

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

RESOLUTION *11-004*

AUTHORIZING THE REALLOCATION OF 2005 BOND PROCEEDS FROM THE BOARD OF PUBLIC WORKS TO THE CITY OF LEWES; AUTHORIZING THE EXECUTION OF A FIRST SUPPLEMENT TO THE PROJECT FUNDING AND PAYING AGENT AGREEMENT; AUTHORIZING THE DEPOSIT OF EXCESS PROCEEDS INTO AN ESCROW ACCOUNT WITH THE PAYING AGENT; AND AUTHORIZING OTHER NECESSARY ACTION.

WHEREAS, The City of Lewes (the "City") has heretofore issued its General Obligation Bonds, Series 2005 in the aggregate principal amount of \$19,500,000 (the "2005 Bonds"), pursuant to a Project Funding and Paying Agent Agreement (the "Agreement") by and among the City, the Board of Public Works of the City (the "Board") and The Bank of New York, as Paying Agent (the "Paying Agent"); and

WHEREAS, proceeds of 2005 Bonds, and the debt service due on them, were initially allocated between the City and the Board to finance various capital projects pursuant to each's respective Capital Improvement Programs; and

WHEREAS, the various capital projects of the Board which were financed by the 2005 Bonds included, among other things, upgrades and improvements to (i) the wastewater treatment plant, lines and systems; (ii) the water treatment plant and system; and (iii) the electric plant and system (collectively, the "Board Projects"); and

WHEREAS, upon completion of the Board Projects, the Board has excess proceeds remaining from the initial allocation of 2005 Bonds to the Board (the "Excess Proceeds"); and

WHEREAS, effective on July 1, 2008 and July 1, 2010, the Board transferred \$2,173,235.00 and \$1,580,000.00, respectively, of the Excess Proceeds to the City (collectively, the "Prior Transfers") for use in financing certain projects of the City's Capital Improvement Program; and

WHEREAS, currently the Board has approximately \$6,142,000 of Excess Proceeds; and

WHEREAS, the Board now desires to: (i) authorize an additional transfer of Excess Proceeds to the City in the amount of \$2,250,000 for use in financing the remaining costs associated with its various capital projects (the "Third Transfer"); (ii) place the remaining amount of Excess Proceeds in an escrow account (the "Escrowed Amounts") to be held by the

Paying Agent pursuant to a First Supplement to the Agreement by and among the City, the Board and the Paying Agent (the "First Supplement") and to use such Escrowed Amounts to pay a portion of the Board's share of debt service coming due on the 2005 Bonds on each bond payment date between July 15, 2011 and January 15, 2015 and to redeem a portion of the principal amount of the 2005 Bonds maturing on or after January 15, 2016 at their earliest optional call date, all as set forth in Schedule I attached hereto and made a part hereof; and (iii) reallocate the debt service requirements on the 2005 Bonds between the Board and the City to reflect the Prior Transfers and the proposed Third Transfer to the City; and

WHEREAS, the Board desires to authorize all action necessary to effect the execution and delivery of the First Supplement and the consummation of the Third Transfer, and in order to facilitate the consummation of the transactions referred to herein, and to avoid the necessity of further actions by the Board as a whole in connection therewith, desires to authorize certain officers of the Board to act as hereinafter set forth.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF PUBLIC WORKS OF THE CITY OF LEWES and IT IS HEREBY RESOLVED, as follows:

Section 1. Authorization of Third Transfer, Escrowed Amounts and Reallocation of Debt Service on the 2005 Bonds. The Board hereby authorizes and approves the Third Transfer, the deposit of the Escrowed Amounts with the Paying Agent and the reallocation of the debt service on the 2005 Bonds, all as described in the recitals to this Resolution. The Board shall cause the Paying Agent to transfer an amount equal to \$2,250,000 of Excess Proceeds to the account of the City for the purpose of providing additional funds for and toward the costs of the City's Capital Improvement Program. The debt service on the 2005 Bonds shall be reallocated between the Board and the City as set forth in Schedule I, with such changes as approved by the President or Vice President of the Board.

The Board shall cause the Escrowed Amounts to be deposited into an escrow account to be held and invested by the Paying Agent as set forth in the First Supplement. The Board hereby approves the use of the Escrowed Amounts, including any interest earned thereon, referenced in the preceding sentence to be applied to the Board's share of debt service payments of the 2005 Bonds. The application of the Escrowed Amounts to pay the Board's share of the debt service on the 2005 Bonds shall be as set forth in Schedule I, with such changes as approved by the President or Vice President of the Board.

Section 2. Execution of First Supplement. The President or Vice President and Secretary or Treasurer are hereby authorized and directed to execute, on behalf of the Board, a First Supplement to the Project Funding and Paying Agent Agreement (or similar agreement) among the City, the Board and the Paying Agent, related to, among other things, the transfer of the Third Transfer, the reallocation of the debt service of the 2005 Bonds taking into the account the Prior Transfers and the Third Transfer, and the deposit and application of the Escrowed Amounts. The form of the First Supplement shall be approved by the President or Vice President of the Board in the name and on behalf of the Board, such approval to be conclusively evidenced by the execution thereof.

Section 3. Officers Authorized to Act. In the event that the President or Vice President or the Secretary/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 4. 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 5. Repealer. All resolutions and parts of resolutions heretofore adopted to the extent that the same are inconsistent herewith are hereby repealed.

Section 6. 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 April 27, 2011.

VOTE ON RESOLUTION

Aye

Nay

Gary Stabley, President

James Carmean, Vice President

Wendell Alfred, Secretary

James N. Richmann, Treasurer

James Gayhardt, Member at Large

President

Attest:

Secretary

Schedule I

**Proposed Debt Service for the 2005 Bonds between the City and the Board
after the Prior Transfers and the Proposed Third Transfer**

Payment Date	City Debt Service			Board Debt Service		
	Principal	Interest	Total	Principal	Interest	Total
7/15/2011	-	203,181.24	203,181.24	-	147,093.76	147,093.76
1/15/2012	505,000.00	203,181.24	708,181.24	130,000.00	147,093.76	277,093.76
7/15/2012	-	194,343.74	194,343.74	-	144,818.76	144,818.76
1/15/2013	525,000.00	194,343.74	719,343.74	130,000.00	144,818.76	274,818.76
7/15/2013	-	181,218.74	181,218.74	-	141,568.76	141,568.76
1/15/2014	545,000.00	181,218.74	726,218.74	145,000.00	141,568.76	286,568.76
7/15/2014	-	167,593.74	167,593.74	-	137,943.76	137,943.76
1/15/2015	575,000.00	167,593.74	742,593.74	150,000.00	137,943.76	287,943.76
7/15/2015	-	153,218.74	153,218.74	-	134,193.76	134,193.76
1/15/2016	605,000.00	153,218.74	758,218.74	155,000.00	134,193.76	289,193.76
7/15/2016	-	138,093.74	138,093.74	-	130,318.76	130,318.76
1/15/2017	635,000.00	138,093.74	773,093.74	160,000.00	130,318.76	290,318.76
7/15/2017	-	126,187.49	126,187.49	-	127,318.76	127,318.76
1/15/2018	660,000.00	126,187.49	786,187.49	165,000.00	127,318.76	292,318.76
7/15/2018	-	113,812.49	113,812.49	-	124,225.01	124,225.01
1/15/2019	685,000.00	113,812.49	798,812.49	175,000.00	124,225.01	299,225.01
7/15/2019	-	100,112.49	100,112.49	-	120,725.01	120,725.01
1/15/2020	715,000.00	100,112.49	815,112.49	175,000.00	120,725.01	295,725.01
7/15/2020	-	85,812.49	85,812.49	-	117,225.01	117,225.01
1/15/2021	740,000.00	85,812.49	825,812.49	190,000.00	117,225.01	307,225.01
7/15/2021	-	70,087.49	70,087.49	-	113,187.51	113,187.51
1/15/2022	770,000.00	70,087.49	840,087.49	200,000.00	113,187.51	313,187.51
7/15/2022	-	53,724.99	53,724.99	-	108,937.51	108,937.51
1/15/2023	805,000.00	53,724.99	858,724.99	205,000.00	108,937.51	313,937.51
7/15/2023	-	36,618.74	36,618.74	-	104,581.26	104,581.26
1/15/2024	845,000.00	36,618.74	881,618.74	210,000.00	104,581.26	314,581.26
7/15/2024	-	18,662.49	18,662.49	-	100,118.76	100,118.76
1/15/2025	878,235.00	18,662.49	896,897.49	216,765.00	100,118.76	316,883.76
7/15/2025	-	-	-	-	95,512.50	95,512.50
1/15/2026	-	-	-	775,000.00	95,512.50	870,512.50
7/15/2026	-	-	-	-	78,075.00	78,075.00
1/15/2027	-	-	-	810,000.00	78,075.00	888,075.00
7/15/2027	-	-	-	-	59,850.00	59,850.00
1/15/2028	-	-	-	850,000.00	59,850.00	909,850.00
7/15/2028	-	-	-	-	40,725.00	40,725.00
1/15/2029	-	-	-	885,000.00	40,725.00	925,725.00
7/15/2029	-	-	-	-	20,812.50	20,812.50
1/15/2030	-	-	-	925,000.00	20,812.50	945,812.50
Total	9,488,235.00	3,285,337.22	12,773,572.22	6,651,765.00	4,094,462.78	10,746,227.78

Estimated Escrowed Amounts to Pay the Debt Service Allocable to the Board

Payment Date	Current Board Debt Service	Application of Estimated Escrowed Amount	Estimated Interest Earned	Board Debt Service After Applying Escrow⁽¹⁾
7/15/2011	147,093.76		6,136.65	140,957.11
1/15/2012	277,093.76	130,000.00	25,341.18	121,752.58
7/15/2012	144,818.76		25,244.00	119,574.76
1/15/2013	274,818.76	120,000.00	25,244.00	129,574.76
7/15/2013	141,568.76		24,986.00	116,582.76
1/15/2014	286,568.76	130,000.00	24,986.00	131,582.76
7/15/2014	137,943.76		24,394.50	113,549.26
1/15/2015	287,943.76	130,000.00 ⁽²⁾	24,394.50	133,549.26
7/15/2015	134,193.76			58,506.26
1/15/2016	289,193.76	25,000.00		188,506.26
7/15/2016	130,318.76			55,256.26
1/15/2017	290,318.76	20,000.00		195,256.26
7/15/2017	127,318.76			52,631.26
1/15/2018	292,318.76	20,000.00		197,631.26
7/15/2018	124,225.01			49,912.51
1/15/2019	299,225.01	25,000.00		199,912.51
7/15/2019	120,725.01			46,912.51
1/15/2020	295,725.01	20,000.00		201,912.51
7/15/2020	117,225.01			43,812.51
1/15/2021	307,225.01	25,000.00		208,812.51
7/15/2021	113,187.51			40,306.26
1/15/2022	313,187.51	30,000.00		210,306.26
7/15/2022	108,937.51			36,693.76
1/15/2023	313,937.51	25,000.00		216,693.76
7/15/2023	104,581.26			32,868.76
1/15/2024	314,581.26	25,000.00		217,868.76
7/15/2024	100,118.76			28,937.51
1/15/2025	316,883.76	25,000.00		220,702.51
7/15/2025	95,512.50			24,862.50
1/15/2026	870,512.50	570,000.00		229,862.50
7/15/2026	78,075.00			20,250.00
1/15/2027	888,075.00	600,000.00		230,250.00
7/15/2027	59,850.00			15,525.00
1/15/2028	909,850.00	630,000.00		235,525.00
7/15/2028	40,725.00			10,575.00
1/15/2029	925,725.00	655,000.00		240,575.00
7/15/2029	20,812.50			5,400.00
1/15/2030	945,812.50	685,000.00		245,400.00
TOTAL	10,746,227.78	3,890,000.00	180,726.83	4,768,788.45

⁽¹⁾ Assumes escrow used to call bonds maturing on or after 1/15/16 on 1/15/15.

⁽²⁾ SLG maturing on 1/15/15 in the principal amount of \$3,510,000.