

Resolution No. 25-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BOARD OF PUBLIC WORKS OF THE CITY OF LEWES, DELAWARE, AUTHORIZING THE BORROWING OF (A) \$5,233,435 FROM THE DELAWARE WATER POLLUTION CONTROL REVOLVING FUND, ACTING BY AND THROUGH THE DELAWARE DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL, FOR THE PURPOSE OF FINANCING THE 4TH STREET AND PARK AVENUE SEWER IMPROVEMENTS PROJECT; (B) \$2,101,808 FROM THE DELAWARE WATER POLLUTION CONTROL REVOLVING FUND, ACTING BY AND THROUGH THE DELAWARE DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL, FOR THE PURPOSE OF FINANCING THE HOORNKILL AVENUE SEWER IMPROVEMENTS PROJECT; (C) \$3,354,653 FROM THE DELAWARE DRINKING WATER STATE REVOLVING FUND, ACTING BY AND THROUGH THE DELAWARE DEPARTMENT OF HEALTH AND SOCIAL SERVICES, FOR THE PURPOSE OF FINANCING THE 4TH STREET AND PARK AVENUE WATER IMPROVEMENTS PROJECT; AND (D) \$842,105 FROM THE DELAWARE DRINKING WATER STATE REVOLVING FUND, ACTING BY AND THROUGH THE DELAWARE DEPARTMENT OF HEALTH AND SOCIAL SERVICES, FOR THE PURPOSE OF FINANCING THE HOORNKILL AVENUE WATER IMPROVEMENTS PROJECT; AND AUTHORIZING OTHER NECESSARY ACTION

WHEREAS, the Board of Public Works of the City of Lewes (the "Board") desires to finance the replacement of approximately 2,850 linear feet of existing terracotta and cast-iron sanitary sewer main and house sewer service laterals for approximately 54 properties, with new 6-, 8-, 10- and 15-inch diameter PVC sewer pipe and fourteen precast concrete manholes (collectively, the "4th Street and Park Avenue Sewer Improvements Project") with a loan from the Delaware Department of Natural Resources and Environmental Control ("DNREC"); and

WHEREAS, the Board desires to finance the extension of a sanitary sewer to serve eleven existing homes on Hoornkill Avenue being served by problematic individual lot on-site wastewater disposal systems, including PVC gravity sewer main, service laterals, precast concrete manholes and an upgraded or new pump station (collectively, the "Hoornkill Avenue Sewer Improvements Project") with a loan from DNREC; and

WHEREAS, the Board desires to finance the replacement of (i) approximately 2,850 feet of various sized cast iron and ductile iron water main on 4th Street from Savannah Road to Burton Avenue and Park Avenue/Johnson Avenue from 4th Street to Dupont Avenue with new 8"/10"/12" PVC water main and (ii) aging water distribution system infrastructure, including

approximately 54 house service pipes with potential lead service piping components, 8 fire hydrants and associated valving(collectively, the “4th Street and Park Avenue Water Improvements Project”) with a loan from the Delaware Department of Health and Social Services (“DHSS”); and

WHEREAS, the Board desires to finance the (i) extension of the existing water main to the end of Hoornkill Avenue to serve eleven (11) single-family homes currently on individual wells and aging on-site septic systems currently outside the City of Lewes corporate limits and (ii) replacement of aging water distribution system infrastructure that includes iron pipes and potential lead service piping components (collectively, the “Hoornkill Avenue Water Improvements Project”) with a loan from DHSS; and

WHEREAS, the Board received a Binding Commitment Letter dated September 23, 2024 (the “Commitment Letter”) from the Delaware Water Pollution Control Revolving Fund (the “WPCR Fund”), acting by and through DNREC, offering a loan in the amount of \$5,233,435, for a term of thirty (30) years, at an annualized interest rate of 2.0%, to fund the 4th Street and Park Avenue Sewer Improvements Project, said 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, the Board received a Commitment Letter dated September 23, 2024 from the WPCR Fund, acting by and through DNREC, offering a loan in the amount of \$2,101,808, for a term of twenty (20) years, at an annualized interest rate of 2.0%, with up to \$439,365 of principal forgiveness to be applied at the completion of the Hoornkill Avenue Sewer Improvements Project, to fund the Hoornkill Avenue Sewer Improvements Project, said loan to be secured by a revenue pledge of the Board pursuant to Section 4.14.1.1 of the Board Charter; and

WHEREAS, the Board received a Commitment Letter dated September 30, 2024 from the Delaware Drinking Water State Revolving Fund (the “DWSR Fund”), acting by and through DHSS, offering a loan in the amount of \$3,354,653, for a term of thirty (30) years, at an annualized interest rate of 2.0%, to fund the 4th Street and Park Avenue Water Improvements Project, said loan to be secured by a revenue pledge of the Board pursuant to Section 4.14.1.1 of the Board Charter; and

WHEREAS, the Board received a Commitment Letter dated September 30, 2024 from the DWSR Fund, acting by and through DHSS, offering a loan in the amount of \$842,105, for a term of twenty (20) years, at an annualized interest rate of 2.0%, with up to \$397,413 of principal forgiveness to be applied at the completion of the Hoornkill Avenue Water Improvements Project, to fund the Hoornkill Avenue Water Improvements Project, said loan to be secured by a revenue pledge of the Board pursuant to Section 4.14.1.1 of the Board Charter; and

WHEREAS, the Board desires to (i) accept the aforementioned, respective loans under the terms provided in the aforementioned, respective, Commitment Letters; (ii) enter into a financing agreement for each loan with DNREC (one for each of the WPCR Fund loans) and with DHSS (for each of the DWSR Fund loans) (collectively, the “Financing Agreements”); and

(iii) issue its revenue bonds, one for each respective loan, to secure the same (collectively, the "Bonds"); and

WHEREAS, the Board further desires to authorize any and all actions necessary or desired to execute the respective Financing Agreements, the Bonds 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, the Mayor and City Council is scheduled to consider next month the Board's request for Mayor and City Council consent to the Board's proposed borrowing under the terms provided in the respective Commitment Letters.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC WORKS OF THE CITY OF LEWES, IN SESSION MET THIS [22] DAY OF JANUARY, 2025, THAT:

Section 1. Authorization of Borrowing, the Financing Agreements, the Bonds and the Pledge of Revenues. The Board hereby approves and authorizes: (i) the borrowing of (A) \$5,233,435 from DNREC to fund the 4th Street and Park Avenue Sewer Improvements Project, under the terms provided in the respective Commitment Letter, (B) \$2,101,808 from DNREC to fund the Hoornkill Avenue Sewer Improvements Project, under the terms provided in the respective Commitment Letter, (C) \$3,354,653 from DHSS to fund the 4th Street and Park Avenue Water Improvements Project, under the terms provided in the respective Commitment Letter, and (D) \$842,105 from DHSS to fund the Hoornkill Avenue Water Improvements Project, under the terms provided in the respective Commitment Letter; (ii) the execution and delivery of the respective Financing Agreements and the Bonds; and (iii) the pledge of revenues to DNREC and DHSS, respectively, pursuant to Section 4.14.1.1 of the Board Charter to secure the Board's obligations under the respective Financing Agreements and the Bonds.

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.

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**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 January 22, 2025.

VOTE ON RESOLUTION

Thomas S. Panetta, President
Barbara Curtis, Vice President
D. Preston Lee, P.E., Secretary
Richard Nichols, Treasurer
Robert Heffernan, Assistant Treasurer

Aye

Nay

✓
✓
✓
✓
✓



President

Attest:



Secretary