

Resolution No. 22-007

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BOARD OF PUBLIC WORKS OF THE CITY OF LEWES AUTHORIZING THE BORROWING OF \$2,869,998 FROM THE DELAWARE DRINKING WATER STATE REVOLVING FUND, ACTING BY AND THROUGH THE DELAWARE DEPARTMENT OF HEALTH AND SOCIAL SERVICES, DIVISION OF PUBLIC HEALTH, FOR THE PURPOSE OF FINANCING THE DONOVAN SMITH MANUFACTURED HOME PARK PROJECT; AND AUTHORIZING OTHER NECESSARY ACTION

WHEREAS, the Board of Public Works of the City of Lewes (the “Board”) desires to finance the installation of approximately 1000 feet of 12-inch main to connect to an existing main, 4,500 feet of 6-inch main internal to the park, meters, service lines, valves, and fire hydrants in the residential community of Donovan Smith (the “Project”); and

WHEREAS, the Board received a Binding Commitment Letter dated June 29, 2022 (the “Commitment Letter”) from the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health and Social Services, Division of Public Health (“DHSS”) offering a loan (the “DHSS Loan”) in the amount of \$2,869,998, for a term of twenty (20) years, if repayment is required, at an annualized interest rate of 1.159%, from the time of closing on the DHSS Loan during construction of the Project, to fund the Project, said DHSS Loan to be secured by a revenue pledge of the Board pursuant to Section 4.14.1.1 of the Charter of the Lewes Board of Public Works, being Chapter 10, Volume 77, Laws of Delaware as amended (the “Board Charter”); and

WHEREAS, upon completion of the Project, up to \$2,869,998 of the principal balance advanced under the DHSS Loan will be forgiven, with the understanding that should the Project not be completed, principal and interest payments will be required on the DHSS Loan with the aforementioned terms; and

WHEREAS, the Board desires to (i) accept the DHSS Loan under terms and conditions substantially similar to the terms and conditions provided in the Commitment Letter; (ii) enter into a financing agreement or similar loan agreement with DHSS (the “Financing Agreement”); (iii) provide a recorded memorandum of understanding (the “MOU”) between the Board, DHSS and Donovan Smith MHP, LLC; and (iv) issue its revenue bond to secure the same (the “Bond”); and

WHEREAS, the Board further desires to authorize any and all actions necessary or desired to execute the Financing Agreement, the Bond, the MOU and any other documents which are deemed necessary or appropriate to carry out the intent of this Resolution; and

WHEREAS, pursuant to Section 4.14.1.1 of the Board Charter, the Board “shall have the authority to borrow money and issue bonds...and to secure the payment thereof by pledging the

revenues derived from the operation of any project for which bonds are issued pursuant to Section 4.14 of the Board Charter” so long as the Board obtains the prior consent of the Mayor and City Council for the City of Lewes, Delaware; and

WHEREAS, on July 11 2022, the Mayor and City Council consented to the Board’s proposed borrowing under terms and conditions substantially similar to the terms and conditions provided in the Commitment Letter.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC WORKS OF THE CITY OF LEWES, IN SESSION MET THIS 27TH DAY OF JULY, 2022, THAT:

Section 1. Authorization of Borrowing, the Financing Agreement, the Bond, the MOU and the Pledge of Revenues. The Board hereby approves and authorizes: (i) the borrowing of \$2,869,998 from DHSS under terms and conditions substantially similar to the terms and conditions provided in the Commitment Letter; (ii) the execution and delivery of the Financing Agreement, the Bond, the MOU and any other documents which are deemed necessary or appropriate to carry out the intent of this Resolution; and (iii) the pledge of revenues to DHSS pursuant to Section 4.14.1.1 of the Board Charter to secure the Board’s obligations under the Financing Agreement and the Bond.

Section 2. Officers Authorized to Act. The President or Vice President and Secretary or Treasurer are hereby authorized and directed to execute, on behalf of the Board, and take such action deemed necessary or appropriate to effectuate the intent of this Resolution. In the event that the President or Vice President or the Secretary or Treasurer of the Board shall be absent or otherwise unavailable for the purpose of executing documents, or for the purpose of taking any other action which they may be authorized to take pursuant to this Resolution, the General Manager of the Board is hereby authorized and directed to execute documents, or otherwise to act on behalf of the Board in their stead.

Section 3. Further Action. The proper officers of the Board are hereby authorized and directed to take all such action, execute, deliver, file and/or record all such documents, publish all notices, if required, in order to consummate the transactions described in this Resolution.

Section 4. Repealer. All resolutions and parts of resolutions heretofore adopted to the extent that the same are inconsistent herewith are hereby repealed.

Section 5. Effective Date. This Resolution shall take effect on the earliest date permitted by law.

**THE CITY OF LEWES
BOARD OF PUBLIC WORKS**

CERTIFICATION OF RESOLUTION

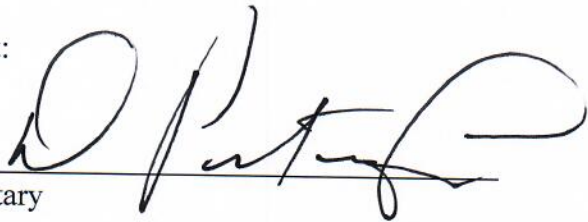
The undersigned do hereby certify that the foregoing Resolution is a true and correct copy of the Resolution duly adopted by a majority of the Board of Public Works of The City of Lewes at a duly called regular meeting on July 27, 2022.

VOTE ON RESOLUTION

| | <u>Aye</u> | <u>Nay</u> |
|-------------------------------------|------------|------------|
| Thomas S. Panetta, President | ✓ | |
| Earl Webb, III, Vice President | ✓ | |
| D. Preston Lee, P.E., Secretary | ✓ | |
| Richard Nichols, Treasurer | ✓ | |
| A. Thomas Owen, Assistant Treasurer | ✓ | |

Attest:

Secretary



President

Thomas S. Panetta

