LEGISLATIVE, FINANCE AND ADMINISTRATION COMMITTEE

The Legislative, Finance, and Administration Committee meeting was held on June 10, 2013, at 6:00 p.m. with Chairman Lynn presiding. Members present were Mr. Hare (arrived at 6:11 p.m.), Mr. Rushe, and Mr. Shevock. Mr. Slavin was absent. Members of Council present were Council President Bonar (arrived at 6:26 p.m.), Mr. Dixon, Mr. Perza (arrived at 6:11 p.m.), and Mr. Hutchison. Mayor Carey was also present.

AGENDA ADDITIONS/DELETIONS

Mr. Shevock moved for approval of the agenda, seconded by Mr. Rushe and unanimously carried.

Proposed Bond Resolutions

Mr. Lynn noted that he had received a request from staff to reverse the order of consideration for Items #1A and #1B.

A Resolution Amending and Restating Water and Sewer Bond Resolution Providing for the Issuance by the City of Dover of Water and Sewer Revenue Bonds and Related Matters

Mrs. Donna Mitchell, Controller/Treasurer, informed members that the proposed Resolution would amend the City's Water/Wastewater Bond Resolution of 1984. She explained that Bond Counsel had revised the Resolution to make it more current and Mrs. Mitchell reviewed the significant changes from the current Resolution. She noted that additional language relating to the Trustee had been included and the maximum amount that must be set aside for debt service each year was defined. Mrs. Mitchell indicated that a provision was added to allow utilizing the services of the City Engineer when bond issues are brought forward rather than having to hire an outside consultant and that this would result in financial savings. She stated that the Trustee would be changed from U.S. Bank to The Bank of New York Mellon Trust Company, which manages the City's electric bonds and charges lower fees. She advised members that the amount of monies that would be needed for the State revolving fund loans would be excluded from the maximum debt service. Mrs. Mitchell reminded members that over the last three (3) years, the City had engaged in three (3) State revolving fund loans and, as a result, the maximum amount of debt service that must be paid in any one (1) year had to be set aside. She indicated that the State had agreed to allow the City to exclude these loan amounts from the maximum debt service; therefore, only the amount of the reserve (the amount of the bonds) must be put in, which would free up money for the City.

Referring to Section 17 of the Resolution, Mr. Lynn questioned the amount of the "reasonable" fees referenced. Responding, Mrs. Mitchell explained that the City was currently paying the Bank of New York $500 per year for electric bonds.

In response to Mr. Lynn regarding the selection of the Bank of New York Mellon Trust Company as Trustee, Mrs. Mitchell stated that this institution was selected because it manages the City's electric bonds and was agreeable to having the water and sewer bonds transferred to them. She explained that the City could not get U.S. Bank to make the change; however, refinancing the bonds gave the City the ability to make the transfer to the Bank of New York.

Mr. Lynn inquired if there were any local banks that would able to provide this service, and Mrs. Mitchell stated this could be researched before the matter was finalized.

Staff recommended adoption of the Amended and Restated Water and Sewer Bond Resolution.

Mr. Rushe moved to approve staff's recommendation for adoption of the Amended and Restated Water and Sewer Bond Resolution Providing for the Issuance by the City of Dover of Water and Sewer Revenue Bonds and Related Matters *(Attachment #1)*, seconded by Mr. Shevock and unanimously carried.

A Resolution Authorizing the Sale of Up to $6,500,000 Water and Sewer Revenue Bonds of the City of Dover

Mrs. Donna Mitchell, Controller/Treasurer, advised members that this Resolution would authorize the sale of Water and Sewer Revenue Bonds and explained that $4M of the funds would be used for the Calpine Energy Center and approximately $2M would be used to refinance the bonds currently outstanding on the 2003 issue. She noted that the difference of $500,000 would be used to pay issuance costs and to bring the reserve to the level needed and would come from the bond proceeds rather than being taken from City funds.

Responding to Mr. Shevock, Mrs. Mitchell stated that there were not many bonds outstanding from the 2003 issue and estimated the savings on interest would be approximately $60,000. She was unsure of the exact interest rate of the previous issue but noted that the difference in interest rates must be greater than 3% or the City would not proceed.

Staff recommended adoption of the Resolution authorizing the sale of up to $6,500,000 water and sewer revenue bonds of the City of Dover.

Mr. Shevock moved to recommend the adoption of the Resolution Authorizing the Sale of Up to $6,500,000 Water and Sewer Revenue Bonds of the City of Dover *(Attachment #2)*, seconded by Mr. Rushe and unanimously carried.

Proposed Ordinance #2013-08 Amending Chapter 70 - Offenses and Miscellaneous Provisions, Section 70-7 - Registered Sexual Offenders, Subsection (b) - Prohibition on Residency and Employments

During the Special Council Meeting of May 28, 2013, Council directed staff to prepare a Code amendment that would remove the requirement for offenders residing or employed within 500 feet of a day care center at the time of adoption of Ordinance #2012-08 (April 9, 2012) to move or resign their employment.

Police Chief James Hosfelt stated that the proposed amendment would allow two (2) individuals who currently reside within 500 feet of a daycare center to remain in their residences, noting that if they moved in the future, they would have to be in compliance with the ordinance.

Mr. Shevock moved to recommend adoption of Proposed Ordinance #2013-08 *(Attachment #3)*, seconded by Mr. Rushe and carried with two (2) yes (Rushe and Shevock) and one (1) no (Lynn).

Proposed Pricing for Sale of Garrison Oak Technology Park Lots

Mr. Scott Koenig, City Manager, advised members that in recent months there had been two (2) requests for pricing on parcels in the Garrison Oak Technical Park. Based on these inquiries, the Economic Development Office requested comparable pricing information from R&R Commercial Realty and McGinnis Commercial Realty.

Referring to correspondence from Mr. Charles Rodriguez from R&R Commercial Realty, Mr. Koenig quoted a sales price for similar projects ranging between $22,983 and $40,000 per acre, with an average of approximately $31,182 per acre. He stated that Mr. Philip McGinnis of McGinnis Commercial Real Estate Company recommended a price of at least $30,000 per acre with conditions on the pricing. Based on this input, the Economic Development Office proposed a price of $35,000 per acre and recommended that the City Manager be authorized to negotiate a price decrease of up to $5,000 per acre when appropriate. Mr. Koenig stated that any sale of land would come before Council for affirmation of sale prior to execution.

Mr. Rushe moved to recommend approval of land pricing at Garrison Oak Technical Park at a price of $35,000 per acre and that the City Manager be authorized to negotiate a price decrease of up to $5,000 when appropriate. The motion was seconded by Mr. Shevock and unanimously carried.

Review of Ordinance Sponsorship

At the request of Councilman Lynn, a history of the requirement for three (3) sponsors to propose amendments to the Dover Code was compiled. Members were advised that currently all ordinances or proposed Charter changes must have three (3) sponsors (three (3) members of Council) before they are presented to the appropriate committee for consideration and subsequent recommendation to the Council. The only exceptions are emergency ordinances, zoning ordinances or map amendments, ordinance amendments submitted by Council-appointed staff or a committee, and ordinances passed in consideration of a comprehensive review of the Code.

Councilman Lynn expressed his desire to either remove the sponsorship requirement for Council members or impose the same requirements for Council-appointed staff. He advised members that executive City staff can propose changes with only one (1) sponsor. He stated the purpose of the ordinance was to "equalize the playing field" and allow ordinances to be sponsored by only one (1) Council person.

Mr. Hare stated that some support from Council should be required for staff to present Code amendments. He felt that if the support of three (3) Council members could not be obtained, then there was not enough support to merit consideration.

Responding to Mr. Shevock, Mr. Lynn stated that consideration of how this matter should be addressed was open for discussion. He indicated his wish to eliminate the requirement that Council members must obtain three (3) sponsors; however, stated that another possibility would be to require that staff obtain multiple sponsors, as Council must.

Mr. Hare felt that if a Council member could not get two (2) additional members to support an amendment, there was no need to bring it up, as this would waste time. He felt that this should apply to staff as well and that they should attempt to obtain the support of three (3) Council members; one (1) staff member and two (2) Council members; or the City Manager and two (2) Council members.

Mr. Shevock stated he was more inclined to require the support of two (2) people before bringing an item to a committee for discussion. His concern was that there may be objections that a matter was discussed prior to the meeting and that an item was being "ramrodded through."

Mr. Shevock questioned if there were requirements in the Code or Charter that would prohibit these changes.

Mr. Lynn stated his concern was the "chilling effect" that a mandate for multiple sponsors could have on amendments, noting that debate may be needed before a decision can be made as to whether a member chooses to sponsor an amendment. He felt that open, frank discussion was needed on every item and that eliminating the need for sponsors across the board might accomplish this. Mr. Lynn indicated that debating an issue on the floor brings about brainstorming that can turn a mediocre idea into a great idea when presented to full Council and that the current policy should be changed to one (1) sponsor across the board.

Mr. Hare expressed his belief that at least two (2) sponsors should be required to support a proposed amendment.

Mr. Perza stated that the current policy was inconsistent in that there were two (2) ways to have an item placed on the agenda and he felt that either way was subject to manipulation. He felt that if a Council member were able to get support from one (1) other person to agree to discuss the amendment, this should be enough to place the item on the committee agenda and that obtaining this support would not be difficult. He suggested information be sent to the attention of the Council President who could communicate that the item had been proposed and determine if members would like to at least discuss the matter before placing it on the agenda. This would also prevent the City from working on a matter if there was no will from the elected representatives to go forward and would also prevent one (1) person from unilaterally putting items on an agenda.

Mr. Lynn noting that, historically, committee chairs had unilaterally refused to put items on agendas, and he wished to eliminate any possibility of a "chilling" effect or manipulation. He felt that only one (1) sponsor should be required.

Mr. Perza noted that it could become apparent very quickly if this were not a good idea if agendas became overloaded. He was unsure if there was a problem with items not being placed on agendas and stated that during his past year of service, he had not had a problem placing items on the agenda.

Mr. Hutchison felt that at least two (2) or three (3) people should sign on to proposed amendments and noted that he would lean toward two (2) in view of Mr. Anderson's current absence due to deployment.

Mr. Shevock inquired if there had been a problem and suggested "if it's not broken, why try to fix it." He concurred with Mr. Hutchison that perhaps two (2) sponsors would be adequate due to Mr. Anderson's absence.

Mr. Lynn felt that it was an irritant that he would be required to find two (2) additional people to get on board with an idea when those who work for Council are not required to do so and questioned why City staff would be imbued with more power than the officials that they serve.

Mr. Shevock concurred that requirements should be the same for administration as they are for Council.

Responding to Mr. Hare's suggestion that the City Manager and the director who proposes an ordinance determine if the item is brought forward, Mr. Lynn stated that this could be a problem if the City Manager and director were "at loggerheads."

Mr. Hare suggested that a Council-appointed department head be required to seek one (1) additional sponsor and a City Manager-appointed director obtain the approval of the City Manager.

Mr. Lynn suggested that the requirement for three (3) sponsors lends itself to violations of the Freedom of Information Act (FOIA). He felt that calling nine (9) members to try to get someone "on board" could be interpreted as a serial meeting and that requiring one (1) sponsor would avoid these problems.

Mrs. Ann Marie Townshend, Director of Planning and Community Development clarified that placing an item on an agenda was the prerogative of the Council President for the Council agenda and the Committee chair for committee agendas. In regard to development of ordinances, she stated that she currently has only to develop an ordinance and if the Council President or Committee Chair approves this item for the agenda, it goes on the agenda. She stated that it would not cause problems for staff to be required to obtain two (2) sponsors or for staff to be placed on the same footing as Council members in regard to ordinance sponsorship. Mrs. Townshend advised members that a great deal of time would be wasted if she spent months preparing an ordinance without the support of at least two (2) sponsors.

Mrs. McDowell, City Clerk, stated that differentiating between the ordinances brought forth by City Manager-appointed or Council-appointed staff would complicate the process and possibly create problems and suggested a requirement for sponsorship by two (2) Council members for any ordinance. She felt that if staff reporting to the City Manager had ordinances to bring forth, this would be the responsibility of the City Manager. She requested clarification as to whether emergency ordinances, zoning ordinances or map amendments, and ordinances passed in consideration of a comprehensive review of the Code would be excluded from this requirement if a change were made from the current procedure, which does not require staff to obtain sponsorship. Mrs. McDowell noted that these types of ordinances are fairly standard and must come forward.

Mrs. Townshend concurred that these types of ordinances, including Comprehensive Plan amendments and rezonings, should be excluded from sponsorship requirements and advised members that if a rezoning ordinance were not brought forward, the City would be denying the applicant due process; however, she felt that zoning text amendments should be subject to sponsorship requirements. She was comfortable that staff could work with any recommendation made by the Committee.

Mr. Shevock stated that the current system whereby the staff member requests placing an ordinance on the agenda from a committee chair would provide the necessary two (2) sponsors.

Responding, Mrs. Townshend stated that she felt that Mrs. McDowell's suggestion for two (2) Council sponsors would be a "cleaner" approach since these members are elected and staff works for them.

Mr. Dixon concurred with Mr. Perza's earlier comment that "if it's not broke, don't fix it," and Mr. Shevock agreed.

Mr. Hare moved to recommend that the sponsorship of two (2) Council members be required for any proposed ordinance, excluding emergency ordinances, zoning ordinances, map amendments, ordinances passed in consideration of a comprehensive review of the Code, and Comprehensive Plan amendments, seconded by Mr. Rushe. The motion failed by a vote of two (2) yes (Hare and Rushe) and two (2) no (Lynn and Shevock).

Mr. Hare moved to leave the requirements as they were currently set forth, seconded by Mr. Shevock. The motion failed by a vote of two (2) yes (Hare and Shevock) and two no (Lynn and Rushe).

As a point of order, Mr. Bonar stated that no motion was needed to leave the procedure as it was currently being followed.

Mr. Lynn moved to reduce the Council obligation for sponsorship from three (3) sponsors to one (1) sponsor and to leave the staff obligation unchanged. The motion failed for lack of a second.

Mr. Rushe felt that requiring two (2) Council members to agree was the best course of action, noting that it would be difficult for an ordinance to move forward without the agreement of at least one (1) other member.

Mr. Lynn felt there should be an opportunity for all matters to be discussed on the floor as it was his belief that the power of debate can transform an item to a different idea.

Responding to Mr. Rushe, Mr. Lynn stated that he was unaware how other municipalities handle this matter.

Mr. Perza suggested that this matter be brought back for discussion at a future meeting after obtaining input from staff regarding the most efficient use of the process.

Mrs. McDowell noted that the history of the sponsorship requirement had not been included in the meeting packet and suggested that the matter be deferred until the next meeting so that this information could be provided and information could be gathered regarding what other municipalities require for sponsorship.

Mr. Hare stated that he did not disagree that there was inequity between the staff and Council sponsorship requirement; however, he stated that even in Congress a second sponsor is required.

Mr. Lynn moved to table the matter so that members of the Committee and Council could review the history of how the current procedure came about, seconded by Mr. Rushe and unanimously carried.

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

Meeting adjourned at 6:41 p.m.

Sean M.Lynn
Chairman

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Attachments

Attachment #1 - Amended and Restated Water and Sewer Bond Resolution Providing for the Issuance by the City of Dover of Water and Sewer Revenue Bonds and Related Matters

Attachment #2 - Resolution Authorizing the Sale of Up to $6,500,000 Water and Sewer Revenue Bonds of the City of Dover

Attachment #3 - Proposed Ordinance #2013-08 Amending Chapter 70 - Offenses and Miscellaneous Provisions, Section 70-7 - Registered Sexual Offenders, Subsection (b) - Prohibition on Residency and Employments

AMENDED AND RESTATED WATER AND SEWER BOND RESOLUTION PROVIDING FOR THE ISSUANCE BY THE CITY OF DOVER OF WATER AND SEWER REVENUE BONDS AND RELATED MATTERS

WHEREAS, The City of Dover (the "City") is authorized pursuant to Chapter 111, Volume 52, Laws of Delaware as amended by Chapter 340, Volume 57, Laws of Delaware 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 improvements to its water and sewer systems; and

WHEREAS, by Resolution of the City Council (the "Council") adopted February 27, 1989, (as thereafter supplemented and amended, the "1989 Bond Resolution") which amended and restated the bond resolution of October 24, 1984, the Council provided for the issuance of various series of water and sewer revenue bonds; and

WHEREAS, by Resolution of the Council adopted January 24, 2000, the Council authorized the issuance and sale of $750,000 Water and Sewer Revenue Bonds (Series 2000-SRF) for the purpose of providing funds for certain water and sewer projects of which $324,939 remains outstanding; and

WHEREAS, by Resolution of the Council adopted April 14, 2003, the Council authorized the issuance and sale of $7,980,000 Water and Sewer Revenue Bonds (Series 2003) for the purpose of refunding certain prior bonds and for providing funds for certain water and sewer projects of which $1,980,000 remains outstanding; and

WHEREAS, by Resolution of the Council adopted September 24, 2009, the Council authorized the issuance and sale of $5,942,481 Water and Sewer Revenue Bonds (Series 2009-SRF) for the purpose of providing funds for certain water and sewer projects of which $5,344,454 remains outstanding; and

WHEREAS, by Resolution of the Council adopted February 22, 2010 the Council authorized the issuance and sale of $2,404,017 Water and Sewer Revenue Bonds (Series 2010-SRF) for the purpose of providing funds for certain water and sewer projects of which $2,254,263 remains outstanding; and

WHEREAS, by Resolution of the Council adopted January 24, 2011, the Council authorized the issuance and sale of $765,060 Water and Sewer Revenue Bonds (Series 2011-SRF) for the purpose of providing funds for certain water quality improvement projects of which $724,671 remains outstanding; and

WHEREAS, Section 15(2) of the 1989 Bond Resolution provides for the amendment thereof, with the consent of at least 50% of holders of bonds outstanding under the 1989 Bond Resolution; and

WHEREAS, the Council now desires to provide an amended and restated water and sewer bond resolution to put it in the form of a master resolution for all water and sewer revenue bonds issued thereunder and providing for certain new provisions including conditional notice provisions, reports by a City engineer for additional bonds, and trustee provisions;

Now Therefore, the Council hereby resolves as follows:

Section 1. Definitions. (a) As used in this Resolution, the following words shall have the following meanings:

"Bonds" means The City of Dover, Water and Sewer Revenue Bonds, issued and secured on a parity pursuant to this Resolution or any Resolution supplemental hereto.

"City" means The City of Dover, a municipal corporation of the State of Delaware.

"Charter" means the charter of the City, as amended.

"Construction Fund" means the Water and Sewer Construction Fund maintained by the City.

"Council" means the council of the City.

"Default" means any event specified in Section 12(1) of this Resolution.

"Gross Revenue" means all fees and charges resulting from provision of water and sewer services (including wastewater collection impact fees), revenue from product sales, and other revenue required to be placed in the Water and Sewer Fund under this Resolution, and any interest earnings on the Water and Sewer Fund which are held in the Water and Sewer Fund; however, Gross Revenue does not include: (a) any payments of assessments levied against benefited properties; (b) the proceeds of any grants, (c) the proceeds of any borrowing for capital improvements; (d) the proceeds of any casualty insurance which the City intends to utilize for repair or replacement of Water and Sewer Facilities.

"Maximum Annual Debt Service" means the maximum annual debt service on all outstanding Bonds for a twelve month period commencing December 15 and ending December 14 during which any Bond is outstanding.

"Net Operating Revenue" means the Gross Revenue less the Operating Expenses.

"Operating Expenses" means all expenses incurred for operation, maintenance and repair of the water and sewer system, including but not limited to administrative expenses, financial and auditing expenses, insurance premiums, claims (to the extent monies are not available from proceeds of insurance), taxes, legal and engineering expenses relating to operation and maintenance, payments and reserves for pension, retirement, health, hospitalization, and sick leave benefits, payments to reserve funds, fees due others (including Kent County) for sewer treatment service, and any other similar expenses to be paid to the extent properly and directly attributable to operations of the system. Operating Expenses do not include any reserves for extraordinary maintenance or repair, any allowance for depreciation or any payments of the City for debt service on any existing indebtedness of the City.

"Parity Bonds" means any revenue bonds or other obligations of the City which comply with the provisions of Section 11 of this Resolution for the issuance of Parity Bonds.

"Paying Agent and Registrar" means the City or such other entity which is under contract with the City to serve as paying agent and registrar for the Bonds or any series thereof.

"Qualified Investments" means:

(a) U.S. Government Securities issued by the U.S. Government and backed by the full faith and credit of the U.S. Treasury.

(b) Obligations issued or guaranteed by any agency controlled by or acting as an instrumentality of the United States of America.

(c) Repurchase agreements with underlying collateral consisting of obligations limited to those mentioned in (a) and (b) above with banks provided that the City or the Paying Agent and Registrar has possession and a perfected security interest in the collateral security which must have a market value not less than 102 percent of the amount invested. Repurchase agreements shall be limited to a maximum maturity of 90 days at the time of purchase.

(d) Certificates of Deposit issued by, and time deposits in, any bank, provided such investment is fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or to the extent not insured, (i) must be collateralized by U.S. Government Investments or (ii) the banking institution must have assets of not less than $5 billion and issuers must have a short-term rating of at least A-1 by Standard & Poor's and at least P1 by Moody's and a long-term rating of at least AA by Standard & Poor's and at least Aa by Moody's. The maximum stated maturity of any investment in this sector shall be limited to 3 years at the time of purchase. This sector shall not exceed 25% of the total portfolio. No single issuer shall exceed 5% of the total portfolio.

(e) Corporate bonds and debentures provided that issuers have a long-term rating of at least AA by Standard & Poor's and at least Aa by Moody's. The maximum stated maturity of any investment in this sector shall be limited to 3 years at the time of purchase. This sector shall not exceed 25% of the total portfolio. No single issuer shall exceed 5% of the total portfolio.

(f) Municipal obligations issued by state and local governments and public authorities in the United States provided that the issuer be rated at least AA by Standard & Poor's and at least Aa by Moody's. The maximum stated maturity of any investment in this sector shall be limited to 3 years at the time of purchase. This sector shall not exceed 15% of the total portfolio. No single issuer shall exceed 5% of the total portfolio.

(g) Commercial Paper provided that issuers are rated at least A-1 by Standard & Poor's and at least P1 by Moody's. The maximum stated maturity of any investment in this sector shall be limited to 270 days at the time of purchase. This sector shall not exceed 25% of the total portfolio. No single issuer shall exceed 5% of the total portfolio.

(h) Shares of Registered Investment Companies (money market funds) such that the fund is rated AAAm by Standard & Poor's. A current prospectus must be obtained before investing in any money market fund, and current holdings reports must be maintained at least each month.

(i) State of Delaware Investment Pool (Delaware Local Government Investment Pool).

"Redemption Fund" means the Water and Sewer Debt Redemption Fund maintained in trust by the Paying Agent and Registrar for the benefit of the owners of all Bonds to pay principal and interest on the Bonds.

"Reserve Account" means a separate account in the Redemption Fund in which the City agrees to maintain an amount equal to the Maximum Annual Debt Service; provided that for purposes of calculating such Maximum Annual Debt Service, Bonds purchased by the State Revolving Fund (SRF) are excluded from the definition of Bonds.

"Reserve Account Deficiency" means any amount by which the Maximum Annual Debt Service on all Bonds outstanding at the end of a fiscal year exceeds the amount on deposit in the Reserve Account at the end of that fiscal year.

"Supplemental Resolution" means a Resolution of Council supplemental hereto providing for the issuance of additional Bonds or for other amendment to this Resolution.

"Trustee" means The Bank of New York Mellon Trust Company.

"U.S. Government Investments" means any obligations fully and unconditionally guaranteed by the United States of America.

"Water and Sewer Fund" means the Water and Sewer fund maintained by the City into which the Gross Revenue is deposited.

"Water and Sewer Facilities" means all real and personal property now or hereafter established, owned, operated, used or maintained by the City, within or without its corporate limits, for the system of water supply and the system for collecting, treating and disposing of sewage, together with all property, rights, easements and interests pertaining thereto or acquired in connection therewith.

Section 2. Issuance of Bonds. Pursuant to the Enabling Acts, the Council shall approve the issuance of Bonds, the terms and conditions of which shall be set forth in a Supplemental Resolution.

The Bonds shall be special obligations of The City of Dover, and shall be payable solely from the Net Operating Revenue. The full faith and credit of the City shall not be pledged to pay principal and interest on the Bonds.

Unless otherwise provided in a Supplemental Resolution pertaining to the issuance of a series of Bonds, principal of and interest on the Bonds shall be payable by check or draft mailed

to each owner of such Bond at the address of such owner as it appears on the books of the Registrar as of the fifteenth day of the calendar month preceding the month in which the payment date occurs (the "Record Date").

The Bonds may be issued in book entry form, registered in the name of a securities depository (the "Depository") and immobilized in the custody of the Depository subject to such terms and conditions as may be determined by the Mayor in which case the Mayor may execute and deliver on behalf of the City a letter of representations in a form and with such content as the Mayor may determine to be in the best interest of the City. In the event that the Bonds are immobilized in the custody of a Depository, the City shall not be liable for the failure of the Depository or of any participant of the Depository to perform any obligation to any participant or beneficial owner of any such Bond.

Each of the Bonds shall be signed by the manual or facsimile signature of the Mayor and the Controller/Treasurer of the City and the official Seal of the City shall be affixed or printed thereon.

Section 3. Redemption. The Bonds of any series shall be subject to optional and mandatory redemption by the City, in whole or in part, on the terms and conditions set forth in such Bonds, the applicable Supplemental Resolution and this Resolution.

Notice of any redemption, identifying the Bonds or portions thereof to be redeemed, shall be given not more than sixty (60) nor fewer than twenty (20) days prior to the redemption date, by first class United States mail to the registered owners of the Bonds to be redeemed at their registered addresses. Failure to mail any such notice or any defect in the mailed notice or the mailing thereof shall not affect the validity of any proceedings for the redemption of other Bonds for which notice shall be duly given. No further interest shall accrue on the principal of any Bonds called for redemption after the redemption date if notice of redemption has been duly mailed and redemption moneys have been deposited with or made available to the Paying Agent on or prior to the date set for redemption and the holders of such Bonds shall have no rights with respect to such Bonds except to receive payment of the redemption price thereof and unpaid interest accrued to the date fixed for redemption.

If at the time of mailing of any notice of optional redemption the City shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional, that is, subject to the deposit or transfer of the redemption moneys with the Paying Agent not later than the opening of business on the redemption date, and that such notice shall be of no effect unless such moneys are so deposited.

Section 4. Form of Bond. The Bonds shall be in substantially the form attached hereto as Exhibit A.

Section 5. Disposition of Bond Proceeds. Interest accrued from the date of the Bonds until the date of closing and any capitalized interest shall be placed in the Redemption Fund and shall be used to pay interest on the Bonds. An amount sufficient to cause the total Reserve Account to equal the Maximum Annual Debt Service on the Bonds shall be placed in the Reserve Account. The balance of the Bond proceeds shall be placed in the Construction

Fund and shall be distributed only to finance the projects as set forth in the applicable Supplemental Resolution and costs incurred in connection with the issuance of the Bonds. Separate sub-accounts shall be maintained in the Construction Fund to segregate funds with respect to each series of Bonds. The City may otherwise establish such sub-accounts as it shall deem appropriate.

Monies in the Redemption Fund may be invested at the direction of the City in U.S. Government Investments and monies in the Construction Fund may be invested by the City in Qualified Investments. Earnings from investment of the funds in the Construction Fund shall be maintained in the Construction Fund, and shall be treated and disbursed as Bond proceeds. Earnings from investment of the funds in the Redemption Fund shall be deposited in the Water and Sewer Fund after certification of sufficiency required in section 7 infra. Any proceeds of the Bonds remaining after payment of all project and issuance costs shall be transferred to the Water and Sewer Fund.

Section 6. Pledge and Disposition of Net Operating Revenue. The City hereby pledges the Net Operating Revenue to the payment of principal and interest on all Bonds.

The City hereby covenants with the holder that it will, so long as any Bonds remain outstanding, make the following deposits from the Net Operating Revenue Redemption Fund.

(1) On the fifteenth day of each month the City will deposit into the Redemption Fund an amount equal to one-sixth ($1/6^{th}$) of the amount necessary to pay interest on the Bonds which will become due during the six months following the deposit. Prepayment of monthly deposits will fulfill this requirement. Notwithstanding the foregoing, the City shall deposit into the Redemption Fund from the Net Operating Revenue an amount sufficient to permit all interest due on the Bonds to be paid on the date it is due.

(2) On the fifteenth day of each month, the City will deposit into the Redemption Fund an amount equal to one-twelfth ($1/12^{th}$) of the amount necessary to pay the principal on any Bonds which will become due during the twelve months following the deposit. Prepayment of monthly deposits will fulfill this requirement. Notwithstanding the foregoing, the City will deposit into the Redemption Fund from the Net Operating Revenue an amount sufficient to permit all principal due on the Bonds to be paid on the date it is due.

(3) On the first day of each month the City shall deposit into the Reserve Account an amount equal to one-twelfth ($l/12^{th}$) of any Reserve Account Deficiency determined to exist on the immediately previous December 15^{th} valuation.

Except in the event of a Default, Net Operating Revenue on deposit in the Water and Sewer Fund may be expended by the City for the following purposes and in the following priority.

First: Operating Expenses.

Second: Redemption Fund and Reserve Account Deposits.

Third: Debt service on other debt obligations of the City to the extent that the proceeds of such obligations were expended for Water and Sewer Facilities.

Fourth: Expenditures for capital improvements to the Water and Sewer Facilities approved by Council for the current fiscal year.

Fifth: Any other lawful purpose, whether or not for the benefit of the bondholders or for the Water and Sewer Facilities; provided that no expenditure or transfer shall be made pursuant to this Item Fifth without the prior certification of the Mayor or the City Manager, to be filed with the Paying Agent and Registrar, that all obligations set forth in Items First through Fourth are current and that such proposed expenditure or transfer would not impair the City's ability to meet its obligations under this Resolution:

Section 7. Reserve Account. The City shall maintain a balance in the Reserve Account at least equal to the Maximum Annual Debt Service on all outstanding Bonds. If the balance in the Reserve Account falls below the Maximum Annual Debt Service on all outstanding Bonds, the balance will be replenished as provided in Section 6(3), above. The Paying Agent and Register shall certify to the City the fair market value of the Reserve Account as of the fifteenth day of each December for the purpose of determining the balance in such account.

Monies required to be maintained in the Reserve Account will be used only to pay principal and interest on the Bonds, and only in the event that the Net Operating Revenue and other monies in the Redemption Fund are insufficient to pay the principal of and interest on the Bonds when due.

Any amounts in the Reserve Account on the fifteenth day of each December in excess of the Maximum Annual Debt Service on all outstanding Bonds may be transferred to the Water and Sewer Fund. Any surplus remaining in the Reserve Account after all Bonds have been paid shall be deposited in the Water and Sewer Fund.

Notwithstanding the foregoing, for purposes of this section, the calculation of Maximum Annual Debt Service shall exclude Bonds purchased by the State Revolving Fund (SRF) from the definition of Bonds.

Section 8. Rate Covenant. The City covenants that it will charge fees in connection with the operation of the Water and Sewer Facilities which are projected to generate Net Operating Revenue at least equal to 1.20 times the Maximum Annual Debt Service on all outstanding Bonds. If the Net Operating Revenue fails to meet this level, the City shall promptly increase its fees to a level so that Net Operating Revenue is projected to meet the required level.

Section 9. General Covenants. The City hereby covenants and agrees with the holders and owners of all outstanding Bonds as follows:

(1) That it will, to the extent the Net Operating Revenue is sufficient, promptly cause the principal and interest on the Bonds to be paid as they become due.

(2) That it will maintain complete books and records relating to the operation of the Water and Sewer Facilities, the Water and Sewer Fund, the Construction Fund, the Redemption Fund and the Reserve Account, in accordance with generally accepted accounting principles, and will cause such books and records to be audited annually at the end of each fiscal year, and an audit report prepared and made available for the inspection of bondholders.

(3) That it will not issue Bonds or other obligations having a claim superior to the claim of the Bonds upon the Net Operating Revenue.

(4) That it will promptly deposit into the Water and Sewer Fund all sums required to be so deposited.

(5) That it will operate the Water and Sewer Facilities in a sound, efficient and economic manner, and will not enter into any agreements to provide free service or services except for fire fighting, hydrant flushing, or in case of emergency.

(6) That it will maintain its contracts with Kent County for the treatment of sewage collected by the City or will otherwise provide for the treatment or disposal of such sewage.

Section 10. Registration and Transfer.

(1) The transfer of Bonds shall be registered on the Bond Register, which shall be kept for this purpose at the offices of the Paying Agent and Registrar of the City, upon surrender thereof by the Registered Owner in person or by his attorney duly authorized in writing together with a written instrument of transfer in form satisfactory to the City duly executed by the Registered Owner or his attorney duly authorized in writing free of charge except for any applicable transfer tax or other governmental charge. Upon any such registration or transfer, the Paying Agent and Registrar shall issue in the name of the transferee a new registered Bond or Bonds of the same series and maturity.

(2) The City and its Paying Agent and Registrar may deem and treat the Registered Owner of any registered Bond as the absolute owner of such Bond for the purpose of receiving any payment on such Bond and for all other purposes of this Resolution, whether such Bond shall be overdue or not. Neither the City nor Bond Registrar nor any Paying Agent and Registrar shall be affected by any notice to the contrary. Payment of, or on account of, the principal of and premium, if any, and interest on any registered Bond shall be made to such Registered Owner or upon his written order. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(3) The City shall not be required (a) to register the transfer of or exchange any Bond for a period of fifteen (15) days next preceding any interest payment date on such Bond or (b) to register the transfer of or exchange any Bond for a period of thirty (30) days next preceding the redemption date of any Bonds which have been previously called for redemption.

Section 11. Parity Bonds. The City may issue Parity Bonds to provide funds to finance the completion of construction of projects previously authorized by Council, the

construction of new Water and Sewer Facilities or the refunding of outstanding Bonds, upon the following conditions:

(1) No Default has occurred and is continuing;

(2) At the time of the issuance of the Parity Bonds there is no deficiency in the Redemption Fund or the Reserve Account;

(3) The Resolution authorizing the issuance of the Parity Bonds requires that a deposit be made at the closing sufficient to bring the balance in the Reserve Account equal to the Maximum Annual Debt Service on all outstanding Bonds, including the proposed Parity Bonds.

(4) The Resolution authorizing the issuance of the Parity Bonds contains a covenant of the City requiring the City to charge fees projected to generate Net Operating Revenue at least equal to 1.20 times the Maximum Annual Debt Service on all outstanding Bonds.

(5) Prior to the issuance of the Parity Bonds the City shall file in the Treasurer's office a report of either a City engineer or an independent consulting engineer that the schedule of rates and charges which have been previously authorized by the City are sufficient to produce, on a pro forma basis, Net Operating Revenue in the fiscal year immediately following the fiscal year in which the Parity Bonds are to be issued at least equal to 1.20 times the Maximum Annual Debt Service on all outstanding Bonds, including the proposed Parity Bonds but excluding any Bonds to be refunded by the proposed Parity Bonds.

Section 12. Defaults and Remedies

(1) The following events shall constitute a Default:

(A) Failure to pay principal or interest on any Bond when due; or,

(B) Failure to perform any other obligation of the City imposed by this Resolution or the Bonds, but only if:

(i) the failure continues for a period of more than ninety (90) days after written demand has been made on the City to remedy the failure; and

(ii) the City fails to take reasonable steps to remedy the failure within that ninety day period; or

(C) Imposition of a receivership upon, or liquidation of, the Water and Sewer Fund; or,

(D) Written admission by the City that the City is unable to pay its debts as they become due.

(2) Upon a Default, the Construction Fund and the Water and Sewer Fund shall be transferred to the Paying Agent and Registrar who shall operate and maintain said Funds in Trust pursuant to the terms of this Resolution and for the benefit of the bondholders.

(3) Upon a Default, any bondholder may exercise any remedy available at law or in equity.

(4) Upon a Default, any bondholder or the Paying Agent and Registrar shall have the rights set forth in 52 Del. Laws Ch. 111 to apply in an appropriate judicial proceeding for the appointment of a receiver of a Water and Sewer Facilities.

Section 13. Appointment of Trustee. The Bank of New York Mellon Trust Company is hereby appointed Trustee under this Resolution. Said Trustee shall signify its acceptance of the duties, obligations and trusts imposed upon it by this Resolution by executing the certificate of authentication endorsed upon and, by executing such certificate upon any bond, the Trustee shall be deemed to have accepted such duties, obligations and trusts, but only upon the terms and conditions set forth in this Article, to all of which the City, the Trustee and the respective owners of the bonds agree.

Section 14. Trustee Entitled to Indemnity. The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under this Resolution, or to enter any appearance or in any way defend in any suit in which it may be defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and power hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment: proper to be done by it as such Trustee, without indemnity, and in such case the City shall reimburse the Trustee from Revenues for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the City shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Resolution and shall be entitled to a preference therefor over any of the bonds Outstanding hereunder.

Section 15. Limitations on Trustee's Obligations. The Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the City, or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur, or to keep itself informed or advised as the payment of any taxes or assessments, or to require any such payment to be made. The Trustee shall have no responsibility in respect of the validity or sufficiency of this Resolution or in respect of the validity of the bonds or the due execution or issuance thereof. The Trustee shall be under no obligation, except as otherwise herein expressly required, to see that any duties herein imposed upon the City, the engineers, the Paying Agent, any Depository, or any party other than itself shall be done or performed, and the Trustee shall not be subject to any liability for failure to see that any such duties or covenants are so done or performed.

Section 16. Trustee Not Liable for Failure of Others. The Trustee shall not be liable or responsible because of the failure of the City or of any of its employees or agents to make any collections or deposits or to perform any act herein required of them or because of the loss of any moneys arising through the insolvency or the act or default or omission of any other Depositary in which such moneys shall have been deposited under the provisions of this Resolution. The Trustee shall not be responsible for the application of any of the proceeds of the bonds or any other moneys deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Resolution. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees, counsel and other agents.

Section 17. Compensation of Trustee. Subject to the provisions of any contract between the City and the Trustee, the City shall pay to the Trustee from revenues reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts hereby created and the performance of its powers and duties hereunder. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession under the provisions of this Resolution and shall be entitled to a preference therefor over any of the bonds outstanding hereunder.

Section 18. Monthly Statement from Trustee. It shall be the duty of the Trustee, on or before the 15th day of each month after the delivery of the bonds under the provisions of this Resolution, to file with the City Manager a statement setting forth in respect of the preceding calendar month:

(a) the amount withdrawn or transferred from and the amount deposited to the credit of each Fund or Account held by it under the provisions of this Resolution,

(b) the amount applied to the purchase or redemption of bonds under the provisions of this Resolution and a description of the bonds so purchased or redeemed,

(c) the amount on deposit with the Trustee at the end of such month to the credit of each Fund and Account created under the provisions of this Resolution,

(d) a brief description of all obligations held by the Trustee as an investment of moneys in each Fund and Account under the provisions of this Resolution,

(e) any other information which the City Manager may reasonably request, provided that, with respect to clause (b) above, notice shall be provided by Trustee to the City Manager within thirty (30) days of purchase or redemption of bonds rather than on a monthly basis.

Section 19. Trustee May Rely on Certificates. In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee, and in any case in which this Resolution provides for permitting or taking any action, the Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of this Resolution, and any such certificate shall be evidence of such fact to protect the Trustee in any action that it may

or may not take or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Resolution, any request, notice, certificate or other instrument from the City to the Trustee shall be deemed to have been signed by the proper party or parties if signed by the City Manager and the Trustee may accept and rely upon a certificate signed by the City Clerk as to any action taken by the City Council.

Section 20. Trustee Not Obliged to Take Notice of Certain Defaults. Except upon the happening of any event of default specified in this Resolution, the Trustee shall not be obliged to take notice or be deemed to have notice of any event of default hereunder, unless specifically notified in writing of such event of default by the owners of not less than ten per centum (10%) in aggregate principal amount of the bonds hereby secured and then outstanding.

Section 21. Trustee May Deal in Bonds and Take Action as Bondowner. The bank or trust company acting as Trustee under this Resolution, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the bonds issued under the provisions of this Resolution, and may join in any action which any bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee.

Section 22. Trustee Not Responsible for Recitals. The recitals, statements and representations contained herein and in the bonds (excluding the Trustee's certificate of authentication on the bonds) shall be taken and construed as made by and on the part of the City and not by the Trustee, and the Trustee assumes and shall be under no responsibility for the correctness of the same.

Section 23. Trustee Protected in Certain Actions. The Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Resolution, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Resolution, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Trustee shall not be bound to recognize any person as an owner of any bond not registered in accordance with the terms hereof. The Trustee shall not be under any obligation to see to the recording or filing of this Resolution or otherwise to the giving to any person of notice of the provisions hereof.

Section 24. Resignation of Trustee. The Trustee may resign at any time and thereby become discharged from the trusts hereby created, by notice in writing to be given to the City and published once in a daily newspaper of general circulation published in the City of Wilmington, Delaware, and in a daily newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York, not less than thirty (30) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee hereunder if such new Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof.

Section 25. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, executed by the owners of not less than a majority in aggregate principal amount of the bonds hereby secured and then outstanding and filed with the City. A photostatic copy of each such instrument shall be delivered promptly by the City to the Trustee. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Resolution with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the City Council or the owners of not less than five per centum (5%) in aggregate principal amount of the bonds then outstanding hereunder.

Section 26. Appointment of a Successor Trustee. If at any time hereafter the Trustee shall resign, be removed, be dissolved, or otherwise become incapable of acting, or if the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, the City Council shall appoint a Trustee to fill such vacancy. The City shall publish notice of any such appointment by it made once in each week for two (2) successive weeks in a daily newspaper of general circulation published in the City of Wilmington, Delaware, and in a daily newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York.

At any time within one year after any such vacancy shall have occurred, the owners of a majority in aggregate principal amount of the bonds hereby secured and then outstanding, by an instrument or concurrent instruments in writing, executed by such bondowners or their attorneys in fact or legal representatives and filed with the City, may appoint a successor Trustee which shall supersede any Trustee theretofore appointed by the City. Photostatic copies of each such instrument shall be delivered promptly by the City to the predecessor Trustee and to the Trustee so appointed by the bondowners.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, the owner of any bond Outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee hereafter appointed shall be a bank or trust company authorized by law to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and having a combined capital and surplus aggregating not less than Twenty Five Million Dollars ($25,000,000).

Section 27. Vesting of Trusts in Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the City, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities, power and trusts, and subject to all the duties and obligations, of its predecessor; but such predecessors shall, nevertheless, on the written request of its successor or of the City, and upon payment of the

expenses, charges and other disbursements of such predecessor which are payable pursuant to the provisions of Section 17 of this Resolution, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all property and moneys held by it hereunder to its successor. Should an instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the City.

Notwithstanding any of the foregoing provisions of this Article, any bank or trust company having power to perform the duties and execute the trusts of this Resolution and otherwise qualified to act as trustee hereunder with or into which the bank or trust company acting as Trustee may be merged or consolidated, or to which the assets and business of such bank or trust company may be sold, shall be deemed the successor of the Trustee.

Section 28. Insurance. The City covenants to maintain insurance, or a reasonable system of self insurance, appropriate to the risks associated with operation of its Water and Sewer Facilities.

Section 29. Sales, Leases and Encumbrances. The City may not sell, encumber, exchange or otherwise dispose of any property constituting a part of the Water and Sewer Facilities unless such property is either worn out or obsolete or, in the opinion of the City, is no longer useful in the operation of the Water and Sewer Facilities. Any proceeds of such sale, exchange or other disposition not used to replace the property so sold or exchanged shall be deposited in the Water and Sewer Fund.

The City may lease as lessor or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to any part of the Water and Sewer Facilities if such lease, contract, license, easement or right does not, in the opinion of the City, impede the operation of the Water and Sewer Facilities.

Section 30. Amendment of Resolution.

(1) This Resolution may be amended without the consent of any bondholders for any one or more of the following purposes:

(A) To add to the covenants and agreements of the City in this Resolution any other covenants and agreements thereafter to be observed by the City, or to surrender any right or power herein reserved to or conferred upon the City;

(B) To cure any ambiguity or formal defect contained in this Resolution, if that cure does not, in the judgment of the Council, adversely affect the interest of the bondholders; or

(C) To issue Parity Bonds in accordance with section 11 hereof.

(2) This Resolution may be amended for any other purpose only upon consent of holders of not less than 50% in aggregate principal amount of the Bonds outstanding; provided, however, that no amendment shall be valid which:

(A) Extends the maturity of any Bond, reduces the rate of interest upon any Bond, extends the time of payment of interest on any Bond, reduces the amount of principal payable on any Bond, or reduces any premium payable on any Bond, without the consent of the affected bondholder; or

(B) Reduces the percent of bondholders required to approve an amendatory resolution.

Section 31. Defeasance. The lien of the Bonds, or any series of Bonds, upon the Net Operating Revenue may be defeased, and such Bonds shall be deemed paid, if the City places in irrevocable escrow direct obligations of, or obligations guaranteed by, the United States of America which are calculated together with interest earnings thereon to be sufficient, without reinvestment, to pay principal, interest and any premium on the Bonds as they become due, either at maturity or on prior redemption.

Section 32. Effective Date. This Resolution shall become effective upon receipt of the consent of holders of at least 50% of Bonds outstanding.

APPROVED by the Council of The City of Dover, the __ day of _____, 2013.

_____
City Clerk
The City of Dover

APPROVED by the Mayor of The City of Dover, the __ day of _____, 2013.

_____
Mayor, The City of Dover

No. R - **$_____**

EXHIBIT A
STATE OF DELAWARE
KENT COUNTY
THE CITY OF DOVER

WATER AND SEWER REVENUE BOND, SERIES _____

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

THE CITY OF DOVER, in Kent County, State of Delaware, for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount identified above on the Maturity Date specified above, unless this Bond shall have been previously called for redemption and payment of the redemption price shall have been duly made or provided for, and to pay interest at the Interest Rate specified above, on such Principal Amount from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date or unless this Bond is registered and authenticated prior to _____, in which event this Bond shall bear interest from the Dated Date indicated above, or unless interest on the hereinafter referred to Bonds shall be in default, in which event this Bond shall bear interest from the last date to which interest has been paid, at the rate specified above payable semiannually on _____ and _____ of each year commencing _____ until payment in full of such Principal Amount, and to pay interest on the overdue principal and, to the extent permitted by law, on overdue interest at the rate specified above.

Both the principal of and interest on this Bond are payable in lawful money of the United States of America. Interest on this Bond shall be paid by check or draft mailed to the Registered Owner as shown on the bond register maintained by the Paying Agent and Registrar. The Principal Amount shall be payable upon presentation and surrender of this Bond by the Registered Owner thereof at the principal corporate trust office of the Paying Agent and Registrar.

In the event that this Bond is held by or registered in the name of a securities depository or other agent or nominee of a beneficial owner, by purchase of a Bond the bondholder agrees that the City will have no responsibility or liability for any action or inaction by the depository or other agent or nominee in connection with the Bond.

The Series _____ Bonds maturing on or after _____ are subject to redemption, at the option of the City in whole at any time on or after _____, _____, and in part on any interest payment date on or after _____,

_____, at the following prices (expressed as a percentage of the principal amount redeemed) plus interest accrued to the redemption date:

Redemption Date (Dates inclusive)	Redemption Price
_____, 20__ through _____, 20__	%
_____, 20__ through _____, 20__	%
_____, 20__ through _____, 20__	%
_____, 20__ through _____, 20__	%
_____, 20__ and thereafter	%

Notice of any redemption, identifying the Bonds or portions thereof to be redeemed, shall be given not more than sixty (60) nor fewer than twenty (20) days prior to the redemption date, by first class United States mail to the registered owners of the Bonds to be redeemed at their registered addresses. Failure to mail any such notice or any defect in the mailed notice or the mailing thereof shall not affect the validity of any proceedings for the redemption of other Bonds for which notice shall be duly given. No further interest shall accrue on the principal of any Bonds called for redemption after the redemption date if notice of redemption has been duly mailed and redemption moneys have been deposited with or made available to the Paying Agent on or prior to the date set for redemption and the holders of such Bonds shall have no rights with respect to such Bonds except to receive payment of the redemption price thereof and unpaid interest accrued to the date fixed for redemption.

If at the time of mailing of any notice of optional redemption the City shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional, that is, subject to the deposit or transfer of the redemption moneys with the Paying Agent not later than the opening of business on the redemption date, and that such notice shall be of no effect unless such moneys are so deposited.

This Bond is one of the Water and Sewer Revenue Bonds, Series _____ of The City of Dover (the "Bonds"), and is issued by The City of Dover for the purpose of providing funds for the construction of water and sewer facilities, and is issued in full and strict accordance and compliance with all of the provisions of the Charter of The City of Dover, and the Constitution and statutes of the State of Delaware including a Resolution of City Council adopted _____ (the "Resolution") and a Supplemental Resolution thereto.

This Bond is not a general obligation or debt of The City of Dover but is payable solely from the Net Operating Revenue of the Water and Sewer Facilities as provided in the 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 hereon. The City of Dover covenants and agrees with the holder of this Bond that it will keep and perform all of the covenants of this Bond and the Resolution. The City of Dover has pledged the Net Operating Revenue of the Water and Sewer Facilities to the payment of principal and interest on this Bond.

The City may issue additional bonds secured on a parity with the Bonds to finance the construction, completion, repair and improvement of water and sewer facilities or the refunding of outstanding Bonds upon meeting certain conditions set forth in the Resolution which Parity Bonds shall rank on a parity with the Series _____ Bonds in the lien and benefit of this Resolution.

The Series _____ Bonds are issuable in the form of registered bonds without coupons in the denominations of $5,000 or any integral multiple thereof. The owner of any registered Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the City duly executed by the registered owner or his duly authorized attorney) at the office of the Paying Agent and Registrar of the City, in exchange for an equal aggregate principal amount of registered Bonds, of the same maturity and of any other authorized denominations in the manner, subject to the conditions and upon the payment of the charges provided in the Resolution.

Any transfer of this Bond must be registered, as provided in the Resolution, upon the Bond Register kept for that purpose at the office of the Paying Agent and Registrar of the City by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the City duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds, of the same series and maturity and in the same aggregate principal amounts, shall be issued to the transferee in exchange herefore as provided in the Resolution free of charge except for any applicable transfer tax or other governmental charge. The City may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes, as provided in the Resolution.

IN TESTIMONY WHEREOF, the Council of The City of Dover by Resolution duly adopted, has caused this Bond to be executed with the manual or facsimile signatures of its Mayor and Treasurer, and has caused the City's corporate Seal to be printed or affixed hereto, all as of the _____ day of _____, 20__.

_____
__
Mayor, The City of Dover

(SEAL)

_____
__
Treasurer, The City of Dover

AMENDED AND RESTATED WATER AND SEWER ~~REVENUE~~ BOND RESOLUTION
~~ENDING AND RESTATING THE 1984 BOND RESOLUTION~~
PROVIDING FOR THE ISSUANCE BY THE CITY OF DOVER OF WATER AND SEWER REVENUE BONDS AND RELATED MATTERS

WHEREAS, The City of Dover (the "City") is authorized pursuant to Chapter 111, Volume 52, Laws of Delaware as amended by Chapter 340, Volume 57, Laws of Delaware 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 improvements to its water and sewer systems; and

WHEREAS, by Resolution of the City Council (the "Council") adopted ~~September 10, 1984, as~~February 27, 1989, (as thereafter supplemented and amended~~ on October 24, 1984 (the "1984 Resolution")~~, the "1989 Bond Resolution") which amended and restated the bond resolution of October 24, 1984, the Council provided for the issuance of various series of water and sewer revenue bonds; and

WHEREAS, by Resolution of the Council adopted January 24, 2000, the Council authorized the issuance and sale of $~~3,070,00 principal amount of the City's~~750,000 Water and Sewer Revenue Bonds (~~the "~~Series ~~1984 Bonds"~~2000-SRF) for the ~~financing of~~purpose of providing funds for certain water and sewer projects ~~which bonds are payable from the Net Operating Revenue, as defined in the 1984 Resolution~~of which $324,939 remains outstanding; and

~~WHEREAS, the 1984 Resolution provided for the issuance of additional bonds to be secured on a parity with the Series 1984 Bonds; and~~

WHEREAS, by Resolution of the Council adopted April 14, ~~1985 as amended on May 26, 1986 and June 23, 1986 ("the 1986 Resolution")~~2003, the Council ~~amended the 1984 Resolution and~~ authorized the issuance and sale of $~~8,730,000 principal amount of the City's~~7,980,000 Water and Sewer Revenue Bonds (~~the "~~Series ~~1986 Bonds"~~2003) for the purpose of refunding ~~the Series 1984 Bonds~~certain prior bonds and for providing funds for ~~additional projects, which Series 1986 Bonds are also payable from the Net Operating Revenue; and~~certain water and sewer projects of which $1,980,000 remains outstanding; and

WHEREAS, ~~pursuant to Section 17 of the 1984 Resolution the lien of the Series 1984 Bonds upon the Net Operating Revenue has been defeased by the deposit into escrow of sufficient funds to pay the principal and interest on the Series 1984 Bonds and the Series 1984 Bonds are thereby deemed paid provided that the terms of the 1984 Resolution relating to the timing and amounts of payment and registration, exchange and transfer remain in effect with respect to the Series 1984 Bonds; and~~by Resolution of the Council adopted September 24, 2009, the Council authorized the issuance and sale of $5,942,481 Water and Sewer Revenue Bonds (Series 2009-SRF) for the purpose of providing funds for certain water and sewer projects of which $5,344,454 remains outstanding; and

WHEREAS, by Resolution of the Council adopted February 22, 2010 the Council authorized the issuance and sale of $2,404,017 Water and Sewer Revenue Bonds (Series 2010-SRF) for the purpose of providing funds for certain water and sewer projects of which $2,254,263 remains outstanding; and

WHEREAS, by Resolution of the Council adopted January 24, 2011, the Council authorized the issuance and sale of $765,060 Water and Sewer Revenue Bonds (Series 2011-SRF) for the purpose of providing funds for certain water quality improvement projects of which $724,671 remains outstanding; and

WHEREAS, Section ~~16~~15(2) of the ~~1984~~1989 Bond Resolution provides for the amendment thereof, ~~without~~with the consent of ~~owners~~at least 50% of ~~any~~holders of bonds outstanding under the ~~1984~~1989 Bond Resolution~~, to issue parity bonds~~; and

WHEREAS, the Council~~, in connection with the issuance of additional parity bonds, now desires to amend and restate the 1984 Resolution as amended by the 1986 Resolution~~ now desires to provide an amended and restated water and sewer bond resolution to put it in the form of a master resolution for all ~~Water~~water and ~~Sewer Revenue Bonds~~sewer revenue bonds issued thereunder and providing for ~~the issuance of such bonds pursuant to supplemental resolutions thereto as well as to make certain other conforming amendments in connection therewith which Council hereby finds will not adversely affect the interest of Bondholders~~certain new provisions including conditional notice provisions, reports by a City engineer for additional bonds, and trustee provisions;

Now Therefore, the Council hereby resolves as follows:

Section 1. Definitions. (a) As used in this Resolution, the following words shall have the following meanings:

"Bonds" means The City of Dover, Water and Sewer Revenue Bonds, issued and secured on a parity pursuant to this Resolution or any Resolution supplemental hereto.

"City" means The City of Dover, a municipal corporation of the State of Delaware.

"Charter" means the charter of the City, as amended.

"Construction Fund" means the Water and Sewer~~."~~ Construction Fund~~"~~ maintained by the City.

"Council" means the council of the City.

"Default" means any event specified in Section 12(1) of this Resolution.

"Gross Revenue" means all fees and charges resulting from provision of water and sewer services (including wastewater collection impact fees), revenue from product sales, and other revenue required to be placed in the Water and Sewer Fund under this Resolution, and any interest earnings on the Water and Sewer Fund which are held in the Water and Sewer Fund; however, Gross Revenue does not include: (a) any payments of assessments levied against benefited

properties; (b) the proceeds of any grants, (c) the proceeds of any borrowing for capital improvements; (d) the proceeds of any casualty insurance which the City intends to utilize for repair or replacement of Water and Sewer Facilities.

"Maximum Annual Debt Service" means the maximum annual debt service on all outstanding Bonds for a twelve month period commencing December 15 and ending December 14 during which any Bond is outstanding.

"Net Operating Revenue" means the Gross Revenue less the Operating Expenses.

"Operating Expenses" means all expenses incurred for operation, maintenance and repair of the water and sewer system, including but not limited to administrative expenses, financial and auditing expenses, insurance premiums, claims (to the extent monies are not available from proceeds of insurance), taxes, legal and engineering expenses relating to operation and maintenance, payments and reserves for pension, retirement, health, hospitalization, and sick leave benefits, payments to reserve funds, fees due others (including Kent County) for sewer treatment service, and any other similar expenses to be paid to the extent properly and directly attributable to operations of the system. Operating Expenses do not include any reserves for extraordinary maintenance or repair, any allowance for depreciation or any payments of the City for debt service on any existing indebtedness of the City.

"Parity Bonds" means any revenue bonds or other obligations of the City which comply with the provisions of Section 11 of this Resolution for the issuance of Parity Bonds.

"Paying Agent and Registrar" means the City or such other entity which is under contract with the City to serve as paying agent and registrar for the Bonds or any series thereof.

"Qualified Investments" means:

(a) U.S. Government ~~Investments,~~Securities issued by the U.S. Government and backed by the full faith and credit of the U.S. Treasury.

(b) Obligations issued or guaranteed by any agency controlled by or acting as an instrumentality of the United States of America~~,~~ .

(c) ~~repurchase~~Repurchase agreements with ~~respect to~~underlying collateral consisting of obligations limited to those mentioned in (a) and (b) above with banks provided that the City or the Paying Agent and Registrar has possession and a perfected security interest in the collateral security which must have a market value ~~equal to~~not less than 102 percent of the amount invested~~,~~. Repurchase agreements shall be limited to a maximum maturity of 90 days at the time of purchase.

(d) ~~certificates~~Certificates of ~~deposit~~Deposit issued by, and time deposits in, any bank, provided such investment is fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or to the extent not insured, (i) must be collateralized by U.S. Government Investments~~.~~ or (ii) the banking institution must have assets of not less than $5 billion and issuers must have a short-term rating of at least A-1 by Standard & Poor's and at least P1 by

Moody's and a long-term rating of at least AA by Standard & Poor's and at least Aa by Moody's. The maximum stated maturity of any investment in this sector shall be limited to 3 years at the time of purchase. This sector shall not exceed 25% of the total portfolio. No single issuer shall exceed 5% of the total portfolio.

(e) Corporate bonds and debentures provided that issuers have a long-term rating of at least AA by Standard & Poor's and at least Aa by Moody's. The maximum stated maturity of any investment in this sector shall be limited to 3 years at the time of purchase. This sector shall not exceed 25% of the total portfolio. No single issuer shall exceed 5% of the total portfolio.

(f) Municipal obligations issued by state and local governments and public authorities in the United States provided that the issuer be rated at least AA by Standard & Poor's and at least Aa by Moody's. The maximum stated maturity of any investment in this sector shall be limited to 3 years at the time of purchase. This sector shall not exceed 15% of the total portfolio. No single issuer shall exceed 5% of the total portfolio.

(g) Commercial Paper provided that issuers are rated at least A-1 by Standard & Poor's and at least P1 by Moody's. The maximum stated maturity of any investment in this sector shall be limited to 270 days at the time of purchase. This sector shall not exceed 25% of the total portfolio. No single issuer shall exceed 5% of the total portfolio.

(h) Shares of Registered Investment Companies (money market funds) such that the fund is rated AAAm by Standard & Poor's. A current prospectus must be obtained before investing in any money market fund, and current holdings reports must be maintained at least each month.

(i) State of Delaware Investment Pool (Delaware Local Government Investment Pool).

"Redemption Fund" means the Water and Sewer Debt Redemption Fund maintained in trust by the Paying Agent and Registrar for the benefit of the owners of all Bonds to pay principal and interest on the Bonds.

"Reserve Account" means a separate account in the Redemption Fund in which the City agrees to maintain an amount equal to the ~~maximum annual debt service on all outstanding Bonds for any twelve month period commencing December 15 and ending December 14 during which any Bond is outstanding (the "~~Maximum Annual Debt Service~~")~~; provided that for purposes of calculating such Maximum Annual Debt Service, Bonds purchased by the State Revolving Fund (SRF) are excluded from the definition of Bonds.

"Reserve Account Deficiency" means any amount by which the Maximum Annual Debt Service on all Bonds outstanding at the end of a fiscal year exceeds the amount on deposit in the Reserve Account at the end of that fiscal year.

"Supplemental Resolution" means a Resolution of Council supplemental hereto providing for the issuance of additional Bonds or for other amendment to this Resolution.

"Trustee" means The Bank of New York Mellon Trust Company.

"U.S. Government Investments" means any obligations fully and unconditionally guaranteed by the United States of America.

"Water and Sewer Fund" means the Water and Sewer fund maintained by the City into which the Gross Revenue is deposited.

"Water and Sewer Facilities" means all real and personal property now or hereafter established, owned, operated, used or maintained by the City, within or without its corporate limits, for the system of water supply and the system for collecting, treating and disposing of sewage, together with all property, rights, easements and interests pertaining thereto or acquired in connection therewith.

Section 2. Issuance of Bonds. Pursuant to the Enabling Acts, the Council shall approve the issuance of Bonds, the terms and conditions of which shall be set forth in a Supplemental Resolution.

The Bonds shall be special obligations of The City of Dover, and shall be payable solely from the Net Operating Revenue. The full faith and credit of the City shall not be pledged to pay principal and interest on the Bonds.

Unless otherwise provided in a Supplemental Resolution pertaining to the issuance of a series of Bonds, principal of and interest on the Bonds shall be payable by check or draft mailed to each owner of such Bond at the address of such owner as it appears on the books of the Registrar as of the fifteenth day of the calendar month preceding the month in which the payment date occurs (the "Record Date").

The Bonds may be issued in book entry form, registered in the name of a securities depository (the "Depository") and immobilized in the custody of the Depository subject to such terms and conditions as may be determined by the Mayor in which case the Mayor may execute and deliver on behalf of the City a letter of representations in a form and with such content as the Mayor may determine to be in the best interest of the City. In the event that the Bonds are immobilized in the custody of a Depository, the City shall not be liable for the failure of the Depository or of any participant of the Depository to perform any obligation to any participant or beneficial owner of any such Bond.

Each of the Bonds shall be signed by the manual or facsimile signature of the Mayor and the Controller/Treasurer~~/Finance Director~~ of the City and the official Seal of the City shall be affixed or printed thereon.

Section 3. Redemption. The Bonds of any series shall be subject to optional and mandatory redemption by the City, in whole or in part, on the terms and conditions set forth in such Bonds, the applicable Supplemental Resolution and this Resolution.

Notice of any redemption ~~shall be mailed by certified~~, identifying the Bonds or portions thereof to be redeemed, shall be given not more than sixty (60) nor fewer than twenty (20) days prior to the redemption date, by first class United States mail to the registered owners of the Bonds to be redeemed ~~(as shown on the books of the Registrar on the Record Date selected by the City) not less than thirty days prior to the intended redemption date; however, any failure to give notice with respect to any Bonds shall not invalidate the redemption of the~~at their registered addresses. Failure to mail any such notice or any defect in the mailed notice or the mailing thereof shall not affect the validity of any proceedings for the redemption of other Bonds for which ~~proper notice has been given. All Bonds called for redemption shall cease to bear interest from the date designated in the redemption notice and shall cease to be entitled to the lien and benefits of this Resolution provided that funds sufficient for their redemption are on deposit~~notice shall be duly given. No further interest shall accrue on the principal of any Bonds called for redemption after the redemption date if notice of redemption has been duly mailed and redemption moneys have been deposited with or made available to the Paying Agent on or prior to the date set for redemption and the holders of such Bonds shall have no rights with respect to such Bonds except to receive payment of the redemption price thereof and unpaid interest accrued to the date fixed for redemption.

If at the time of mailing of any notice of optional redemption the City shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional, that is, subject to the deposit or transfer of the redemption moneys with the Paying Agent not later than the opening of business on the redemption date, and that such notice shall be of no effect unless such moneys are so deposited.

Section 4. Form of Bond. The Bonds shall be in substantially the form attached hereto as Exhibit A.

Section 5. Disposition of Bond Proceeds. Interest accrued from the date of the Bonds until the date of closing and any capitalized interest shall be placed in the Redemption Fund and shall be used to pay interest on the Bonds. An amount sufficient to cause the total Reserve Account to equal the Maximum Annual Debt Service on the Bonds shall be placed in the Reserve Account. The balance of the Bond proceeds shall be placed in the Construction Fund and shall be distributed only to finance the projects as set forth in the applicable Supplemental Resolution and costs incurred in connection with the issuance of the Bonds. Separate sub-accounts shall be maintained in the Construction Fund to segregate funds with respect to each series of Bonds. The City may otherwise establish such sub-accounts as it shall deem appropriate.

Monies in the Redemption Fund may be invested at the direction of the City in U.S. Government Investments and monies in the Construction Fund may be invested by the City in Qualified Investments. Earnings from investment of the funds in the Construction Fund shall be maintained in the Construction Fund, and shall be treated and disbursed as Bond proceeds. Earnings from investment of the funds in the Redemption Fund shall be deposited in the Water and Sewer Fund after certification of sufficiency required in section 7 infra. Any proceeds of the Bonds remaining after payment of all project and issuance costs shall be transferred to the Water and Sewer Fund.

Section 6. Pledge and Disposition of Net Operating Revenue. The City hereby pledges the Net Operating Revenue to the payment of principal and interest on all Bonds.

The City hereby covenants with the holder that it will, so long as any Bonds remain outstanding, make the following deposits from the Net Operating Revenue Redemption Fund.

(1) On the fifteenth day of each month the City will deposit into the Redemption Fund an amount equal to one-sixth ($1/6^{th}$) of the amount necessary to pay interest on the Bonds which will become due during the six months following the deposit. Prepayment of monthly deposits will fulfill this requirement. Notwithstanding the foregoing, the City shall deposit into the Redemption Fund from the Net Operating Revenue an amount sufficient to permit all interest due on the Bonds to be paid on the date it is due.

(2) On the fifteenth day of each month, the City will deposit into the Redemption Fund an amount equal to one-twelfth ($1/12^{th}$) of the amount necessary to pay the principal on any Bonds which will become due during the twelve months following the deposit. Prepayment of monthly deposits will fulfill this requirement. Notwithstanding the foregoing, the City will deposit into the Redemption Fund from the Net Operating Revenue an amount sufficient to permit all principal due on the Bonds to be paid on the date it is due.

(3) On the first day of each month the City shall deposit into the Reserve Account an amount equal to one-twelfth ($l/12^{th}$) of any Reserve Account Deficiency determined to exist on the immediately previous December 15^{th} valuation.

Except in the event of a Default, Net Operating Revenue on deposit in the Water and Sewer Fund may be expended by the City for the following purposes and in the following priority.

First: Operating Expenses.

Second: Redemption Fund and Reserve Account Deposits.

Third: Debt service on other debt obligations of the City to the extent that the proceeds of such obligations were expended for Water and Sewer Facilities.

Fourth: Expenditures for capital improvements to the Water and Sewer Facilities approved by Council for the current fiscal year.

Fifth: Any other lawful purpose, whether or not for the benefit of the ~~Bondholders~~bondholders or for the Water and Sewer Facilities; provided that no expenditure or transfer shall be made pursuant to this Item Fifth without the prior certification of the Mayor or the City Manager, to be filed with the Paying Agent and Registrar, that all obligations set forth in Items First through Fourth are current and that such proposed expenditure or transfer would not impair the City's ability to meet its obligations under this Resolution:

Section 7. Reserve Account. The City shall maintain a balance in the Reserve Account at least equal to the Maximum Annual Debt Service on all outstanding Bonds. If the balance in the Reserve Account falls below the Maximum Annual Debt Service on all outstanding Bonds, the balance will be replenished as provided in Section 6(3), above. The Paying Agent and Register shall certify to the City the fair market value of the Reserve Account as of the fifteenth day of each December for the purpose of determining the balance in such account.

Monies required to be maintained in the Reserve Account will be used only to pay principal and interest on the Bonds, and only in the event that the Net Operating Revenue and other monies in the Redemption Fund are insufficient to pay the principal of and interest on the Bonds when due.

Any amounts in the Reserve Account on the fifteenth day of each December in excess of the Maximum Annual Debt Service on all outstanding Bonds may be transferred to the Water and Sewer Fund. Any surplus remaining in the Reserve Account after all Bonds have been paid shall be deposited in the Water and Sewer Fund.

Notwithstanding the foregoing, for purposes of this section, the calculation of Maximum Annual Debt Service shall exclude Bonds purchased by the State Revolving Fund (SRF) from the definition of Bonds.

Section 8. Rate Covenant. The City covenants that it will charge fees in connection with the operation of the Water and Sewer Facilities which are projected to generate Net Operating Revenue at least equal to 1.20 times the Maximum Annual Debt Service on all outstanding Bonds. If the Net Operating Revenue fails to meet this level, the City shall promptly increase its fees to a level so that Net Operating Revenue is projected to meet the required level.

Section 9. General Covenants. The City hereby covenants and agrees with the holders and owners of all outstanding Bonds as follows:

(1) That it will, to the extent the Net Operating Revenue is sufficient, promptly cause the principal and interest on the Bonds to be paid as they become due.

(2) That it will maintain complete books and records relating to the operation of the Water and Sewer Facilities, the Water and Sewer Fund, the Construction Fund, the Redemption Fund and the Reserve Account, in accordance with generally accepted accounting principles, and will cause such books and records to be audited annually at the end of each fiscal year, and an audit report prepared and made available for the inspection of ~~Bondholders~~bondholders.

(3) That it will not issue Bonds or other obligations having a claim superior to the claim of the Bonds upon the Net Operating Revenue.

(4) That it will promptly deposit into the Water and Sewer Fund all sums required to be so deposited.

(5) That it will operate the Water and Sewer Facilities in a sound, efficient and economic manner, and will not enter into any agreements to provide free service or services except for fire fighting, hydrant flushing, or in case of emergency.

(6) That it will maintain its contracts with Kent County for the treatment of sewage collected by the City or will otherwise provide for the treatment or disposal of such sewage.

Section 10. Registration and Transfer.

(1) The transfer of Bonds shall be registered on the Bond Register, which shall be kept for this purpose at the offices of the Paying Agent and Registrar of the City, upon surrender thereof by the Registered Owner in person or by his attorney duly authorized in writing together with a written instrument of transfer in form satisfactory to the City duly executed by the Registered Owner or his attorney duly authorized in writing free of charge except for any applicable transfer tax or other governmental charge. Upon any such registration or transfer, the Paying Agent and Registrar shall issue in the name of the transferee a new registered Bond or Bonds of the same series and maturity.

(2) The City and its Paying Agent and Registrar may deem and treat the Registered Owner of any registered Bond as the absolute owner of such Bond for the purpose of receiving any payment on such Bond and for all other purposes of this Resolution, whether such Bond shall be overdue or not. Neither the City nor Bond Registrar nor any Paying Agent and Registrar shall be affected by any notice to the contrary. Payment of, or on account of, the principal of and premium, if any, and interest on any registered Bond shall be made to such Registered Owner or upon his written order. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(3) The City shall not be required (a) to register the transfer of or exchange any Bond for a period of fifteen (15) days next preceding any interest payment date on such Bond or (b) to register the transfer of or exchange any Bond for a period of thirty (30) days next preceding the redemption date of any Bonds which have been previously called for redemption.

Section 11. Parity Bonds. The City may issue Parity Bonds to provide funds to finance the completion of construction of projects previously authorized by Council, the construction of new Water and Sewer Facilities or the refunding of outstanding Bonds, upon the following conditions:

(1) No Default has occurred and is continuing;

(2) At the time of the issuance of the Parity Bonds there is no deficiency in the Redemption Fund or the Reserve Account;

(3) The Resolution authorizing the issuance of the Parity Bonds requires that a deposit be made at the closing sufficient to bring the balance in the Reserve Account equal to the Maximum Annual Debt Service on all outstanding Bonds, including the proposed Parity Bonds.

(4) The Resolution authorizing the issuance of the Parity Bonds contains a covenant of the City requiring the City to charge fees projected to generate Net Operating Revenue at least equal to 1.20 times the Maximum Annual Debt Service on all outstanding Bonds.

(5) Prior to the issuance of the Parity Bonds the City shall file in the Treasurer's office a report of either a City engineer or an independent~~,~~ consulting engineer that the schedule of rates and charges which have been previously authorized by the City are sufficient to produce, on a pro forma basis, Net Operating Revenue in the fiscal year immediately following the fiscal year in which the Parity Bonds are to be issued at least equal to 1.20 times the Maximum Annual Debt

Service on all outstanding Bonds, including the proposed Parity Bonds but excluding any Bonds to be refunded by the proposed Parity Bonds.

Section 12. Defaults and Remedies

(1) The following events shall constitute a Default:

(A) Failure to pay principal or interest on any Bond when due; or,

(B) Failure to perform any other obligation of the City imposed by this Resolution or the Bonds, but only if:

(i) the failure continues for a period of more than ninety (90) days after written demand has been made on the City to remedy the failure; and

(ii) the City fails to take reasonable steps to remedy the failure within that ninety day period; or

(C) Imposition of a receivership upon, or liquidation of, the Water and Sewer Fund; or,

(D) Written admission by the City that the City is unable to pay its debts as they become due.

(2) Upon a Default, the Construction Fund and the Water and Sewer Fund shall be transferred to the Paying Agent and Registrar who shall operate and maintain said Funds in Trust pursuant to the terms of this Resolution and for the benefit of the ~~Bondholders~~bondholders.

(3) Upon a Default, any ~~Bondholder~~bondholder may exercise any remedy available at law or in equity.

(4) Upon a Default, any ~~Bondholder~~bondholder or the Paying Agent and Registrar shall have the rights set forth in 52 Del. Laws Ch. 111 to apply in an appropriate judicial proceeding for the appointment of a receiver of a Water and Sewer Facilities.

Section 13. Appointment of Trustee. The Bank of New York Mellon Trust Company is hereby appointed Trustee under this Resolution. Said Trustee shall signify its acceptance of the duties, obligations and trusts imposed upon it by this Resolution by executing the certificate of authentication endorsed upon and, by executing such certificate upon any bond, the Trustee shall be deemed to have accepted such duties, obligations and trusts, but only upon the terms and conditions set forth in this Article, to all of which the City, the Trustee and the respective owners of the bonds agree.

Section 14. Trustee Entitled to Indemnity. The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under this Resolution, or to enter any appearance or in any way defend in any suit in which it may be defendant, or to take any steps in

the execution of the trusts hereby created or in the enforcement of any rights and power hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment: proper to be done by it as such Trustee, without indemnity, and in such case the City shall reimburse the Trustee from Revenues for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the City shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Resolution and shall be entitled to a preference therefor over any of the bonds Outstanding hereunder.

Section 15. Limitations on Trustee's Obligations. The Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the City, or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur, or to keep itself informed or advised as the payment of any taxes or assessments, or to require any such payment to be made. The Trustee shall have no responsibility in respect of the validity or sufficiency of this Resolution or in respect of the validity of the bonds or the due execution or issuance thereof. The Trustee shall be under no obligation, except as otherwise herein expressly required, to see that any duties herein imposed upon the City, the engineers, the Paying Agent, any Depository, or any party other than itself shall be done or performed, and the Trustee shall not be subject to any liability for failure to see that any such duties or covenants are so done or performed.

Section 16. Trustee Not Liable for Failure of Others. The Trustee shall not be liable or responsible because of the failure of the City or of any of its employees or agents to make any collections or deposits or to perform any act herein required of them or because of the loss of any moneys arising through the insolvency or the act or default or omission of any other Depositary in which such moneys shall have been deposited under the provisions of this Resolution. The Trustee shall not be responsible for the application of any of the proceeds of the bonds or any other moneys deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Resolution. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees, counsel and other agents.

Section 17. Compensation of Trustee. Subject to the provisions of any contract between the City and the Trustee, the City shall pay to the Trustee from revenues reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts hereby created and the performance of its powers and duties hereunder. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession under the provisions of this Resolution and shall be entitled to a preference therefor over any of the bonds outstanding hereunder.

Section 18. Monthly Statement from Trustee. It shall be the duty of the Trustee, on or before the 15th day of each month after the delivery of the bonds under the provisions of this Resolution, to file with the City Manager a statement setting forth in respect of the preceding calendar month:

(a) the amount withdrawn or transferred from and the amount deposited to the credit of each Fund or Account held by it under the provisions of this Resolution,

(b) the amount applied to the purchase or redemption of bonds under the provisions of this Resolution and a description of the bonds so purchased or redeemed,

(c) the amount on deposit with the Trustee at the end of such month to the credit of each Fund and Account created under the provisions of this Resolution,

(d) a brief description of all obligations held by the Trustee as an investment of moneys in each Fund and Account under the provisions of this Resolution,

(e) any other information which the City Manager may reasonably request, provided that, with respect to clause (b) above, notice shall be provided by Trustee to the City Manager within thirty (30) days of purchase or redemption of bonds rather than on a monthly basis.

Section 19. Trustee May Rely on Certificates. In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee, and in any case in which this Resolution provides for permitting or taking any action, the Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of this Resolution, and any such certificate shall be evidence of such fact to protect the Trustee in any action that it may or may not take or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Resolution, any request, notice, certificate or other instrument from the City to the Trustee shall be deemed to have been signed by the proper party or parties if signed by the City Manager and the Trustee may accept and rely upon a certificate signed by the City Clerk as to any action taken by the City Council.

Section 20. Trustee Not Obliged to Take Notice of Certain Defaults. Except upon the happening of any event of default specified in this Resolution, the Trustee shall not be obliged to take notice or be deemed to have notice of any event of default hereunder, unless specifically notified in writing of such event of default by the owners of not less than ten per centum (10%) in aggregate principal amount of the bonds hereby secured and then outstanding.

Section 21. Trustee May Deal in Bonds and Take Action as Bondowner. The bank or trust company acting as Trustee under this Resolution, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the bonds issued under the provisions of this Resolution, and may join in any action which any bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee.

Section 22. Trustee Not Responsible for Recitals. The recitals, statements and representations contained herein and in the bonds (excluding the Trustee's certificate of authentication on the bonds) shall be taken and construed as made by and on the part of the City and not by the Trustee, and the Trustee assumes and shall be under no responsibility for the correctness of the same.

Section 23. Trustee Protected in Certain Actions. The Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith,

reasonably and in accordance with the terms of this Resolution, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Resolution, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Trustee shall not be bound to recognize any person as an owner of any bond not registered in accordance with the terms hereof. The Trustee shall not be under any obligation to see to the recording or filing of this Resolution or otherwise to the giving to any person of notice of the provisions hereof.

Section 24. Resignation of Trustee. The Trustee may resign at any time and thereby become discharged from the trusts hereby created, by notice in writing to be given to the City and published once in a daily newspaper of general circulation published in the City of Wilmington, Delaware, and in a daily newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York, not less than thirty (30) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee hereunder if such new Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof.

Section 25. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, executed by the owners of not less than a majority in aggregate principal amount of the bonds hereby secured and then outstanding and filed with the City. A photostatic copy of each such instrument shall be delivered promptly by the City to the Trustee. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Resolution with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the City Council or the owners of not less than five per centum (5%) in aggregate principal amount of the bonds then outstanding hereunder.

Section 26. Appointment of a Successor Trustee. If at any time hereafter the Trustee shall resign, be removed, be dissolved, or otherwise become incapable of acting, or if the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, the City Council shall appoint a Trustee to fill such vacancy. The City shall publish notice of any such appointment by it made once in each week for two (2) successive weeks in a daily newspaper of general circulation published in the City of Wilmington, Delaware, and in a daily newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York.

At any time within one year after any such vacancy shall have occurred, the owners of a majority in aggregate principal amount of the bonds hereby secured and then outstanding, by an instrument or concurrent instruments in writing, executed by such bondowners or their attorneys in fact or legal representatives and filed with the City, may appoint a successor Trustee which shall supersede any Trustee theretofore appointed by the City. Photostatic copies of each such instrument shall be delivered promptly by the City to the predecessor Trustee and to the Trustee so appointed by the bondowners.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, the owner of any bond Outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee hereafter appointed shall be a bank or trust company authorized by law to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and having a combined capital and surplus aggregating not less than Twenty Five Million Dollars ($25,000,000).

Section 27. Vesting of Trusts in Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the City, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities, power and trusts, and subject to all the duties and obligations, of its predecessor; but such predecessors shall, nevertheless, on the written request of its successor or of the City, and upon payment of the expenses, charges and other disbursements of such predecessor which are payable pursuant to the provisions of Section 17 of this Resolution, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all property and moneys held by it hereunder to its successor. Should an instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the City.

Notwithstanding any of the foregoing provisions of this Article, any bank or trust company having power to perform the duties and execute the trusts of this Resolution and otherwise qualified to act as trustee hereunder with or into which the bank or trust company acting as Trustee may be merged or consolidated, or to which the assets and business of such bank or trust company may be sold, shall be deemed the successor of the Trustee.

~~Section 13.~~ Section 28. Insurance. The City covenants to maintain insurance, or a reasonable system of self insurance, appropriate to the risks associated with operation of its Water and Sewer Facilities.

~~Section 14.~~ Section 29. Sales, Leases and Encumbrances. The City may not sell, encumber, exchange or otherwise dispose of any property constituting a part of the Water and Sewer Facilities unless such property is either worn out or obsolete or, in the opinion of the City, is no longer useful in the operation of the Water and Sewer Facilities. Any proceeds of such sale, exchange or other disposition not used to replace the property so sold or exchanged shall be deposited in the Water and Sewer Fund.

The City may lease as lessor or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to any part of the Water and Sewer Facilities if such lease, contract, license, easement or right does not, in the opinion of the City, impede the operation of the Water and Sewer Facilities.

~~Section 15.~~ Section 30. Amendment of Resolution.

(1) This Resolution may be amended without the consent of any ~~Bondholders~~bondholders for any one or more of the following purposes:

(A) To add to the covenants and agreements of the City in this Resolution any other covenants and agreements thereafter to be observed by the City, or to surrender any right or power herein reserved to or conferred upon the City;

(B) To cure any ambiguity or formal defect contained in this Resolution, if that cure does not, in the judgment of the Council, adversely affect the interest of the ~~Bondholders~~bondholders; or

(C) To issue Parity Bonds in accordance with section 11 hereof.

(2) This Resolution may be amended for any other purpose only upon consent of holders of not less than 50% in aggregate principal amount of the Bonds outstanding; provided, however, that no amendment shall be valid which:

(A) Extends the maturity of any Bond, reduces the rate of interest upon any Bond, extends the time of payment of interest on any Bond, reduces the amount of principal payable on any Bond, or reduces any premium payable on any Bond, without the consent of the affected ~~Bondholder~~bondholder; or

(B) Reduces the percent of ~~Bondholders~~bondholders required to approve an amendatory resolution.

~~Section 16.~~ Section 31. Defeasance. The lien of the Bonds, or any series of Bonds, upon the Net Operating Revenue may be defeased, and such Bonds shall be deemed paid, if the City places in irrevocable escrow direct obligations of, or obligations guaranteed by, the United States of America which are calculated together with interest earnings thereon to be sufficient, without reinvestment, to pay principal, interest and any premium on the Bonds as they become due, either at maturity or on prior redemption.

~~Section 17. Series 1984 Bonds and Series 1986 Bonds. The 1984 Resolution shall be deemed a supplemental Resolution hereto (to be referred to as "Supplemental Resolution No. 1") and shall remain in effect so far as it pertains to the amounts, timing and manner of payments on the Series 1984 Bonds as well as with respect to registration, transfer and exchange privileges. The 1986 Resolution shall be deemed a Supplemental Resolution hereto (to be referred to as "Supplemental Resolution No. 2") and shall remain in effect with respect to the terms of the Series 1986 Bonds.~~

Section 32. Effective Date. This Resolution shall become effective upon receipt of the consent of holders of at least 50% of Bonds outstanding.

APPROVED by the Council of The City of Dover, the __~~th~~ day of _____, ~~1989.~~2013.

City Clerk
The City of Dover

APPROVED by the Mayor of The City of Dover, the __~~th~~ day of _____, ~~1989.~~2013.

Mayor, The City of Dover

No. R - **$_____**

EXHIBIT A
STATE OF DELAWARE
KENT COUNTY
THE CITY OF DOVER

WATER AND SEWER REVENUE BOND, SERIES _____

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

THE CITY OF DOVER, in Kent County, State of Delaware, for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount identified above on the Maturity Date specified above, unless this Bond shall have been previously called for redemption and payment of the redemption price shall have been duly made or provided for, and to pay interest at the Interest Rate specified above, on such Principal Amount from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date or unless this Bond is registered and authenticated prior to _____, in which event this Bond shall bear interest from the Dated Date indicated above, or unless interest on the hereinafter referred to Bonds shall be in default, in which event this Bond shall bear interest from the last date to which interest has been paid, at the rate specified above payable semiannually on _____ and _____ of each year commencing _____ until payment in full of such Principal Amount, and to pay interest on the overdue principal and, to the extent permitted by law, on overdue interest at the rate specified above.

Both the principal of and interest on this Bond are payable in lawful money of the United States of America. Interest on this Bond shall be paid by check or draft mailed to the Registered Owner as shown on the bond register maintained by the Paying Agent and Registrar. The Principal Amount shall be payable upon presentation and surrender of this Bond by the Registered Owner thereof at the principal corporate trust office of the Paying Agent and Registrar.

In the event that this Bond is held by or registered in the name of a securities depository or other agent or nominee of a beneficial owner, by purchase of a Bond the ~~Bondholder~~bondholder agrees that the City will have no responsibility or liability for any action or inaction by the depository or other agent or nominee in connection with the Bond.

The Series _____ Bonds maturing on or after _____ are subject to redemption, at the option of the City in whole at any time on or after _____, _____, and in part on any interest payment date on or after _____,

_____, at the following prices (expressed as a percentage of the principal amount redeemed) plus interest accrued to the redemption date:

Redemption Date (Dates inclusive)	Redemption Price
_____, ~~199~~20__ through _____, ~~199~~20__	%
_____, ~~199~~20__ through _____, ~~199~~20__	%
_____, ~~199~~20__ through _____, ~~199~~20__	%
_____, ~~199~~20__ through _____, ~~199~~20__	%
_____, ~~199~~20__ and thereafter	%

Notice of ~~redemption shall be mailed by certified mail, postage prepaid, to the registered owner (as shown on the books of the Registrar on the Record Date selected by the City) of the Series _____ Bonds~~any redemption, identifying the Bonds or portions thereof to be redeemed, shall be given not ~~less~~more than ~~thirty~~sixty (60) nor fewer than twenty (20) days prior to the ~~intended~~ redemption date~~; however, any failure to give notice shall not invalidate the redemption of any Series~~, by first class United States mail to the registered owners of the Bonds to be redeemed at their registered addresses. Failure to mail any such notice or any defect in the mailed notice or the mailing thereof shall not affect the validity of any proceedings for the redemption of other Bonds for which ~~proper notice has been given. All Series Bonds called for redemption shall cease to bear interest from the date designated in the redemption notice and shall cease to be entitled to the lien and benefits of the hereinafter described Resolution provided that funds sufficient for their redemption are on deposit~~notice shall be duly given. No further interest shall accrue on the principal of any Bonds called for redemption after the redemption date if notice of redemption has been duly mailed and redemption moneys have been deposited with or made available to the Paying Agent on or prior to the date set for redemption and the holders of such Bonds shall have no rights with respect to such Bonds except to receive payment of the redemption price thereof and unpaid interest accrued to the date fixed for redemption.

If at the time of mailing of any notice of optional redemption the City shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional, that is, subject to the deposit or transfer of the redemption moneys with the Paying Agent not later than the opening of business on the redemption date, and that such notice shall be of no effect unless such moneys are so deposited.

This Bond is one of the Water and Sewer Revenue Bonds, Series _____ of The City of Dover (the "Bonds"), and is issued by The City of Dover for the purpose of providing funds for the construction of water and sewer facilities, and is issued in full and strict accordance and compliance with all of the provisions of the Charter of The City of Dover, and the Constitution and statutes of the State of Delaware including a Resolution of City Council adopted _____ (the "Resolution") and a Supplemental Resolution thereto.

This Bond is not a general obligation or debt of The City of Dover but is payable solely from the Net Operating Revenue of the Water and Sewer Facilities as provided in the 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 hereon. The City of Dover covenants and agrees with the holder of this Bond that it will keep and perform all of the covenants of this Bond and the Resolution. The City of Dover has pledged the Net Operating Revenue of the Water and Sewer Facilities to the payment of principal and interest on this Bond.

The City may issue additional bonds secured on a parity with the Bonds to finance the construction, completion, repair and improvement of water and sewer facilities or the refunding of outstanding Bonds upon meeting certain conditions set forth in the Resolution which Parity Bonds shall rank on a parity with the Series _____ Bonds in the lien and benefit of this Resolution.

The Series _____ Bonds are issuable in the form of registered bonds without coupons in the denominations of $5,000 or any integral multiple thereof. The owner of any registered Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the City duly executed by the registered owner or his duly authorized attorney) at the office of the Paying Agent and Registrar of the City, in exchange for an equal aggregate principal amount of registered Bonds, of the same maturity and of any other authorized denominations in the manner, subject to the conditions and upon the payment of the charges provided in the Resolution.

Any transfer of this Bond must be registered, as provided in the Resolution, upon the Bond Register kept for that purpose at the office of the Paying Agent and Registrar of the City by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the City duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new registered bond or bonds, of the same series and maturity and in the same aggregate principal amounts, shall be issued to the transferee in exchange herefore as provided in the Resolution free of charge except for any applicable transfer tax or other governmental charge. The City may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes, as provided in the Resolution.

IN TESTIMONY WHEREOF, the Council of The City of Dover by Resolution duly adopted, has caused this Bond to be executed with the manual or facsimile signatures of its Mayor and Treasurer, and has caused the City's corporate Seal to be printed or affixed hereto, all as of the _____ day of _____, ~~19~~20__.

_____

Mayor, The City of Dover

(SEAL)

_____

Treasurer, The City of Dover

Document comparison by Workshare Compare on Thursday, May 30, 2013 7:45:28 PM

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A RESOLUTION AUTHORIZING THE SALE OF UP TO $6,500,000 WATER AND SEWER REVENUE BONDS OF THE CITY OF DOVER

WHEREAS, pursuant to Chapter 158, Volume 36, Laws of Delaware, as amended (the "City Charter") and Chapter 111, Volume 52, Laws of Delaware as amended, The City of Dover (the "City") in order to provide funds to finance a portion of the City's Water and Sewer System, adopted a Resolution on February 27, 1989 (as thereafter supplemented and amended, the "1989 Bond Resolution") providing for the issuance of its water and sewer revenue bonds and pursuant to the 1989 Bond Resolution it has issued and there remains outstanding approximately: (i) $324,939 of its Water and Sewer Revenue Bonds, Series 2000-SRF, (ii) $1,980,000 of its Water and Sewer Revenue Refunding Bonds, Series 2003 (the "Series 2003 Bonds"), (iii) $5,344,454 of its Water and Sewer Revenue Bonds, Series 2009-SRF, (iv) $2,254,263 of its Water and Sewer Revenue Bonds, Series 2010-SRF, and (v) $724,671 of its Water and Sewer Revenue Bonds, Series 2011-SRF (collectively, the "Outstanding Bonds");

WHEREAS, by resolution of the City Council (the "Council") adopted June 24, 2013, (the "Bond Resolution) the Council amended and restated the 1989 Bond Resolution; and

WHEREAS, the City desires to issue additional revenue bonds pursuant to the Bond Resolution to refund all (approximately $2,000,000) of the outstanding Series 2003 Bonds in order to realize debt service savings; and

WHEREAS, the City has approved by a budget ordinance, City of Dover Ordinance No. 2012-18 adopted in June 2012 (the "Budget Ordinance"), for certain capital improvements to its water and sewer system including the Calpine project (the "2013 Projects"); and

WHEREAS the City desires to issue additional revenue bonds pursuant to the Bond Resolution to pay a portion of the costs of the 2013 Projects in the amount of approximately $4,000,000.

NOW, THEREFORE, BE IT RESOLVED by Council of the City of Dover, Delaware as follows (at least three fourths of all members thereof concurring therein):

1. The Council authorizes the sale of the City's revenue bonds pursuant to the Bond Resolution in the aggregate original principal amount of up to $6,500,000 (the "Series 2013 Bonds") in one or more series for one or more of the following purposes: (i) to finance the 2013 Projects, (ii) refund the outstanding Series 2003 Bonds, (iii) fund any required reserves, and (iv) pay costs of issuance of the Series 2013 Bonds.

2. The Series 2013 Bonds shall be sold in a competitively bid, public or privately negotiated sale in such manner, subject to such terms and at such price as the Mayor and Controller/Treasurer shall determine shall be in the best interest of the City provided that the true interest cost shall not exceed five percent (5%) per annum and provided further that bonds for refunding purposes shall not be sold unless the City realizes a present value savings of at least three (3%) from the resulting debt service of the refunding bonds in the aggregate.

3. The Series 2013 Bonds shall bear interest at such rates, shall be payable and shall mature at such times, shall contain such provisions for optional and mandatory redemption, shall be in such form, certificated or book entry, and shall contain such other terms and conditions as the Mayor and Controller/Treasurer shall determine shall be in the best interest of the City.

4. The Mayor and Controller/Treasurer are authorized to prepare and distribute a Preliminary Official Statement in connection with the offering and sale of the Series 2013 Bonds and to "deem" such Preliminary Official Statement "final" for the purposes of Rule 15c2-12 of the Securities and Exchange Commission and to finalize and distribute an Official Statement.

5. The Mayor and Controller/Treasurer are each authorized to enter into a contract with one or more purchasers of the Series 2013 Bonds providing for the City to issue and sell said bonds in accordance with the terms of said contract and this Resolution. In connection with the issuance of bonds for refunding purposes the Mayor and Controller/Treasurer are each authorized to retain accountants or other consultants to perform verification calculations as well as an escrow agent to act on behalf of the owners of the refunded bonds, if required.

6. Upon entering into a contract to issue and sell the Series 2013 Bonds the Mayor shall promptly inform Council of the terms thereof whereupon Council shall adopt a Resolution confirming the terms thereof.

7. The City covenants for the benefit of the owners of the Series 2013 Bonds (i) that no use of the proceeds of the Series 2013 Bonds or the earnings thereon will be made, and no other action will be taken, which would cause the Series 2003 Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Internal Revenue Code of 1986 (the “Code”), (ii) that all action with respect to the Series 2013 Bonds required to be taken to avoid characterization of the Series 2013 Bonds as "arbitrage bonds" under Section 148 of the Code shall be taken, (iii) that the City will take all reasonable steps to ensure that interest on the Series 2013 Bonds is not included in gross income of the owner of any Series 2013 Bond for purposes of federal income taxation and (iv) that the City will take no action to cause the Series 2013 Bonds to become "private activity bonds" as that term is used in Section 141(a) of the Code. The Mayor and Council are authorized and directed to take all appropriate action to maintain the exclusion from gross income of interest on the Series 2013 Bonds for federal income tax purposes including the payment of any arbitrage rebate to the United States, if required, and the establishment of special accounts in connection therewith.

8. The City hereby covenants (the “Continuing Disclosure Covenant”) for the benefit of holders of the Series 2013 Bonds that, so long as any Series 2013 Bonds are outstanding, it will file, or cause to be filed, all financial information, operating data and notices of events, actions or failure to act, with such persons and entities and at such times as may be necessary to comply with the requirements of Rule 15c2-12(b)(5) of the Securities Exchange Commission with respect to the Series 2013 Bonds.

9. The City Clerk shall forthwith cause to be published once in a newspaper published in the City a notice in substantially the following form:

"NOTICE

"NOTICE IS HEREBY GIVEN that the City Council of The City of Dover, Delaware, on _____, 2013, pursuant to Chapter 111, Volume 52, Delaware Laws, as amended, adopted a resolution entitled as follows:

'A RESOLUTION AUTHORIZING THE SALE OF UP TO $6,500,000 WATER AND SEWER REVENUE BONDS OF THE CITY OF DOVER'

"The purpose of the issuance of said bonds is to provide funds (approximately $4,000,000) to pay a portion of the cost of certain improvements to the City's Water and Sewer System and to provide funds (approximately $2,000,000) to refund some portion or all of the City's outstanding water and sewer revenue 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 the publication of this notice. After the 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 whatever, except in an action or proceeding commenced within such period.

"By order of the City Council of The City of Dover, Delaware.

_____"
City Clerk

10. The 2013 Bonds are expected to be issued before July 31, 2013. At the time the Budget Ordinance was approved, the City expected to have advanced funds, available on a temporary basis only, to pay costs of the 2013 Projects incurred up to that time. Accordingly, the City reasonably expects that proceeds of the Series 2013 Bonds will be applied on the date of issuance to reimburse such costs. Pursuant to the City's budgetary and financial policies, no funds, other than the proceeds of the Series 2013 Bonds, are, or are reasonably expected to be, reserved, allocated on a long term basis, or otherwise set aside by the City to pay the aforesaid costs that are expected to be reimbursed.

11. The Mayor, Controller/Treasurer and Clerk of Council are hereby authorized and directed to take all action deemed by them as necessary and appropriate to carry out the intent of this Resolution.

12. This Resolution shall take effect immediately upon its passage and approval by the Mayor.

PASSED AND ADOPTED on ___ day of _____, 2013

APPROVED:

_____
Mayor

Attest:

_____
City Clerk

A RESOLUTION AUTHORIZING THE SALE OF UP TO $~~_____~~6,500,000 WATER AND SEWER REVENUE BONDS OF THE CITY OF DOVER

WHEREAS, pursuant to Chapter 158, Volume 36, Laws of Delaware, as amended (the "City Charter") and Chapter 111, Volume 52, Laws of Delaware as amended, The City of Dover (the "City") in order to provide funds to finance a portion of the City's Water and Sewer System, adopted a Resolution on February 27, 1989 (as thereafter supplemented and amended, the "1989 Bond Resolution") providing for the issuance of its water and sewer revenue bonds and pursuant to the 1989 Bond Resolution it has issued and there remains outstanding approximately: (i) $~~365,083~~324,939 of its Water and Sewer Revenue Bonds, ~~(~~Series 2000-SRF~~)~~, (ii) $~~2,610,000~~1,980,000 of its Water and Sewer Revenue Refunding Bonds, Series 2003 (the "Series 2003 Bonds"), (iii) $~~5,581,059~~5,344,454 of its Water and Sewer Revenue Bonds, ~~(~~Series 2009-SRF~~)~~, (iv) $~~2,354,745~~2,254,263 of its Water and Sewer Revenue Bonds, ~~(~~Series 2010-SRF~~)~~, and (v) $~~65,822~~724,671 of its Water and Sewer Revenue Bonds, ~~(~~Series 2011-SRF~~)~~ (collectively, the "Outstanding Bonds");

WHEREAS, by resolution of the City Council (the "Council") adopted June ~~10,~~24, 2013, (the "Bond Resolution) the Council amended and restated the 1989 Bond Resolution ~~to provide for certain provisions~~; and

WHEREAS, the City desires to issue additional revenue bonds pursuant to the Bond Resolution to refund ~~some portion or~~ all (approximately $2,000,000) of the ~~Outstanding~~outstanding Series 2003 Bonds in order to realize debt service savings; and

WHEREAS, the City has approved by ~~resolution _____~~a budget ordinance, City of Dover Ordinance No. 2012-18 adopted in June 2012 (the "Budget Ordinance"), for certain capital improvements ~~as described therein~~to its water and sewer system including the Calpine project (the "2013 Projects") ~~to its Water and Sewer System and it~~; and

WHEREAS the City desires to issue additional revenue bonds pursuant to the Bond Resolution to pay a portion of the costs of ~~said improvements.~~the 2013 Projects in the amount of approximately $4,000,000.

NOW, THEREFORE, BE IT RESOLVED by Council of the City of Dover, Delaware as follows (at least three fourths of all members thereof concurring therein):

1. The Council authorizes the sale of the City's revenue bonds pursuant to the Bond Resolution in the aggregate original principal amount of up to $~~_____~~6,500,000 (the "Series 2013 Bonds") in one or more series for one or more of the following purposes: (i) to finance the 2013 Projects, (ii) refund the outstanding Series 2003 Bonds, (iii) fund any required reserves, and (iv) pay costs of issuance of the Series 2013 Bonds.

~~Estimated Uses of Funds~~

~~Series 2013A~~ ~~Series 2013B~~

~~Deposit to Project Fund~~	~~$_____~~	~~$_____~~
~~Refund Outstanding Bonds~~	~~_____~~	~~_____~~
~~Redemption Premium, Reserves, Credit Enhancement and Costs of Issuance~~	~~_____~~	~~_____~~
	~~$_____~~	~~$_____~~

2. The Series 2013 Bonds shall be sold in a ~~competitive~~competitively bid, public or privately negotiated sale in such manner, subject to such terms and at such price as the Mayor and ~~Finance Director~~Controller/Treasurer shall determine shall be in the best interest of the City provided that the true interest cost shall not exceed ~~[____]~~five percent (~~___~~5%) per annum and provided further that bonds for refunding purposes shall not be sold unless the City realizes a present value savings of at least ~~___%~~three (3%) from the resulting debt service of the refunding bonds in the aggregate.

3. The Series 2013 Bonds shall bear interest at such rates, shall be payable and shall mature at such times, shall contain such provisions for optional and mandatory redemption, shall be in such form, certificated or book entry, and shall contain such other terms and conditions as the Mayor and ~~Finance Director~~Controller/Treasurer shall determine shall be in the best interest of the City.

4. The Mayor and ~~Finance Director~~Controller/Treasurer are authorized to prepare and distribute a Preliminary Official Statement in connection with the offering and sale of the Series 2013 Bonds and to "deem" such Preliminary Official Statement "final" for the purposes of Rule 15c2-12 of the Securities and Exchange Commission and to finalize and distribute an Official Statement.

5. The Mayor and ~~Finance Director~~Controller/Treasurer are each authorized to enter into a contract with one or more purchasers of the Series 2013 Bonds providing for the City to issue and sell said bonds in accordance with the terms of said contract and this Resolution. In connection with the issuance of bonds for refunding purposes the Mayor and ~~Finance Director~~Controller/Treasurer are each authorized to retain accountants or other consultants to perform verification calculations as well as an escrow agent to act on behalf of the owners of the refunded bonds, if required.

6. Upon entering into a contract to issue and sell the Series 2013 Bonds the Mayor shall promptly inform Council of the terms thereof whereupon Council shall adopt a Resolution confirming the terms thereof.

7. The City covenants for the benefit of the owners of the Series 2013 Bonds (i) that no use of the proceeds of the Series 2013 Bonds or the earnings thereon will be made, and no other action will be taken, which would cause the Series 2003 Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Internal Revenue Code of 1986 (the “Code”), (ii) that all action with respect to the Series 2013 Bonds required to be taken to avoid characterization of the Series 2013

Bonds as "arbitrage bonds" under Section 148 of the Code shall be taken, (iii) that the City will take all reasonable steps to ensure that interest on the Series 2013 Bonds is not included in gross income of the owner of any Series 2013 Bond for purposes of federal income taxation and (iv) that the City will take no action to cause the Series 2013 Bonds to become "private activity bonds" as that term is used in Section 141(a) of the Code. The Mayor and Council are authorized and directed to take all appropriate action to maintain the exclusion from gross income of interest on the Series 2013 Bonds for federal income tax purposes including the payment of any arbitrage rebate to the United States, if required, and the establishment of special accounts in connection therewith.

8. The City hereby covenants (the "Continuing Disclosure Covenant") for the benefit of holders of the Series 2013 Bonds that, so long as any Series 2013 Bonds are outstanding, it will file, or cause to be filed, all financial information, operating data and notices of events, actions or failure to act, with such persons and entities and at such times as may be necessary to comply with the requirements of Rule 15c2-12(b)(5) of the Securities Exchange Commission with respect to the Series 2013 Bonds.

9. The City Clerk shall forthwith cause to be published once in a newspaper published in the City a notice in substantially the following form:

"NOTICE

"NOTICE IS HEREBY GIVEN that the City Council of The City of Dover, Delaware, on _____, 2013, pursuant to Chapter 111, Volume 52, Delaware Laws, as amended, adopted a resolution entitled as follows:

'A RESOLUTION AUTHORIZING THE SALE OF UP TO $~~_____~~6,500,000 WATER AND SEWER REVENUE BONDS OF THE CITY OF DOVER'

"The purpose of the issuance of said bonds is to provide funds (approximately $~~_____~~4,000,000) to pay a portion of the cost of certain improvements to the City's Water and Sewer System and to provide funds (approximately $~~_____~~2,000,000) to refund some portion or all of the City's outstanding water and sewer revenue 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 the publication of this notice. After the 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 whatever, except in an action or proceeding commenced within such period.

"By order of the City Council of The City of Dover, Delaware.

_____"
City Clerk

10. The 2013 Bonds are expected to be issued before ~~_____~~July 31, 2013. ~~By that~~At the time the ~~City expects~~Budget Ordinance was approved, the City expected to have advanced funds, available on a temporary basis only, to pay costs of the 2013 Projects incurred up to that time. Accordingly, the City reasonably expects that proceeds of the Series 2013 Bonds will be applied on the date of issuance to reimburse such costs. Pursuant to the City's budgetary and financial policies, no funds, other than the proceeds of the Series 2013 Bonds, are, or are reasonably expected to be, reserved, allocated on a long term basis, or otherwise set aside by the City to pay the aforesaid costs that are expected to be reimbursed.

11. The Mayor, ~~Finance Director~~Controller/Treasurer and Clerk of Council are hereby authorized and directed to take all action deemed by them as necessary and appropriate to carry out the intent of this ~~resolution~~Resolution.

12. This ~~resolution~~Resolution shall take effect immediately upon its passage and approval by the Mayor.

PASSED AND ADOPTED on ___ day of _____, 2013

APPROVED:

_____
Mayor

Attest:

_____
City Clerk

Document comparison by Workshare Compare on Thursday, May 30, 2013 7:41:13 PM

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Moved to	0
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Format changed	0
Total changes	106

~~C~~ITY OF DOVER PROPOSED ORDINANCE #2013-08

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER, IN COUNCIL MET:

That Chapter 70 - Offenses and Miscellaneous Provisions, Section 70-7 - Registered Sexual Offenders, Subsection (b) - Prohibition on Residency and Employments, Paragraph (2) of the Dover Code be amended by inserting the text indicated in bold, blue, italics and deleting the text indicated in red strikeout as follows:

(b) Prohibition on residency and employments.

(1) Sex offenders assigned as Risk Assessment Tier II or Tier III under the provisions of 11 Del. C., c. 41, § 4120, shall be prohibited from residence or employment within 500 feet of a day care center as defined in Appendix B—Zoning, Article 12—Definitions, of the Dover Code.

(2) Any sex offender assigned as Risk Assessment Tier II or Tier III who ~~maintains~~ ***maintained a*** residence or ***was*** ~~employment~~ ***employed*** within 500 feet of a day care center on ***April 9, 2012,*** the date of adoption of this section***,*** shall ~~comply with the provisions of the section within 12 months.~~ ***be permitted to maintain that residence or employment. Any subsequent change of residence or employment would be subject to the prohibitions of section (b)(1).***

(3) Any sex offender who is under 18 years of age and resides with a parent or legal guardian shall be exempt from the provision of subsection (b)~~(2)~~ ***(1)*** of this section.

ADOPTED: *

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SYNOPSIS

This amendment would remove the requirement for offenders residing or employed within 500 feet of a day care center at the time of adoption of the ordinance (April 9, 2012) to move or resign their employment.

(SPONSORS: CITY COUNCIL MOTION - SPECIAL COUNCIL MEETING OF MAY 28, 2013)

Actions History

June 10, 2013 - Scheduled for Introduction at the Legislative, Finance, and Administration Committee

Draft