



MAYOR AND COUNCIL

COUNCIL RESOLUTION NO. 2021-04

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$1,563,000 GENERAL OBLIGATION BONDS FOR THE IMPROVEMENTS TO THE CITY OF DOVER HVAC SYSTEMS AND AUTHORIZING ALL NECESSARY ACTION IN CONNECTION THEREWITH

WHEREAS, the City of Dover (the "City") is authorized pursuant to Section 50, Volume 77, Chapter 130, as amended ("the City Charter") to issue general obligation bonds for the municipal purposes of the City as set forth in a resolution authorizing such issuance; and

WHEREAS, pursuant to the City Charter, the City desires to issue a general obligation bond for the municipal purposes set forth herein (the "Bond");

WHEREAS, the City has approved certain capital construction projects and improvements and desires to issue the Bond to finance the costs of said improvements, including, but not limited to replacement and improvement of HVAC systems as set forth on Exhibit A and costs of issuance of the Bond (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 Bond. Acting pursuant to the City Charter, the City shall issue its general obligations in the maximum aggregate principal amount not to exceed \$1,563,000 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 Bond (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 Bond 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 Bond 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 Bond The Bond shall be sold to PNC Bank, National Association (the "Lender") pursuant to a proposal dated March 12, 2021 and the other terms and conditions to be contained in a Loan Agreement between the City and the Lender (the "Loan Agreement"). The Bond is anticipated to bear interest at a fixed rate of interest not to exceed 3.00% with a maturity date of June 15, 2031 (the "Maturity Date"). It is further anticipated that interest only will be paid monthly on the 15th day of each calendar month through June 15, 2021 and, thereafter, fully amortizing principal and interest will be paid

monthly on 15th day of each calendar month for ten (10) years with a final payment of all amounts due and payable paid on the Maturity Date.

Section 3. Security for the Bond. The full faith and credit of the City shall be pledged to pay principal and interest on the Bond.

Section 4. Qualified Tax-Exempt Obligation. The Bond is hereby designated as a qualified tax-exempt obligation within the meaning of § 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"). For purposes of § 265(b)(3) of the Code, the Issuer and all entities that issue on behalf of the issuer do not reasonably anticipate issuing more than \$10,000,000, inclusive of the Bond, of tax-exempt obligations in calendar year 2021.

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

Section 6. Declaration of Intent. Pending issuance of the Bond, the City may finance the Projects with other funds which will be reimbursed with the proceeds of the Bond, provided that (a) the Bond shall not be used to reimburse any expenditure paid more than sixty (60) days prior to the present date; (b) the Bond shall not be issued more than eighteen (18) months after the later of (i) the date of the first expenditure to be reimbursed with the proceeds of the Bond, or (ii) the date the Projects are placed in service; and (c) in no event may the Bonds be issued more than three (3) years after the date of the first expenditure to be reimbursed with the proceeds of the Bond; and provided further that the limitations of this Section 6 shall not apply to qualified "preliminary expenditures", costs of issuance of the Bond or a de minimis amount, as permitted by Treasury Regulations § 1.150-2(f).

Section 7. Further Action. Each of the Mayor, the President of the City Council, the Controller/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 Bond 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 8. 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 April 12, 2021 pursuant to Chapter 130, Volume 77, Delaware Laws, as amended, adopted a resolution entitled as follows:

"RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$1,563,000 GENERAL OBLIGATION BOND FOR THE IMPROVEMENTS TO CITY OF DOVER HVAC SYSTEMS AND AUTHORIZING ALL NECESSARY ACTION IN CONNECTION THEREWITH"

"The purpose of the issuance and sale of said bond is to provide funds (not to exceed \$1,563,000) to pay a portion of the costs of certain projects including, but not limited to: (1) Chiller replacement and cooling tower/pump replacement for Police Department; (2) Replace entire HVAC system at City Hall, (3) Replace HVAC system and all components at Warehouse Building and (4) pay costs of issuance of said bond.

"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.

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

Traci A. McDowell
City Clerk

ADOPTED this 12th day of April, 2021.

CITY OF DOVER, DELAWARE

Attest:

Traci A. McDowell
Clerk, Dover City Council

William F. Hare
President, Dover City Council

APPROVED by the Mayor of the City of Dover on the 12th day of April, 2021.

Rollin Christman
Mayor

Exhibit A

Estimated Costs of Projects

<u>Projects</u>	<u>Estimated Costs</u>
Police Department - Chiller replacement and cooling tower/pump replacement	\$382,904
City Hall - Replace entire HVAC system	\$852,000
Warehouse Building – Replace HVAC system and all components	\$297,000
Other (contingency, costs of issuance of Bond, etc.)	\$31,096
<u>TOTAL</u>	<u>\$1,563,000</u>