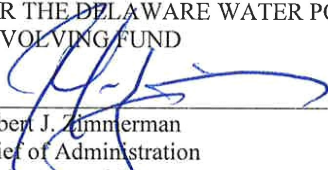
Ms. Donna Mitchell
March 6, 2020
WPCRF Binding Commitment Letter
City of Dover – Puncheon Run Station Grit Removal System Replacement Project
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The City shall comply in all respects with all applicable Fund requirements and reporting, federal laws, regulations and other requirements related to or arising out of, or in connection with funding by the Fund. The City shall also comply in all respects with the Federal Single Audit Act, 2 CFR 200 Subpart F, (formerly OMB Circular A-133) 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 at (302) 739-9941. If you concur with the terms and conditions stated above, please acknowledge your acceptance by signing below and returning the original to this office no later than May 6, 2020.

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


Robert J. Zimmerman
Chief of Administration
Environmental Finance
DNREC- Office of the Secretary

The foregoing terms and conditions are hereby acknowledged and accepted this 17th day of March, 2020.

By: 
Donna Mitchell
City of Dover Manager

CITY
(SEAL OF THE ~~COUNTY~~)

cc: Eric D. Dawson, DNREC
Keith Kooker, DNREC EF