Sec. 50. Debt limit.

(a) Whenever the needs of the city shall require more money than is at the time in the city treasury from current receipts, the council shall be authorized and empowered to anticipate current revenue by borrowing such sums as shall be needed not in excess of one percent of the total taxable assessment for a general tax. The amount so borrowed shall be paid back out of current revenue received thereafter.

To exercise the power aforesaid the council shall adopt a resolution to that effect, which resolution shall require the affirmative vote of at least three-fourths of all the members of the council, and the approval of the mayor. The indebtedness created under this section shall be evidenced by the bond, or note, of the city, and the faith and credit of the city shall be deemed to be pledged thereby.

(b) The mayor and council is hereby authorized and empowered to borrow from time to time on the faith and credit of the City of Dover sums of money for such purposes as may be deemed necessary and proper by the mayor and council of the said city which purpose shall be consistent with the powers conferred upon the mayor and council of the City of Dover by the Charter thereof, as amended, for the management and maintenance of the said city and for these purposes the mayor and council shall have full power and authority to issue bonds of the said "City of Dover."

The aggregate of the amounts so borrowed together with all other bonded indebtedness for which the full faith and credit of the City of Dover has been pledged shall not at any time exceed a sum equal to ~~25~~ *5* percent of the total assessed value of real property situate within the bounds of the City of Dover as such boundaries shall from time to time appear.

The said bonds shall be issued in one or more series, shall bear such date or dates, shall mature at such time or times, shall bear interest at such rate or rates, shall be payable at such time or times, and at such place or places, shall be in such denominations, and shall contain such other provisions as the mayor and council may provide and shall be set forth in the said bonds. Said bonds may or may not be coupon bonds and may be registered or otherwise as the mayor and council deem advisable.

The mayor and council shall direct and effect the preparation and sale of said bonds at such time or times, at such price or prices, and upon such terms as the said mayor and council deem advisable, and all the monies arising from the sale of said bonds shall be used for the municipal purposes of the City of Dover specified in the resolution authorizing their issue.

The form of said bonds and of any coupons which may be thereunto attached shall be as prescribed by the mayor and council, and all such bonds shall be signed by the mayor and the treasurer of the City of Dover and sealed with the corporate seal thereof. Facsimile signatures of the mayor and treasurer and a facsimile of the corporate seal may be imprinted upon such bonds and any coupons attached to said bonds in lieu of the signatures of the said mayor and treasurer in their own handwriting and of the affixing of the corporate seal itself.

Said bonds of the City of Dover shall be exempt from all state, county and municipal taxes.

The mayor and council of the City of Dover are hereby authorized and required to levy and raise by taxation in each and every year such sums of money as may be required to pay the interest accrued on said bonds while all or any of said bonds remain unpaid, and the said mayor and the city council are further authorized and required to levy and raise by taxation, from time to time such sum or sums of money as shall be needed to establish such sinking funds as the said mayor and the city council may at their discretion authorize for the redemption of said bonds, or any of them, at or before their maturity and such sum or sums of money as shall be required to otherwise redeem any or all or said bonds at or before their maturity. Taxes for interest and for redemption of said bonds shall be levied and raised as taxes for general municipal purposes in the said city are levied and raised and shall be in addition to those levied and raised for any and all other municipal purposes.

A statement appearing in the bonds issued under the provisions of this section to the effect that the bonds have been duly authorized shall be deemed and held to be conclusive evidence in favor of the lawful holder of any such bonds that the terms and conditions of this section have been fully met and complied with.

(c) Bonds may be authorized and issued pursuant to subsection (b), without a referendum vote, by a resolution of the council which shall have the affirmative vote of three-fourths of the members thereof and the approval of the mayor, for the following purposes:

(i) To finance public storm sewers, streets and appurtenances provided that no more than ~~$1,000,000.00~~ ***1/4 of 1% (.25%) of total assessed value of real property of*** aggregate principal amount of bonds may be issued at any one time pursuant to this clause (i) and any new bonds issued pursuant of this clause (i) may not cause the total aggregate principal amount of bonds outstanding at any one time pursuant to this clause (i) to exceed one percent of the total taxable assessment for a general tax at the time such new bonds are issued; and

(ii) To refund bonds secured by the city's full faith and credit, prior to their stated maturity, provided that (A) the present value of the aggregate principal and interest payments of the refunding bonds are not greater than the present value of the aggregate principal and interest payments on the bonds to be refunded determined by discounting at the effective interest rate on the refunding bonds, calculated based on the internal rate of return: and (B) at the time of issuance of the refunding bonds there aredeposited in escrow, pledged to secure the refunded bonds, sufficient monies and/or direct obligations of, or obligation the principal of and interest on which are guaranteed by, the United States government, which, without regard to any reinvestment earnings, will be sufficient to pay when due all interest, principal and redemption price on the refunded bonds at maturity or upon earlier call for redemption.

(d) Except for bonds issued pursuant to subsection (c) hereof, all bonds issued under the provisions of subsection (b) shall first be approved by a referendum vote of the qualified voters (as herein defined) of the City of Dover.

Notice of the holding of such referendum election shall be authorized by resolution of the mayor and council, published once a week, for at least three consecutive weeks in at least one newspaper circulated in the City of Dover, Delaware. Such notice shall be set out in summary form the amount and purposes of such bond issue, the date and place of holding the referendum election and the hours the polls will be open.

At said referendum election "qualified voter" shall mean every natural person who is a resident or a nonresident taxable of the city, of the age of 18 years or upwards. Each qualified voter shall be eligible to vote and shall have one vote.

The city assessor or his/her designee shall attend the election with the last city assessment and tax payment records for the inspection of the election officers. The referendum election shall be held at such date as the mayor and council shall designate. The referendum election shall be held at such suitable place in said city as the mayor and council shall designate in said published notice. The polls shall be open from 7:00 a.m. (local time), and shall close at 8:00 p.m. (local time). The judge of the election shall, in the case of a tie vote on the bond issue, cast the deciding vote, otherwise judge of the election shall refrain from voting, but the election clerks may vote.

The total votes cast for and the total votes cast against the bond issue shall be certified as correct by at least two of the election officers and delivered to the mayor, or to the clerk of council immediately after the total vote count has been certified.

The mayor and council shall at the next regular meeting after the election, or at a special meeting, receive the results of the referendum election and make the same a part of the minutes of said meeting, whereupon if a majority of the votes cast were for the bond issue bonds herein provided for may be issued and sold as provided in subsection (b), but if at such referendum election the majority of the votes cast were against the bond issue, then no bonds shall be issued nor shall any money be borrowed pursuant to the resolution submitted to the referendum.

(e) In addition to the power otherwise granted in this section, the mayor and council may issue special assessment revenue bonds to finance those public projects for which the city may levy and collect special assessments pursuant to section 28 of this Charter. Such bonds shall not obligate the faith and credit of the city, but shall be payable solely from the proceeds of the special assessments which are pledged to the payment thereof. Such bonds shall be authorized without a referendum vote by a resolution ofthe council which shall have the affirmative vote of three-fourths of the members thereof and the approval of the mayor.

(f) After authorization of the sale of bonds as provided in this section and in anticipation of the sale and issuance of said bonds, the mayor and council may borrow money and issue notes of the city for the purpose and to the extent of the amount of bonds authorized to be sold, less the amount of any bonds theretofore issued under such authority. The said borrowing shall be authorized by a resolution of the council which shall have the affirmative vote of three-fourths of the members thereof and the approval of the mayor, and the note or notes thereby authorized shall be signed by the mayor and treasurer of the city. When issued and signed in accordance with this subsection (f), the faith and credit of the city shall be deemed to be pledged for the repayment of all said notes, except those issued pursuant to subsection (e) hereof.

The note or notes issued in anticipation of a bond issue may be renewed from time to time, but the proceeds of the sale of such bonds shall, to the extent necessary, be first used to pay and retire such notes. Said notes may be deemed at par and accrued interest at any time prior to their maturity if the right so to do shall have been reserved.

(g) For the purposes of the debt limitations prescribed in this section, (i) any bonds which have been refunded pursuant to subsection (c)(ii) shall be treated as no longer outstanding; and (ii) bonded indebtedness, principal amount of bonds and bonds outstanding shall be determined without regard to original issue discount.

(Amd. of 7-12-2005 (S.B. 126))

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

That the Mayor and Council have determined that the Charter of the City of Dover, Section 50, Subsection (b), second paragraph should be amended to decrease the aggregate of the amounts so borrowed together with all other bonded indebtedness from 25 percent to 5 percent. Therefore, the Mayor and Council respectfully request the General Assembly of the State of Delaware to amend its Charter, which amendment if adopted by the General Assembly would be as follows:

The aggregate of the amounts so borrowed together with all other bonded indebtedness for which the full faith and credit of the City of Dover has been pledged shall not at any time exceed a sum equal to 5 percent of the total assessed value of real property situate within the bounds of the City of Dover as such boundaries shall from time to time appear.

BE IT FURTHER RESOLVED That the Mayor and Council have determined that the Charter of the City of Dover, Section 50 - Debt Limit, Subsection (c)(i) should be amended by changing $1,000,000.00 aggregate principal amount to 1/4 of 1% (.25%) of total assessed value of real property of aggregate principal amount. Therefore, the Mayor and Council respectfully request the General Assembly of the State of Delaware to amend its Charter, which amendment if adopted by the General Assembly would be as follows:

(i) To finance public storm sewers, streets and appurtenances provided that no more than 1/4 of 1% (.25%) of total assessed value of real property of aggregate principal amount of bonds may be issued at any one time pursuant to this clause (i) and any new bonds issued pursuant of this clause (i) may not cause the total aggregate principal amount of bonds outstanding at any one time pursuant to this clause (i) to exceed one percent of the total taxable assessment for a general tax at the time such new bonds are issued; and

ADOPTED: *

S:\ClerksOffice\CAFS\Charter Change - Section 50 - Debt Limit Action Form - 05-23-2006-1-Ex2.wpd

SYNOPSIS

Currently, the Charter of the City of Dover requires that the aggregate of the amounts borrowed together with all other bonded indebtedness shall not exceed a sum equal to 25 percent and bonds in the amount of $1M or less may be issued without a referendum vote. The proposed amendments would decrease maximum bonded indebtedness from 25 percent to 5 percent and change the $1M bond limit without a referendum to 1/4 of 1% (.25%) of total assessed value of real property.