LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE

The Legislative, Finance, and Administration Committee meeting was held on September 22, 2014, at 6:00 p.m. with Chairman Slavin presiding. Members present were Mr. Anderson, Mr. Hare (arrived at 6:32 p.m.), Mr. Shevock, and Mr. Sudler. Members of Council present were Mr. Dixon and Mr. Hutchison. Mayor Christiansen was also present.

AGENDA ADDITIONS/DELETIONS

Mr. Sudler moved for approval of the agenda as presented, seconded by Mr. Anderson and unanimously carried.

Proposed Financial Reforms - Compensation Policies *(Deferred during the Committee Meeting of August 11, 2014)*

During the Committee meeting of June 23, 2014, Mr. Slavin advised members that during the June 11, 2014 Special City Council Meeting - Budget Review he proposed a series of 14 financial reforms to be addressed over the next six (6) to nine (9) months that would assist in shaping the City's Budget for FY 2015/2016. He stated that the proposed reforms were clustered into four (4) separate areas, as follows: 1) public safety; 2) compensation policies; 3) property tax governance; and 4) restrictions on uses of appropriations. He requested that members consider the public safety area first and that staff be requested to review the reforms, develop recommendations, and provide information on any financial gap that may result. He explained that the review would allow members to identify whether there was a need to create policy, ordinances, or Charter changes to implement any changes that may result from those discussions.

Mr. Slavin reviewed the three (3) financial reforms related to proposed compensation policies, as follows:

6) Council will not authorize pay raises, bonuses, or other forms of compensation in consecutive fiscal years for any City employee, including Council appointees. A two-thirds vote of Council is required to authorize an exception to this policy.

7) Council will not authorize more than 1% compensation increases (which shall include the total of salary, bonus, and other forms of compensation) for any one fiscal year. A two-thirds vote of Council is required to authorize an exception to this policy.

8) Council will not authorize any compensation package with a bargaining unit which results in a total compensation increase of more than 2.5% in any three-year period. A two-thirds vote of Council is required to authorize an exception to this policy.

In reference to proposal #8, Mr. Slavin requested that the phrase "with a bargaining unit" be stricken, noting that the reforms were intended to address all employees equally. He explained that the reforms were intended to provide policy level guidance to executive branch staff on the compensation of all employees, including both employees who were represented by unions and those who were not. He indicated that his experience had been that there had been some "fairly alarming

miscommunication" occurring between the executive branch and the legislative body regarding compensation. He stated that he did not believe that this was the fault of anyone but Council and that Council needed to state its expectations in relation to compensation early in the process. Absent this policy-level guidance from Council, he felt that the City would continue to find itself in situations similar to one that occurred two (2) weeks ago, when the negotiating team returned with results of negotiations and found that they were unacceptable to Council. Mr. Slavin indicated that these reforms were also intended to send a very plain and simple message that the City was not the type of employer that would be able to give annual increases which are out of alignment with its resources and the status of the rest of the economy. He stated that City employees do "a great job," expressed pride in serving with them, and indicated that this was not a statement against employees but merely a statement of fact. Mr. Slavin expressed his opinion that the City could not afford to be the type of employer that it had been in the past.

Mr. Anderson expressed his feeling that this was a well thought out item and stated appreciation that it was brought forward, noting that it would open up a discussion about where the City was going with its budgets. However, he indicated that he was unsure whether he was "on board" with some of the specifics because he felt they may be too restrictive, with inflation. Mr. Anderson expressed skepticism that the rate of inflation would be less than 2% in a year and 6% over the course of three (3) years. Mr. Anderson stated that it would be important to take inflation rates and other realities into account if a cap were to be set. In addition, he stated that he did not wish to preclude negotiations before they begin. Mr. Anderson noted that he definitely believed in fiscal restraint and had a problem with the 9% raises in a one (1) year period and 6% retroactive raises that were recently proposed for the American Federation of State, County, and Municipal Employees (AFSCME) contract. He felt that the City had gotten out of control in the past with raises that became unsustainable and did not want to see the City at that point again, particularly when revenues were not as strong as they could be. However, he was unsure if the proposed numbers were realistic.

Mr. Hutchison stated that he firmly believed that this was about building a policy and a partnership with employees regarding future pay raises and he felt that the City must work with employees to reach some standard or understanding about what could and could not be done. He expressed his opinion that sometimes the City is its own worst enemy, noting that discussions are held about the City's financial matters and then contrary actions are taken, such as building a library or doing other things that are not budgeted for. After having been a part of the City for more than 40 years, he felt that it was "way past time" to clearly establish guidelines in regard to payroll, income, and expenses that everyone could work with.

Referring to his memorandum to members of the Committee, dated August 5, 2014, regarding proposed compensation policies, Mr. Scott Koenig, City Manager, reiterated that he was very concerned about the potential impact of these proposed compensation policies. He stated that the City had been operating in a very contentious union environment since he became City Manager in 2011. He advised members that he realized that the economic conditions facing the City and its citizens were not ideal by any means; however, expressed his opinion that the City's financial issues were still well within the manageable scale. From a recruiting and retention perspective, Mr. Koenig stated that the proposed compensation constraints, especially by individual employee, would likely

hinder the City's recruiting and retention efforts. He noted that there were existing wage compression issues that could be further expounded by implementing the policies as written. He advised members that the Consumer Price Index (CPI) had ranged from 1.1% - 2.5% per year from February 2008 - February 2014 and the proposed compensation increases seem unrealistic, especially in a union-dominated environment.

Mr. Koenig stated that, while the implementation of such policies was within the Council's legal authority, he believed that it may not promote good public policy. From a negotiator's perspective, as well as management's perspective, the policies represented initiatives that would ultimately handcuff the ability to be creative at the bargaining table and would, therefore, not be helpful to the negotiating process. The ability to consider all possible solutions to any given issue at the table is critical to success. While Mr. Koenig agreed that these policies represented a strict adherence to fiscally conservative positions, they would likely increase the City's costs associated with the negotiation process as the unions would be agitated by the restrictions from the start. In addition, he stated that any policy that is limited strictly to bargaining units had the potential to create legal issues for the City. He explained that the National Labor Relations Act (NLRA) protects employees' rights to organize and bargain without employer interference.

Mr. Koenig agreed, from a negotiating standpoint, that staff would like clear and concise direction; however, he believed that this direction should be in the form of strategies discussed in executive session rather than formal policies. He noted that staff needed the ability to be flexible and creative in the negotiation process and a lot of ideas, comments, constraints, and opinions go into this. He indicated that he would gravitate toward direction being provided to the negotiating team as informal and directive comments rather than formal policy.

Responding to Mr. Sudler as to whether his concerns had been discussed with the City Solicitor, Mr. Koenig stated that these policies had not been discussed with the City Solicitor; however, he had provided them to Baird Mandalas Brockstedt, LLC, the City's labor attorneys, who were very careful to say that in an ideal world it is best not to be constrained by any specific policies when entering into negotiations because it limits the ability to be creative at the table. Mr. Koenig reiterated that it would be within Council's legal authority to adopt the policies; however, in some cases it would create additional challenges in the negotiating environment.

In response to Mr. Sudler regarding whether feedback had been received from the union, Mr. Koenig stated that he had not received direct feedback. He expressed his belief that someone from the Fraternal Order of Police (FOP) and a representative from the American Federation of State, County, and Municipal Employees (AFSCME) had spoken to Mr. Glenn Mandalas, Baird Mandalas Brockstedt, LLC, regarding this, but there had been no comments on the record from Mr. Mandalas regarding consideration of this item during the current meeting.

In response to Mr. Anderson regarding the cost of legal fees and staff preparation for arbitration, Mr. Koenig stated that typically these discussions go to mediation first, and costs had ranged from approximately $5,000 to $15,000 in legal fees, in addition to the cost of staff time. He advised members that legal fees for arbitration with the International Brotherhood of Electrical Workers

(IBEW) were roughly $20,000, with an additional $15,000 spent for expert witness preparation. Mr. Koenig estimated that the total costs in arbitration, which involves a lot of detailed submissions and expert testimony, would be easily in the $30,000 - $50,000 range. Mr. Anderson noted that there would be additional time spent prior to arbitration in negotiations and mediation.

Responding to Mr. Anderson regarding the percentage of pay that mediation and arbitration costs would represent in an average contract, Mr. Koenig stated that he was unsure of this figure at this time; however, he estimated that approximately 3% of the IBEW contract amount would equate to about $80,000. He indicated that for contracts related to some of the smaller bargaining units, 3% would be in the range of approximately $80,000 - $90,000 for one (1) year, which would be compounded going forward.

Mr. Anderson questioned if successful negotiations could result in a potential savings of 1% per year. Responding, Mr. Koenig stated that the City's legal fees could range $50,000 - $80,000 per year, depending on the intensity of negotiations.

Mr. Slavin inquired if Mr. Anderson's questions regarding the cost of arbitration were based on the assumption that the proposed policies would cause arbitration more often. Responding, Mr. Anderson stated his feeling that the potential for arbitration would exist more often.

Mr. Slavin indicated that the example that was cited (IBEW) referenced arbitration that occurred before the proposed policies were on the table and noted that the City had been in arbitration before.

Referring to the IBEW contract previously referenced, Mr. Anderson stated that a goal of a 0% raise was set at that time for the negotiators, which eventually happened, noting that negotiators did not have a lot of flexibility at the time this contract was negotiated.

Mr. Slavin explained that the compensation policies were put forth not to be strictly prohibitive, noting that the changes were proposed at the policy rather than ordinance level, and that there was allowance for an override by a two-thirds vote of Council. He stated that when an annual 3% increase is discussed, the City is often shortsighted and the cost of the contract is not advertised; it is merely stated that a four (4) year contract was presented with 3% raises in each of the four (4) years and that this is an aggregate 12% increase. However, Mr. Slavin noted that these raises are much more expensive because they carry forward beyond the term of the contract and are added onto by the next contract. These costs are not calculated; only the four (4) year cost is considered, and then it is said that funds will be saved with the retirement benefits that are realized over 20 years. He felt that the true picture would show that some of the raises that had been given by contract were hurting the City's finances because they escalate exponentially as the years go by.

Mr. Matt Knight, past President, Dover FOP Lodge 15, advised members that he had been asked to attend by the current FOP President Dave Gist, and that the FOP was monitoring this matter and was concerned. He felt that the proposed policies would be constraints to contract negotiations and explained that the FOP had reached out to its attorney, who reached out to Mr. Mandalas.

Mr. Knight indicated that the union was "keeping an eye" on this discussion. He stated that he understood the override provided but reiterated that these policies would constrain negotiations.

Mr. Anderson inquired if the FOP, to Mr. Knight's knowledge, was skeptical about the idea of any constraints at all or about the numbers reflected in the proposed reforms. Responding, Mr. Knight stated that the FOP was concerned about "both"; however, he indicated that, based on his knowledge of past negotiations, any constraints at all were a concern going into negotiations. He concurred with Mr. Koenig that these matters could be discussed individually among each union negotiating team.

Mr. Anderson expressed his opinion that there was some merit to the proposed policies and that they needed to be discussed; however, stated that before proceeding he would like to obtain an opinion from the City Solicitor on these items and to determine, if they are moved forward, how this could be done. He expressed a desire to make sure that everything was "on firm legality" before proceeding.

Mr. Anderson moved to recommend that the proposed compensation policies be referred to the City Solicitor for a legal opinion, seconded by Mr. Sudler.

Mr. Slavin stated that this was a prudent step, noting that he felt that there was some discomfort regarding the vehicle by which these proposals could be accomplished but not the intent of the proposals.

The motion to recommend that the proposed compensation policies be referred to the City Solicitor for a legal opinion was unanimously carried.

Bank Qualified Loan for the Completion of the Street and Storm Water Improvements at the Garrison Oak Technical Park (GOTP), Self-Contained Breathing Apparatus (SCBA) (Fire), and Radios (Fire and Police)

Mrs. Donna Mitchell, Controller/Treasurer, advised members that City of Dover Finance Department solicited proposals from local banks to finance the following projects as presented in the Fiscal Year 2015 Budget presentation:

GOTP - Street & Stormwater Improvements	$2,600,000
Radios - Police	329,500
Radios - Fire	296,800
Self Containing Breathing Apparatus - Fire	292,000
Issuance Cost	61,000
Total	$3,579,300

Mrs. Mitchell explained that she had reviewed the proposals and they were also reviewed by Public Financial Management, Inc. (PFM), the City's financial advisor, and PFM indicated that PNC Bank had the best proposal in terms of financing rates. Mrs. Mitchell stated that the rate proposed by PNC Bank was 66% of the London Interbank Offered Rate (LIBOR), and other proposals were 66% or

67% of LIBOR plus 1%; therefore, there was a vast difference. She indicated that she had asked PFM to request the other submitters to provide a best and final rate, which was done; however, PNC's was still the best proposal.

Staff recommended acceptance of the PNC Bank proposal and adoption of Resolution No. 2014-12 authorizing the issuance and sale of up to $4,135,000 General Obligation Bonds of the City of Dover. *[City Clerk's Office Note: Subsequent to the meeting, the legal authority for the resolution was revised to list the City of Dover Charter rather than the Laws of Delaware. This change was approved by Ms. Emilie Ninan, City of Dover Bond Counsel, as well as Mr. Nicholas Rodriguez, City Solicitor, and Resolution No. 2014-12 was amended accordingly* ***(Attachment #1)****.]*

Noting that the loan was amortized for 20 years, Mr. Anderson inquired if the City was planning to pay it back in seven (7) years. Responding, Mrs. Mitchell stated that the amortization schedule was based on 20 years, which would reduce the payments; however, at the end of seven (7) years, it was planned to refinance the loan, along with an additional loan related to the Dover Public Library. She indicated that these loans would probably be merged together and there would be a bond issue to pay them off, or another loan would be obtained to extend payments on the balance. Mrs. Mitchell stated that this loan was broken into two (2) facilities since the City was also refinancing its 2003 bond issue, which had only two (2) remaining payments; however, the interest rate was so much better that the City would save approximately $15,000 - $20,000 in interest. She noted that this amortization would keep the principle payments at the same level they would have been if the bonds were paid. Mrs. Mitchell indicated that payments would be higher during first two (2) years and amounts would then drop off for the last five (5) years.

Mr. Sudler questioned what the forecast for the loan payoff would be without merging it with the Dover Public Library loan. Responding, Mrs. Mitchell stated that $190,000 per year was forecast for radio and fire equipment in the budget forecast model. The total in the forecast model for this loan was $440,000 per year, without the additional debt service.

Mr. Anderson moved to recommend acceptance of the PNC Bank proposal and adoption of Resolution No. 2014-12 authorizing the issuance and sale of up to $4,135,000 in General Obligation Bonds, seconded by Mr. Shevock and unanimously carried.

Proposed Ordinance #2014-22 - Budget Amendment Related to Capital Investment Plan - Fiscal Year 2014 (FY14) Carry-Forward Balances

Mrs. Donna Mitchell, Controller/Treasurer, advised members that the purpose of the proposed ordinance was to rebudget project carry-forward balances from Fiscal Year 2014 (FY 14) projects. Balances for those projects had been calculated, and the ordinance would incorporate those project balances in the FY 15 budget. She noted that placing these carry-forward balances into the budget by ordinance would save the Finance Department the time and trouble of having to manually place them in the financial systems and ensure that the projects do not go over budget, and that this matter was being moved along sooner than usual this year. Mrs. Mitchell reviewed the City of Dover - General Fund - Major Capital Investment Plan (CIP) Projects - Quarterly Report as of July 1, 2014. She explained that figures listed under the Total Project - Past, Current & Future Budgets (Original Project Budget, Latest Project Budget, Project To Date Expenses, Project Budget Balance, and %

Budget Spent) provided information regarding the total project. She noted that the Original Project Budget column included amounts as adopted by Council in the original City budget in the individual CIP sheets. The Latest Project Budget section reflected new project amounts based on any budget revisions brought forth through Council or through staff changes. The columns under Current Fiscal Year (Current Fiscal Year Budget, Revised Fiscal Year Budget, Fiscal YTD Expenses, Budget Balance, and % Budget Spent) applied to the Current Fiscal Year. Mrs. Mitchell explained that rebudgeting the carry-forward balances would result in changes to the Current Fiscal Year Budget and the Revised Fiscal Year Budget columns.

Referring to the City of Dover General Fund FY 15 Project Tracking Report As of July 1, 2014, Mrs. Mitchell explained that this document was an internal schedule used by the Finance Department to track projects to make sure that they stay on budget as approved by Council. She stated that amounts in the Addition (Reduction) column were based on action items brought to Council and were also included in the Revised Budget column. The Internal Revisions represented project revisions made internally within the budget amendment procedure, for example, savings that may need to be used in other projects. Mrs. Mitchell indicated that this information was provided to show how report numbers change from the original budget to the revised budget.

Noting that projects appeared to be on budget, Mr. Anderson inquired if there were any "red flags" that members should be aware of. Responding, Mrs. Mitchell stated that this process did not indicate that there were any problems at this time. She explained that any projects that were brought forth from July, such as Garrison Oak projects, had been folded into the budget ordinance and that Council was aware of such projects.

Mr. Shevock moved to recommend adoption of Proposed Ordinance #2014-22, as recommended by staff, seconded by Mr. Anderson and unanimously carried.

Community Transportation Project - Third-Party Sponsorship - Solid Rock Baptist Church Community Outreach Center

Mr. Scott Koenig, City Manager, informed members that staff had received a request from the Solid Rock Baptist Church for the City of Dover to become a third-party sponsor so that Community Transportation Funds (CTF) could be used on a portion of a parking lot to be constructed for the Community Outreach Center at 113 North West Street. He stated that staff met with members of the church, their contractor, Senator Brian Bushweller and members of the Delaware Department of Transportation (DelDOT) late last week to discuss whether this project would fit into the guidelines of the CTF program. It was agreed that the request from Solid Rock Baptist Church could be brought forward, if endorsed by the City of Dover to enter into a third-party sponsorship agreement, so that approximately $25,000 of CTF funds could be secured. Mr. Koenig stated that this would essentially pay for the paving component of the parking lot, and the church and their contractor would be responsible for the layout, and the stone and base preparation associated with the proposed parking lot. He explained that the church would sign a blanket public easement for the parking area to provide public parking for the next 20 years, as required by DelDOT. Provided that the church the agreed to the 20-year easement, the City, through the City Manager's Office, would agree to put out a Request for Proposals (RFP) for paving, using prevailing wage to comply with all the components of CTF funds. Mr. Koenig stated that the contractor would be selected based on the

lowest proposal submitted, and agreements would be put in place before the work could start. There would be no engineering requirements from City staff; however, some administrative time would be required from the City Manager's Office to prepare the solicitation for quotes. Payment would be routed through the City's billing system, as had been done for previous CTF projects, such as Wesley College. Mr. Koenig indicated that he originally did not want to participate in this project; however, as the components were discussed with the DelDOT representative, he was assured that the City could maintain its status as an entity that diligently processes these funds by signing the agreements and funding a component of the project. The City could also keep the project on the timeline that had been identified. It was expected that all of the work could be completed by the end of the calendar year.

Mr. Koenig stated that the request was for Council to authorize the City Manager to enter into a CTF agreement with DelDOT, process the funding as a third-party sponsor, work with members of the Solid Rock Baptist Church or their designee to get the correct narrative language for the bid document, and complete the project in a timely manner.

Noting that the funding was expected to be $25,000, Mr. Shevock questioned where extra funds would come from if bids were received in excess of this amount. Responding, Mr. Koenig stated that excessive bids would have to be rejected; however, he noted that the scope of work was very narrow and expectations had been discussed with some contractors. Knowing that the prevailing wage rates were considered when developing the project, staff was reasonably confident that bids would come in under $25,000 because the project had been tailored to meet this criteria.

Mr. Shevock questioned if the use of community funds for this project would affect any other funds that come to the City from DelDOT. In response, Mr. Koenig stated that this project would not affect other DelDOT funds. He indicated that each legislator receives approximately $250,000 in discretionary funds to be used for sidewalk, lighting, and paving projects and that associated agreements are project specific.

Mr. Hare indicated that he had no problem with this project. He noted that there was a section of West Street near the recycling facility that needed work and questioned if this project could be tied together with the proposed project. Responding, Mr. Koenig stated that this was a separate project which would be addressed through the City's Street Program and assured members that staff would get this project done.

Mr. Sudler moved to recommend approval of staff's recommendation to authorize the City Manager to enter into a Community Transportation Fund (CTF) agreement with DelDOT, process the funding as a third-party sponsor, work with members of the Solid Rock Baptist Church or their designee to get the correct narrative language for the bid document, and complete the project in a timely manner. The motion was seconded by Mr. Hare.

In response to Mr. Hutchison as to whether the City had entered into a third-party sponsorship with any other entities, Mr. Koenig indicated that the City had completed a handful of similar projects which were not the norm but were somewhat unique public/private partnerships. He cited projects related to Wesley College, the Inner City Cultural League, and a public easement agreement

regarding a portion of the brickwork in front of the Wesley United Methodist Church Fellowship Hall.

Mr. Hutchison inquired if this project had been reviewed by the City Solicitor. Responding, Mr. Koenig stated that this specific project had not been reviewed by the solicitor; however, the Wesley College project did go through the solicitor's office. He reiterated that an easement would be developed to indicate that it is a public parking lot and would be signed by the property owner, recorded, and a copy would go to DelDOT. The City would solicit and review paving proposals and, once the paving was laid, maintenance and any associated agreement would be the responsibility of the property owner.

In response to Mr. Hutchison, Mr. Koenig stated that a 20-year agreement would be developed in relation to this project that would be binding between all parties.

Mr. Anderson stated that he favored this project because it would be an effective way to leverage private money and would cost the City only some staff time. He indicated that this would help the community in the very near future without putting the City's taxpayers "on the hook" for maintenance, building, or anything else. Mr. Anderson noted that the money set aside by the State legislators, if not taken, could end up anywhere else in the legislative district, and he felt that this project would benefit the youth in the community.

Mr. Shevock questioned if any of the associated costs, such as advertising for bids, would come from the $25,000 in CTF funds. Responding, Mr. Koenig stated that advertising had not typically been charged to these funds in the past; however, expressed his understanding that this could be done, noting that all project costs that qualified under the agreement would qualify for reimbursement.

Pastor William Grimes, Solid Rock Baptist Church, thanked members for the opportunity to bring this matter forward. He stated that he met for over an hour with Mr. Koenig and, as stated previously, Mr. Koenig was not initially in favor of the project. However, Pastor Grimes indicated that he left with the opinion "there is someone in the City Manager's Office who is about integrity," because Mr. Koenig's whole focus was to ensure that this approach was legal. He expressed his appreciation that Mr. Koenig took the time to hear the concerns of the church.

Mr. Anderson questioned how much money the church had invested in the project. Responding, Mr. Grimes stated that more than $50,000 of the church's funds had been allocated and that a loan had been secured through the National Association on Life and Labor Research (NCALL) for $625,000.

Mr. Slavin questioned, by show of hands, how many of those attending were in support of the project and 10 members in the audience raised their hands.

The motion to recommend approval of staff's recommendation to authorize the City Manager to enter into a Community Transportation Fund (CTF) agreement with DelDOT, process the funding as a third-party sponsor, work with members of the Solid Rock Baptist Church or

their designee to get the correct narrative language for the bid document, and complete the project in a timely manner was unanimously carried.

Mr. Hare moved for adjournment, seconded by Mr. Shevock and unanimously carried.

Meeting adjourned at 6:45 p.m.

Timothy A. Slavin
Chairman

TAS/TM/js/dd
S:\AGENDAS-MINUTES-PACKETS-PRESENTATIONS-ATT&EXH\Committee-Minutes\2014\09-22-2014 LF&A (revised).wpd

Attachment
Attachment #1 - Resolution No. 2014-12 Authorizing the Issuance and Sale of Up to $4,135,000 General Obligation Bonds

REVISED

COUNCIL RESOLUTION NO. 2014-12

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF UP TO [$4,135,000] GENERAL OBLIGATION BONDS OF THE CITY OF DOVER TO REFINANCE CERTAIN PRIOR DEBT; FINANCE STREET AND STORM WATER INFRASTRUCTURE AT THE GARRISON OAK TECHNOLOGY PARK, RADIO EQUIPMENT FOR POLICE AND FIRE OPERATIONS, AND SELF-CONTAINED BREATHING APPARATUS FOR FIREFIGHTERS; AND AUTHORIZING ALL NECESSARY ACTION IN CONNECTION THEREWITH

WHEREAS, the City of Dover (the "City") is authorized pursuant to Section 50 **– Debt Limit, of the Charter of The City of Dover**, ~~**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 general obligation bonds in one or more series for the municipal purposes set forth herein (the "2014 Bonds");

WHEREAS, the City has (i) certain Series of 2003 Bonds that can be refunded for savings (the "Prior Bonds"), and (ii) approved certain capital construction projects and improvements and desires to issue the 2014 Bonds to finance the costs of said improvements, including, but not limited to the following:

1. Street and storm water infrastructure at the Garrison Oak Technology Park
2. Radio equipment for Police and Fire operations
3. Self-contained breathing apparatus for firefighters

(collectively, 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 City Charter, the City shall issue its general obligation bonds in the maximum aggregate principal amount not to exceed [$4,135,000] to finance or refinance a portion of the cost of the Projects.

The monies raised from the sale of the 2014 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 2014 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 2014 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 2014 Bonds shall be sold in one or more series to PNC Bank, National Association (the "Lender") pursuant to a proposal dated August 20, 2014 (the "Commitment") which is hereby approved by the City and the other terms and conditions to be contained in a Loan Agreement between the City and the Lender (the "Loan Agreement"). The new money 2014 Bonds are anticipated to bear interest at a variable rate during the construction period and may be converted to a fixed rate at the end of the construction period or remain at variable rate. The refunding portion of the 2014 Bonds shall bear interest at a fixed rate not to exceed 0.90%.

Section 3. Security for the Bonds. The full faith and credit of the City shall be pledged to pay principal and interest on the 2014 Bonds.

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 2014.

Section 5. Details of the Bonds. The Mayor and City Treasurer are authorized to determine the details of the 2014 Bonds including the following: the date or dates of the 2014 Bonds; provisions for either serial or term bond; sinking fund or other reserve fund requirements; due dates of the interest thereon; the form of the 2014 Bonds; the denominations and designations of the 2014 Bonds; registration, conversion and transfer provisions; provisions for the receipt, deposit and investment of the proceeds of the 2014 Bonds; provisions for the replacement of a lost, stolen, mutilated or destroyed 2014 Bonds; and provisions for issuing uncertificated obligations and all procedures appropriate for the establishment of a system of issuing uncertificated debt. The 2014 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. Each of 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 2014 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 _____, 2014 pursuant to **Section 50 - Debt Limit, of the Charter of The City of Dover,** ~~**Chapter 130, Volume 77, Delaware Laws, as amended,**~~ adopted a resolution entitled as follows:

"RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF UP TO [$4,135,000] GENERAL OBLIGATION BONDS OF THE CITY OF DOVER TO REFINANCE CERTAIN PRIOR DEBT; FINANCE STREET AND STORM WATER

INFRASTRUCTURE AT THE GARRISON OAK TECHNOLOGY PARK, RADIO EQUIPMENT FOR POLICE AND FIRE OPERATIONS AND SELF-CONTAINED BREATHING APPARATUS FOR FIREFIGHTERS; AND AUTHORIZING ALL NECESSARY ACTION IN CONNECTION THEREWITH"

"The purpose of the issuance and sale of said bonds is to provide funds (approximately [$_____]) to pay a portion of the costs of certain projects including, but not limited to, (a) refinancing certain prior debt; (b) financing (1) street and storm water infrastructure at the Garrison Oak Technology Park, (2) radio equipment for Police and Fire operations, and (3) self-contained breathing apparatus for firefighters; and (c) pay costs of issuance of said bonds."

"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 __ day of _____, 2014.

CITY OF DOVER, DELAWARE

Attest:

_____ _____
Clerk, Dover City Council President, Dover City Council

APPROVED by the Mayor of the City of Dover on the __ day of _____, 2014.

_____
Mayor