

*"A Historic Past"*



*"A Bright Future"*

CITY OF DELAWARE CITY  
407 Clinton Street – P.O. Box 4159  
Delaware City, Delaware 19706  
302-834-4573

**RESOLUTION 09-0720-01**

**A RESOLUTION PRESCRIBING THE DETAILS AND FORM  
AND PROVIDING FOR THE SALE BY THE CITY OF DELAWARE CITY,  
DELAWARE OF ITS \$234,000 GENERAL OBLIGATION BOND TO FINANCE THE  
COSTS OF A CERTAIN PUBLIC BUILDING PROJECT**

WHEREAS, the Mayor & Council of the City of Delaware City, Delaware (the "City"), a municipality and political subdivision of the State of Delaware, pursuant to Section 6-08, Chapter 251, Volume 61 Delaware Laws (as amended, the "City Charter"), Resolutions 07-0730-01 and 07-0820-01 adopted by Mayor & Council on July 30, 2007 and August 20, 2007, respectively, (the "Resolutions"), a favorable special election conducted on September 25, 2007 (the "Special Election") (such Resolutions and Special Election together with the City Charter, the "Enabling Acts") authorized the borrowing of up to \$234,000 maximum principal amount by the City in order to partially finance the costs of a certain public building project within the City consisting of repairs, improvements and modifications to the City's Community Center building, located at 250 Fifth Street, and to pay costs of issuance and the costs of Interim Financing associated therewith (the "Project"); and

WHEREAS, the Enabling Acts provide that the City may issue its general obligation bonds in the aggregate principal amount of up to \$234,000 for the Project; and

WHEREAS, the City received a commitment for a loan of \$234,000 for the Project from the United States of America (acting by and through the United States Department of Agriculture, Rural Housing Service) (the "RHS"); and

WHEREAS, as a prerequisite of the sale of the Bond to the RHS, the RHS required the City to obtain interim financing for the Project ("Interim Financing"); and

WHEREAS, pursuant to the Enabling Acts, the City issued its Interim Note in anticipation of the sale of the Bond and awarded the sale of said Interim Financing to Wilmington Trust Company; and

WHEREAS, the RHS requirements have been met and the City desires to consummate the sale of up to \$234,000 of its general obligation bonds to RHS and use the proceeds of the sale to retire the Interim Financing and to establish the time of payment with

respect thereto, the interest rate thereon, the series thereof, the maturity thereof, the registration therefor, the call features thereon and all other relative and appurtenant matters pertaining thereto; and

WHEREAS, the City desires to approve the issuance and sale by the City of its \$234,000 General Obligation Bond (Community Center Project), Series 2009 - RHS (the "Bond") to RHS.

NOW THEREFORE:

THE MAYOR & COUNCIL OF THE CITY OF DELAWARE CITY IN SESSION MET, A QUORUM PERTAINING AT ALL TIMES HEREBY RESOLVES AS FOLLOWS:

Section 1. The City of Delaware City, Delaware (the "City") shall issue its general obligation bond in the maximum aggregate principal amount not to exceed \$234,000 (the "Bond") for the purpose of financing, in part, repairs, improvements and modifications to the City's Community Center building, located at 250 Fifth Street, and to pay costs of issuance and the costs of Interim Financing associated therewith (the "Project").

Section 2. The full faith and credit of the City shall be pledged to the punctual payment of the principal of and interest on the Bond. The principal of, premium, if any, and interest on the Bond, if not paid from other sources, shall be paid by ad valorem taxes levied on all real property subject to taxation by the City without limitation as to rate or amount.

Section 3. The Bond shall be dated as of the date of closing on the sale of the Bond (the "Closing") and shall be designated, "City of Delaware City, Delaware \$234,000 General Obligation Bond (Community Center Project) Series 2009 - RHS."

Principal and interest payments at the interest rate stated in paragraph 7 below shall be payable monthly, in substantially equal payments, over a 25 year period, with the 300<sup>th</sup> and final payment in an amount sufficient to pay any remaining amounts necessary to fully amortize the principal amount of the Bond over a 25 year term at the stated interest rate, all as provided in the form of Bond attached hereto as Exhibit A.

Section 4. The Bond shall be in fully registered form and shall contain a recital that it is issued pursuant to Chapter 251, Volume 61, Laws of Delaware, as amended. The Bond shall be signed by the Mayor by his manual signature or a facsimile thereof and countersigned by the manual signature of the Secretary or Assistant Secretary of the City. The official seal of the City shall be imprinted in facsimile or impressed on the Bond.

Section 5. The Bond shall be prepayable or redeemable in whole or in part at any time without penalty. In the event that the Bond is called for redemption prior to maturity, notice thereof shall be given by first class mail, postage prepaid to the registered owner thereof at the address shown on the registration books not more than (60) days nor less than (30) days prior to the date fixed for redemption. The Bond will cease to bear interest on the specified

redemption date provided funds for its redemption are on deposit at the place of payment on the redemption date as more fully set forth in the form of Bond attached hereto as Exhibit A.

Section 6. The Bond and the provisions for the registration of the Bond to be endorsed thereon, shall be in substantially the form set forth on Exhibit A hereto, and the Mayor is hereby authorized and directed to cause said Bond to be prepared and to execute said Bond in accordance with its terms when it has been sold.

Section 7. The Bond shall be sold by the City for not less than par in a private sale to RHS. The Bond shall bear interest at the per annum interest rate of 4.1250%

Section 8. The money raised by the issuance of the Bond, after the payment of charges and expenses connected with the preparation, sale and issuance thereof, shall be expended only for the Project as authorized in the Enabling Acts and herein.

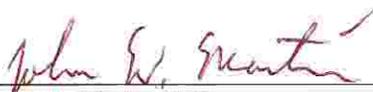
Section 9. The City covenants for the benefit of the holder of the Bond (a) that no use of the proceeds of the Bond or the earnings thereon will be made, and no other actions will be taken, which would cause the Bond to be an "arbitrage bond" within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended, (the "Code") (b) that all action with respect to the Bond required to be taken to avoid characterization of the Bond as an "arbitrage bond" under Section 148 of the Code shall be taken (c) that the City will take all steps necessary and within its control to ensure that interest on the Bond is not included in gross income of the holder of the Bond for purposes of federal income taxation and (d) that the City will take no action to cause the Bond to become a "private activity bond" as that term is used in Section 141(a) of the Code.

Section 10. The Mayor is authorized and directed to take all appropriate action to maintain the exclusion from gross income of interest on the Bond 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.

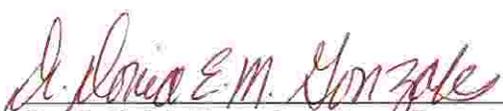
Section 11. The power to negotiate any other forms of documents, execute any documents, and the power to take any further action and do all things necessary, with respect to the sale, issuance and delivery of the Bond is hereby delegated to the Mayor and the Secretary or Assistant Secretary of the City subject to the provisions of the Enabling Act and this Resolution.

I, THE UNDERSIGNED, the Secretary of the City of Delaware City, do hereby certify that the above resolution was passed at a regular meeting of Mayor & Council, duly called and convened, held on the 20th day of July, 2009 at which a quorum was present and voting throughout and that same is still in full force and effect and the same has not be amended, revoked or rescinded.

CITY OF DELAWARE CITY

  
\_\_\_\_\_  
John W. Martin, Mayor

  
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Ronald R. Graham, II, Vice-Mayor

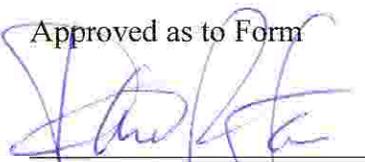
  
\_\_\_\_\_  
Donia E. M. Gonzales, Councilmember

  
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Rita A. Marocco, Councilmember

  
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Stanley E. Green, Councilmember

  
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William J. Grant, Councilmember

  
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Dawn K. Gwynn, City Secretary  
City of Delaware City, Delaware

Approved as to Form  
  
\_\_\_\_\_  
Daniel R. Losco, City Solicitor

Adopted by the Mayor & Council of the  
City of Delaware City, Delaware  
July 20, 2009