

**TOWN OF FREDERICA
RESOLUTION NO. 25-R-01**

A RESOLUTION APPROVING ISSUANCE OF UP TO \$336,000 PRINCIPAL AMOUNT GENERAL OBLIGATION BOND (SUPPLEMENTAL JACKSON STREET SERVICE CONNECTIONS PROJECT), SERIES 2025-DWSRF, TO THE DELAWARE DEPARTMENT OF HEALTH AND SOCIAL SERVICES, DELAWARE DRINKING WATER STATE REVOLVING FUND, AS REGISTERED OWNER, TO FINANCE A DRINKING WATER PROJECT OF THE TOWN OF FREDERICA; SETTING FORTH THE FORM AND DETAILS OF THE BOND; DETERMINING THAT THE BOND WILL BE SOLD BY PRIVATE SALE AND AUTHORIZING EXECUTION OF A FINANCING AGREEMENT WITH RESPECT TO THE BOND; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE TOWN OF FREDERICA; AND AUTHORIZING OTHER NECESSARY ACTION

WHEREAS, The Town of Frederica (the “**Town**”) had previously authorized and borrowed FIVE HUNDRED TWELVE THOUSAND DOLLARS (\$512,000) (the “**2023 Jackson Street Service Connections Project Loan**”) from the Delaware Drinking Water State Revolving Fund (the “**DWSRF**”), acting by and through the Delaware Department of Health and Social Services (“**DHSS**”), to finance the Jackson Street Service Connections Project (as hereinafter defined) and closed on this prior loan with DHSS on August 25, 2023; and

WHEREAS, on August 25, 2023, the Town issued its \$512,000 aggregate principal amount General Obligation Bond (Jackson Street Service Connections Project), Series 2023B-DWSRF (the “**2023B-DWSRF Bond**”) to secure the 2023 Jackson Street Service Connections Project Loan; and

WHEREAS, the Town requested an additional, supplemental loan from DHSS on July 26, 2024 to finance increased costs associated with construction of the Jackson Street Service Connections Project; and

WHEREAS, the Town Council of the Town, pursuant to Section 29, 83 Del. Laws, c. 373, as amended (the “**Charter**”), proposed to the residents and property owners of the Town by a resolution dated November 20, 2024 (the “**First Resolution**”) to borrow up to a combined aggregate principal amount of EIGHT HUNDRED FORTY-EIGHT THOUSAND DOLLARS (\$848,000) of indebtedness, which may be used in order to fund, among other things, capital improvement projects of the Town, including, but not limited to, construction and improvements to the Town’s water projects, such as the Jackson Street Service Connections Project, and the Town properly placed notice of hearing on the First Resolution as required by the Charter; and

WHEREAS, Section 20 (36) of the Charter authorizes the Town to borrow money and issue bonds to secure the payment of such borrowings, provided that in no event shall the

indebtedness of the Town, for any and all purposes, at any one time exceed in the aggregate twenty-five per centum (25%) of the assessed value of all real estate in the Town subject to assessment for the purpose of levying the annual tax; and

WHEREAS, the DWSRF, acting by and through DHSS, has authorized a supplemental loan to the Town from the DWSRF in the following amount on the following terms for the following purpose: a supplemental amount of up to THREE HUNDRED THIRTY-SIX THOUSAND DOLLARS (\$336,000), with principal forgiveness of up to \$336,000 following completion of the Jackson Street Service Connections Project, with repayment for a term equal to twenty (20) years should such Jackson Street Service Connections Project not be completed, with no associated interest rate and administrative fee, for the primary purpose of financing the Jackson Street Service Connections Project; and

WHEREAS, the Town now proposes to issue up to \$336,000 aggregate principal amount General Obligation Bond (Supplemental Jackson Street Service Connections Project), Series 2025-DWSRF (the “**Bond**”) to finance the costs associated with the elimination of old, potentially lead containing, water service connections by replacement with approved new service pipe materials (the “**Jackson Street Service Connections Project**”); and

WHEREAS, the Town Council desires to formalize, ratify and confirm such action by adoption of a formal written resolution.

NOW, THEREFORE, BE IT HEREBY RESOLVED AND DETERMINED by the Town Council of The Town of Frederica, as follows:

Section 1. Authorization of the Incurrence of Indebtedness as Permitted by the Charter. The Town Council shall borrow the sum of money of up to THREE HUNDRED THIRTY-SIX THOUSAND DOLLARS (\$336,000) by the issuance of the Bond. The Bond, together with all other outstanding indebtedness of the Town, does not exceed in the aggregate twenty-five per centum (25%) of the assessed value of all real estate in the Town subject to assessment for the purpose of levying the annual tax.

There is no interest and administrative fee on the Bond or the 2023B-DWSRF Bond.

The Bond has a principal forgiveness component of up to its principal balance advanced, not to exceed its aggregate principal amount. Should the Jackson Street Service Connections Project being financed by the loan from DHSS not be completed, the amount advanced under the loan shall be paid over a term equal to twenty (20) years.

Section 2. Authorization of Issuance of the Bond. The Town shall issue, pursuant to the Charter, the First Resolution and this Resolution, up to \$336,000 aggregate principal amount of its General Obligation Bond (Supplemental Jackson Street Service Connections Project), Series 2025-DWSRF to provide funds for the Jackson Street Service Connections Project.

Section 3. Form and Terms of the Bond. The Bond shall be in a form deemed necessary and appropriate by the Mayor, Town Manager and/or Town Council and as allowed or required by this Resolution. Such form of the Bond shall contain confirmation of no interest rate

and administrative fee, dates for payment of principal and final maturity, should repayment become necessary due to a failure to complete the Jackson Street Service Connections Project outlined herein, and any other terms of the Bond. The Bond will be issued for a term not to exceed twenty (20) years should repayment become necessary. The Bond shall be signed by the manual or facsimile signature of the Mayor and attested by the Secretary, or his designee, of Town Council. The official corporate seal of the Town or a facsimile thereof shall be imprinted or impressed upon the Bond.

Section 4. Sale of the Bond. The Bond shall be sold at a private sale to DHSS pursuant to the terms of the Bond and the Financing Agreement (as hereinafter defined), which shall be entered into by the Town for the Bond.

Section 5. Covenant to Pay Principal (If Necessary) - Pledge of Full Faith, Credit and Taxing Power. Pursuant to this Resolution, the Town hereby covenants with DHSS, as registered owner for the Bond, as follows: (i) if the principal of the Bond becomes payable as a result of noncompletion of the Jackson Street Service Connections Project funded with the loan from DHSS, that the Town will include in its budget for each fiscal year during the life of the Bond the amount of the principal on such Bond issued hereunder which will be payable in each such fiscal year so long as the Bond shall remain outstanding; (ii) if the principal of the Bond become payable as a result of noncompletion of the Jackson Street Service Connections Project funded with the loan from DHSS, that the Town shall appropriate such amounts from its general revenues to the payment of such debt service; (iii) if the principal of the Bond become payable as a result of noncompletion of the Jackson Street Service Connections Project funded with the loan from DHSS, that the Town shall duly and punctually pay or cause to be paid the principal of the Bond; and (iv) for such budgeting, appropriation and payment, as and if needed, the Town hereby pledges its full faith, credit and taxing power. The covenant contained in this Section 5 shall be specifically enforceable.

Section 6. Authorization of the Financing Agreement for the Bond. The Mayor and the Secretary, or his designee, of Town Council are hereby authorized to execute and deliver a Financing Agreement by and between the Town and the Department (the “**Financing Agreement**”) setting forth the terms of the loan and the Town’s obligation to repay the loan, should repayment become necessary due to noncompletion of the Jackson Street Service Connections Project funded with the loan from DHSS, which will be evidenced by the execution of the Financing Agreement and delivery of such Bond.

Section 7. Further Action. The proper officers of the Town are hereby authorized and directed to take all such action, execute, deliver, file and/or record all such documents, publish all notices and otherwise comply with the provisions of this Resolution and the Charter in the name and on behalf of the Town.

Section 8. Charter Applicable to the Bond. This Resolution is adopted pursuant to, and the Bond issued hereunder shall be subject to, the provisions of the Charter and all of the mandatory provisions thereof shall apply hereunder whether or not explicitly stated herein.

Section 9. Contract with Bondholder. This Resolution constitutes a contract with DHSS as registered owner of the Bond and shall be enforceable in accordance with the provisions of the laws of the State of Delaware.

Section 10. Severability. In case any one or more of the provisions contained in this Resolution or in the Bond issued pursuant hereto shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Resolution or of said Bond and this Resolution or said Bond shall be construed and enforced as if such invalid, illegal or unenforceable provisions had never been contained therein.

Section 11. Repealer. All Resolutions and parts of Resolutions heretofore adopted to the extent that the same are inconsistent herewith are hereby repealed.

Section 12. Effective Date. This Resolution shall take effect on the date this Resolution is adopted by the Town Council.

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ADOPTED AND RESOLVED this 5th day of February, 2025.

(TOWN SEAL)

William C. Glanden

William C. Glanden
Mayor

Attest:

Alexander Donovan

Alex Donovan
Town Council Secretary

CERTIFICATE OF SECRETARY

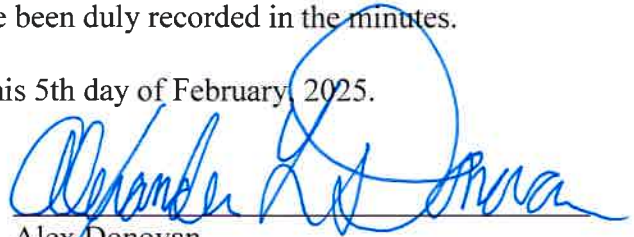
The undersigned, Secretary of the Town Council of The Town of Frederica, HEREBY CERTIFIES that:

The foregoing Resolution authorizing the issuance of up to \$336,000 aggregate principal amount General Obligation Bond (Supplemental Jackson Street Service Connections Project), Series 2025-DWSRF of the Town duly moved and seconded and adopted by a majority vote of the Town Council of said Town at a duly called and convened public meeting of said Council held on February 5, 2025; and that the roll of the Town Council was called and such members voted or were absent as follows:

<u>Name</u>	<u>Vote</u>
William C. Glanden, Mayor	Yes
Alex Donovan , Town Council Secretary	Yes
Ricky Maddox	Yes
Bret Carpenter	Yes

and that such Resolution and the votes thereon have been duly recorded in the minutes.

WITNESS my hand and seal of the Town this 5th day of February, 2025.



Alex Donovan
Town Council Secretary