

MILFORD CITY COUNCIL
MINUTES OF MEETING
October 17, 2011

A Meeting of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers at Milford City Hall on Monday, October 17, 2011.

PRESIDING: Vice Mayor Katrina Wilson

IN ATTENDANCE: Councilpersons Garrett Grier III, S. Allen Pikus, Dirk Gleysteen, Owen Brooks, Jr., Douglas Morrow and James Starling, Sr.

ALSO: City Manager David Baird and City Clerk/Recorder Terri Hudson

Called to Order

Mayor Rogers called the Council Meeting to order at 8:04 p.m.

Adoption of Ordinance 2011-27

Mr. Pikus questioned the subsection which requires absentee ballots to be received by the election board before the closing of the polls on election day. He noted that election day is on Saturday and city hall is not open to receive the ballots.

The city clerk explained the section coincides with state law which permits absentee ballots to be returned the day of the election (before the polls close). Under this scenario, the ballots must be received by the election board because city hall is closed. She explained that city staff does check the mail and post office to ensure they have received any ballots that may have been mailed. In addition, ballots can be turned in at the election site before the close of the election.

When the municipal election law was signed into law in 2006, it superseded any absentee voting ordinances relating to general elections. However, an ordinance can be established with different standards for special elections (permitted by state law).

Mr. Baird explained because the timeline established under state law is not appropriate for special elections, referendum and annexations, an amendment was needed to allow for absentee voting in a shorter time frame.

Mr. Brooks moved for adoption of Ordinance 2011-27, seconded by Mr. Morrow:

AN ORDINANCE TO AMEND Chapter 21 Election of the Code of the City of Milford by deleting and repealing Article I, Absentee Voting in Municipal Elections and replacing it with a new Article I, to be entitled Absentee Voting-Referenda and Annexation Elections.

WHEREAS, Signed into law on June 30, 2006, Title 15, Chapter 75 of the Delaware Code governs municipal elections in the State of Delaware; and

WHEREAS, Title 15, Chapter 75 of the Delaware Code provides rules for absentee voting for General Elections in municipalities within the State of Delaware; and

WHEREAS, Title 15, Chapter 75 of the Delaware Code states that Subchapter IV and Subchapter V shall not apply to referenda or annexation elections; and

WHEREAS, the Charter of the City of Milford provides rules of procedure, including specific timelines, for referenda and annexation elections; and

WHEREAS, there is a need to complete the absentee election process in a referenda and annexation election in a more timely manner in comparison to a general election; and

NOW, THEREFORE, THE CITY OF MILFORD HEREBY ORDAINS:

Section 1. Chapter 21 of the Code of the City of Milford is hereby amended by deleting and repealing Article I (Absentee Voting) in its entirety.

Section 2. Chapter 21 of the Code of the City of Milford is hereby amended by adding thereto a new chapter, to replace Article I, hereinabove repealed, to be Article I, entitled Absentee Voting-Referenda and Annexation Elections, to read as follows:

21-1. Absentee voting in referenda and annexation elections will be in accordance with 15 Del. C. 75 with the following exceptions:

A. Availability and return of affidavits; Availability of absentee ballots; Requests for absentee ballots.

(1) Affidavits will be made available to absentee voters during business hours at the city clerk's office no sooner than five days following the adoption of the resolution ordering the referenda or annexation election by city council. Completed affidavits must be received by the city clerk's office no later than noon two days preceding the referenda or annexation election.

(2) Official absentee ballots will be made available to absentee voters during business hours at the city clerk's office no sooner than five days after the resolution ordering the referenda or annexation election is adopted by city council and will end at the close of business two days preceding the referenda or annexation election.

B. Distribution of ballots, envelopes, and instructions.

(1) Not less than five days prior to a referenda or annexation election, and within five days after the absentee ballots, envelopes, and instructions therefore become available, the municipality shall mail, to each elector who requests and qualifies for an absentee ballot.

C. Delivery of absentee ballots.

(1) In order for an absentee ballot to be counted, it must be received by the election board before the closing of the polls on election day.

Section 3. Dates

Adoption Date: 10/17/11

Effective Date: 10/27/11

Motion carried by unanimous roll call vote.

Adjourn

With no further business, Mr. Brooks moved to adjourn the Public Hearing, seconded by Mr. Morrow. Motion carried and Public Hearing adjourned at 8:09 p.m.

Respectfully submitted,



Terri K. Hudson, CMC
City Clerk/Recorder

*MILFORD CITY COUNCIL
MINUTES OF MEETING
October 17, 2011*

The Milford City Council held a Public Hearing on Monday, October 17, 2011 in the Joseph Ronnie Rogers Council Chambers at Milford City Hall, 201 South Walnut Street, Milford, Delaware on the matter of:

City Council has been advised that up to \$4,000,000 is required to finance or reimburse the City of Milford for certain improvements to the city's drinking water facilities including, but not limited to, demolition and reconstruction of the Washington Street Water Plant and Office Building, and certain costs affiliated with the loan. Council is proposing to the electors of the city that an amount of money not exceeding \$4,000,000 be borrowed to pay the costs of the improvements and to pay the costs associated with the financing. The borrowing is expected to be accomplished through an SRF package offered by the Office of Drinking Water that includes a 35% principal forgiveness leaving a \$2.6 million loan at a rate of 1% through a 20-year loan.

PRESIDING: Vice Mayor Katrina Wilson

IN ATTENDANCE: Councilpersons Garrett Grier III, S. Allen Pikus, Dirk Gleysteen,
Owen Brooks, Jr., Douglas Morrow and James Starling, Sr.

ALSO: City Manager David Baird and City Clerk/Recorder Terri Hudson

Call to Order

Vice Mayor Wilson called the Public Hearing to order at 7:03 p.m.

Presentation-Washington Street Water Treatment Facility Replacement Project

Erik Retzlaff of Davis, Bowen and Friedel, Incorporated (DBF) advised that DBF is the consulting firm to the city and the public works department. He then presented a PowerPoint regarding the Washington Street Water Treatment Facility Project. He explained that they are working with the public works staff to identify the scope of this project and found a need to replace the current facility. They had gone to a couple different agencies to secure funding for the project and are here tonight to explain what was found. They hope to move the matter to a special election in order to move forward with the project.

He reported the purpose of the project is to replace an existing outdated water treatment facility on Washington Street south of the river. The facility has outlived its useful life and has some serious structural issues. The plant still functions though there are some difficulties and they do not believe it will last another decade.

One improvement is a new production well which will replace a well that failed two or three years ago. Some additional systemwide improvements would then fall in line with the upgrades to the new facility.

Mr. Retzlaff confirmed there are three wells at this site. One is in the front of the parcel; the other two are located at the tower. He then referenced the front office building where the Chamber of Commerce and Downtown Milford are located. According to Mr. Retzlaff, the old police department is the two-story building behind it. The buildings are actually separate with a wall that connects the two.

He noted the location of the two pumps which pull from the clear well and is basically an underground storage reservoir. The top is about four or five feet above the ground.

Also referenced was the beige tin building with an air stripping tower. The water cascades down while forced air passes flow to the water, stripping volatile compounds from the water. It provides added security to the city's water system which the production facilities can and cannot do.

Mr. Retzlaff then noted the large storage building in the rear of the property. He explained there is no drainage and during a heavy rain the water drains from the Salvation Army site and comes through the building.

Mr. Retzlaff stated they are unable to determine the exact age of the site. Back in the 1930's, the boilers were located at this site for the electrical generation plant. Coal was dropped off the side of the barges at the river which is how electrical power was supplied. The electrical plant was abandoned in the 1950's. Some time after that, it became the police department/city jail. After their new facility was built on Northeast Front Street in 1980, it was converted to a water treatment facility.

Because it was actually designed for something else, it has been retrofitted for multiple uses which adds to its inefficiency.

Mr. Retzlaff noted the actual area still being used and the room where the chlorine gas is stored that is used to disinfect the water. He emphasized the safety concerns should the building continue to be used.

Inside the facility, the piping works but because of the condition of the building, it is difficult to find someone to work there. The space for the piping is only about a four-foot tall and contains a network of piping. Because nothing was torn out when it was converted from the electric power station to the water treatment plant, there is a maze of piping.

Over the years, they added a one to two-inch-thick parging on the outside of the reservoir to spruce up the appearance though it has fallen off over time.

He noted a six-foot long crack that was just repaired that is the full length of the clearout that was leaking water out of the reservoir. The treatment facility contains similar cracks. The whole gable and walls of the storage building are freestanding and not tied into the rest of the building.

He emphasized there are some serious structural issues that need to be addressed if the facility continues to be used.

The Washington Street facility is the only source of potable water in the middle of town. Mr. Retzlaff explained that everything else is out on the perimeters of the city. He said that when you supply everything from the outside in, your disinfection levels are stronger on the outside and lower on the inside which is the opposite of how it should work in relation to the highest usage.

It is the main source of water for the downtown area other than the large industrial users. If it is abandoned, the ability to take other facilities down for maintenance will be difficult.

It was then confirmed the pump in the front of this site will remain. Mr. Retzlaff said it is one of the oldest and best producing wells. As part of the improvements, the main from the well will be replaced back to the plant. They also propose a replacement well on the same site though it will go behind the building. It will need a similar pier to raise the well above the floodplain.

When asked their depth, Mr. Retzlaff said the two wells at the tower are 200 and 300 feet; the one at the river is approximately 200 feet.

Mr. Retzlaff said the first task will be to demolish the existing structures. He said that considering the amount of money the city has invested in the Riverwalk, they felt this was a good way to clean up an unattractive area on the river.

Mr. Pikus asked how much shut-off time will be involved with the wells. Mr. Retzlaff said the entire facility will be shut down for at least a year; Mr. Pikus asked what the impact will be on the water system.

Mr. Retzlaff said they hope there are no failures at the other facilities during that time. Should that occur, he believes we can still get by. The system is designed for peak months during the summer. The demand then typically falls off from that point. They just redeveloped the Seabury well and are receiving a much higher yield than originally thought. Taking this facility off line should not be an issue. If the project on the southeast end of town moves forward, that will also help. Unless something catastrophic occurs, he does not believe there will be a problem.

Mr. Baird noted that over time, the city has been making investments to increase our capacity. He recalled that two wells were added at the Kenton property on Route 14 and another well added at Seabury. In addition, we have improved our capacity at the Woodshaven facility.

Mr. Gleysteen asked the expected life of the new facility. Mr. Retzlaff explained the new facility will be much simpler with fewer buildings. He said everything will be together with the ability to include some additional treatment. Some additional structures may be needed though the plan is to make it smaller but upgradable by adding fittings for the piping to allow integration as regulations change over time.

Mr. Retzlaff said one of the larger components of the project will be the systemwide control upgrades which will allow more efficiency.

The city manager then reported it will have a 30 to 40-year lifespan if nothing else were to change. He said it will have the ability to upgrade the facility in the near future. Therefore, we will not be regulated out of this facility over time and can make upgrades over time to meet efficiency or regulatory requirements.

Mr. Retzlaff feels that with the proper upkeep and maintenance, it will get us 40 years though he expects it will be longer.

It was confirmed the facility has no maintenance agreement and our staff oversees the facility. Mr. Baird stated that our operators control the facilities who are familiar with the distribution and treatment facilities as well as the well facilities. He noted that we do contract some work out but it is ultimately the operator's responsibility who are employees of the city.

When asked about certification for our operators, Mr. Baird said there are requirements such as a sanitary survey which is a lengthy process that involves basic health issues and operational efficiencies or deficiencies. He explained it can be done through a third party or through the state, but we are also able to do a self check.

Mr. Brooks emphasized the importance of regular, routine maintenance.

Mr. Retzlaff stated that once the structures are demolished, a smaller treatment facility will be built. An administrative building is also proposed which will house the billing department who provide services that assist the water system. The failed well will be replaced at the tower and placed behind the treatment plant near the riverwalk in the open space by the basketball courts.

The actual mains will be replaced and upgrades will be made to the instrumentation and data acquisition at all the facilities. Currently we have a SCADA system, included in the project, which is an alarming system that monitors and controls the system. That information is used by the public works staff to diagnose problems throughout the system.

He then presented a rendering of the proposed facility noting the location of the new administration building and parking areas.

Mr. Gleysteen questioned if the \$4 million price tag came from the preliminary engineering study; Mr. Retzlaff said DBF had done cost estimates which have migrated over time. It was based off construction numbers from recent projects.

Mr. Gleysteen asked if there are additional operating efficiencies that could be gained by spending more money; Mr. Retzlaff said the facility, equipment and instrumentation will be state of the art. The data will be collected and sent to the central hubs where all utility data will be collected. Any sewer and electric upgrades are required to be paid through another funding source. He explained that any non-water related upgrades cannot be included in this project.

Mr. Retzlaff added that these improvements will go a long way toward that, but a line will need to be drawn at some point. This system can be used to remotely turn pumps on and off and control valves. In his experience, operators are needed to manually ensure things are working correctly on site. He emphasized that data acquisition is a better use of the system.

Mr. Gleysteen questioned Mr. Retzlaff statement regarding the implementation with other utilities; Mr. Retzlaff stated the improvements will make the water system operate better. The sewer and electric system upgrades will need to be part of a different project.

Mr. Pikus then asked if \$4 million is enough; Mr. Retzlaff said that is enough to do this project which is what they are concentrating on.

Mr. Pikus noted there are upgrades needed in the building that include electric work. He feels that in order to do this right, the entire operation should be addressed. He asked if we should ask for more money to address everything Mr. Retzlaff feels is needed, provided we can make the paybacks.

Mr. Brooks pointed out we have the reserves if we need another half million dollars. He believes that a \$5 or \$6 million referendum may be more difficult to sell.

Heather Warren then introduced herself as the Administrator of the Drinking Water State Revolving Fund who is funding this project. She advised she worked with DBF on the financing package being offered. She said the project originally started at \$2.7 million and was expanded which takes it to its current price tag of \$4 million. Mr. Pikus asked Ms. Warren if additional funds are available to the city.

She stated that any improvements in this project must be specifically related to water. She said she is somewhat concerned and needs to clarify that their office is unable to fund electrical or any other improvements. The city is able to expand the scope, but everything must be water related. She said the funding comes through the EPA who is very specific about what they can and cannot spend money on. Anything that will improve the wastewater system must be funded through wastewater funds; the same applies to the electrical funding.

She said her other concern is that any new technology being funded must last the life of the loan. For example, it must be a twenty-year improvement on technology. Ms. Warren said that the unfortunate thing about technology is that next year there is something new, better and different. She explained that if this involves additional valves, piping, a treatment system or expansion of the water plant to their regulations, that would be eligible. She said what has been discussed is a gray area in her opinion.

Mr. Pikus asked about the resolution which states 2% but could be 1%. Ms. Warren feels that 1% is basically guaranteed.

Mr. Baird advised that the offer from the Office of Drinking Water is for a loan of \$4 million at an interest rate of 1%, with principal forgiveness of 35% and the 1% origination fee waived. The term is twenty years. He said it was addressed in the resolution because we did not have the binding letter of commitment. Without the commitment letter from the state, our bond counsel felt it was better to have a little leeway. However, it is clear the intent is a 1% interest rate.

Ms. Warren clarified the loan application was submitted to the EPA and that there was no problem. At this stage, it depends on the city moving forward with the referendum and accepting those terms. Should that occur, they plan to close the loan in the first quarter of 2012.

Mr. Brooks verified tonight's public hearing was advertised; Mr. Baird stated yes.

Ms. Warren said if Milford chooses to expand the scope or budget in accordance of what they are permitted to do, the rates would remain at 1%.

Mr. Retzlaff then referenced Mr. Gleysteen's question and said that in working with the public work's department, they scoped the project and are taking advantage of as much technology as possible. There is nothing they are not doing and nothing was left out.

Mr. Gleysteen confirmed the control room will be in the new treatment building. He then asked if the operations will be integrated, will there be adequate space; Mr. Retzlaff explained that all the controls will be here. Any future upgrades will need to be done through the telemetry that talks with the different sites. If it were to occur at this site, it would not

take up a significant amount of space and instead could be mounted on the wall. The wiring would come through the wall with a central computer screen set up.

Mr. Baird said that ultimately, the operators would be able to view and operate this from the Public Works facility.

Mr. Retzlaff then reported that the budget included \$3,363,500 for construction (with a 15% contingency); legal, administrative, design, permitting, construction administration and inspection fees are estimated at \$636,500. The total project is \$4 million.

He advised that several funding options were considered.

The city manager then explained that the project was originally funded with assistance from the USDA. The USDA commitment was for a 40-year loan at a 2.65% interest rate. The annual debt service was calculated at \$161,823.00 bringing the total project cost to \$6,472,900.

Though this was a good rate, the Office of Drinking Water was contacted about utilizing the SRF (State Revolving Fund) Program. The city was then offered a funding package that included 35% principal forgiveness (\$1,400,000), a \$2.6 million loan at a rate of 1% for a 5 or 20-year term.

Also considered was using \$4,000,000 of the city water reserve funds.

The second option considered was a short term loan (5-year term) DWSRF loan with a total project cost of \$4,000,000. Total borrowing would be \$2,600,000 with total principal forgiveness of \$1,400,000 leaving an annual debt service \$532,200 for a total project cost of \$2,661,000.

Mr. Baird explained this is our fallback if the referendum is not successful. He emphasized the 20-year option is a better utilization of city dollars and allows us to better manage the city's cash flow and reserve funds.

Of the \$4,000,000 project, the total borrowing is \$2,600,000 with the principal forgiveness of \$1,400,000. This leaves an annual debt service of \$143,163 bringing the total project cost to \$2,863,260.

He pointed out there is a savings of \$3,600,000 over the life of the loan when comparing the USDA loan to the SRF loan. With the recommended funding package, the city is able to pay the additional anticipated debt service of \$143,163 without increasing user rates. He explained that currently we have \$101,000 in our annual water budget for debt service. That takes up the majority with a shortfall of approximately \$42,000 which would be paid through our reserve funds each year. Over the twenty years, we would be spending \$840,000 from that account.

In the meantime, we hope our flows and user revenues will increase and offset what is needed from those reserves.

He then presented the project timeline:

Funding Available	October 2011
Design and Permitting Completion	June 2012
Contract Award	August 2012
Construction Begins	September 2012
Construction Completed	December 2013
Operations Begin	January 2014

He said if the referendum is successful, DBF will begin the design and permitting portion which will take approximately six months.

Mr. Gleysteen asked if there is any funding the city would eligible for through the Rural Water Association Mr. Baird is involved in. Mr. Baird said not directly though the organization supports legislative funding at the federal level for the SRF and USDA programs.

When asked if they are more of a lobbying organization, Mr. Baird said that is part of what they do though they also provide training and technical assistance for operators and utility managers for small systems throughout the country.

Ms. Wilson then opened the floor for public comment. No one responded. The public hearing was then closed.

Adoption of Resolution 2011-12

Mr. Starling moved to adopt Resolution 2011-12, seconded by Mr. Pikus:

RESOLUTION GIVING FINAL APPROVAL FOR THE ISSUANCE OF UP TO \$4,000,000 MAXIMUM PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS OF THE CITY OF MILFORD TO FINANCE OR RE-FINANCE CERTAIN IMPROVEMENTS TO THE CITY'S DRINKING WATER FACILITIES

WHEREAS, the City of Milford (the "City"), a municipal corporation of the State of Delaware, pursuant to Chapter 148, Volume 72, Laws of Delaware (as amended, the "City Charter") proposes to borrow up to \$4,000,000 maximum principal amount and issue its general obligation bonds (the "Bonds") in order to finance or re-finance (i) certain improvements to the City's drinking water facilities including, but not limited to, demolition and reconstruction of the Washington Street Water Plant and Office Building and (ii) certain costs of issuance of the Bonds (the "Project");

WHEREAS, the City has received a preliminary commitment from the Delaware Drinking Water State Revolving Fund, acting by and through Delaware Health and Social Services, Division of Public Health ("Drinking Water") to loan the City \$4,000,000 for the Project;

WHEREAS, the City of Milford City Council ("City Council") adopted a resolution on October 10, 2011 (the "Initial Resolution") indicating its intent to go forward with the borrowing for the Project;

WHEREAS, to authorize the borrowing of up to \$4,000,000 through the issuance of general obligation bonds for the Project and in order to comply with Section 8 of the City Charter, the City Council held a public hearing on October 17, 2011 at 7:00 p.m. at City Hall located at 201 South Walnut Street, Milford, DE; and

WHEREAS, having conducted the public hearing after published and posted notice, as required and in accordance with the City Charter, the City Council hereby determines to give its final approval to proceed with the borrowing.

NOW, THEREFORE, THE MILFORD CITY COUNCIL RESOLVES, as follows:

Section 1. Pursuant to Section 8 of the City Charter, City Council hereby gives its final approval to borrow an amount of money, not to exceed \$4,000,000 to fund the Project.

Section 2. Pursuant to Section 8 of the City Charter:

Amount of Borrowing for the Project: Not to exceed \$4,000,000.

Stated Municipal Purpose: To provide funds to finance or re-finance the Project described herein.

Manner of Securing the Bonds: Full faith and credit of the City shall be pledged to secure up to \$4,000,000 of bonds for the Project.

Other Facts Deemed Pertinent by the City and in the Possession at the Time of this Resolution: The loan will be used by the City to finance or reimburse the City for (i) certain improvements to the City's drinking water facilities including, but not limited to, demolition and reconstruction of the Washington Street Water Plant and Office Building; and (ii) certain costs of issuance of the Bonds (the "Project").

It is anticipated that during construction of the Project, accrued interest on loan disbursements will be due and payable in semi-annual payments; it is also anticipated that full amortization of principal and interest shall begin on the date which is the earlier of (i) one year from the date of loan closing or (ii) upon the Project completion date. Interest will be payable over a twenty (20) year term at a rate of up to two percent (2%) per annum although it is anticipated that it will be one percent (1%) per annum pursuant to the preliminary commitment letter from Drinking Water. In addition, at a minimum, 30% of the principal of the loan shall be forgiven although pursuant to the preliminary commitment letter it is anticipated that 35% of the principal of the loan shall be forgiven upon the Project completion date.

Section 3. *The City hereby finds that the Project constitutes a proper municipal purpose under Section 8 of the City Charter.*

I, THE UNDERSIGNED, City Clerk of the City of Milford, do hereby certify that the above Resolution was passed at a special meeting of the City Council, duly called and convened, held on the 17th day of October, 2011, at which a quorum was present and voting throughout and that same is still in full force and effect.

CITY OF MILFORD, DELAWARE

*s/Teresa K. Hudson
City Clerk for the City of Milford*

Mr. Grier votes yes noting the 35% principal forgiveness and 1% interest rate cannot be beaten.

Mr. Pikus echoes Mr. Grier's comments and votes yes.

Mr. Gleysteen votes yes for the same reasons.

The remaining council members voted yes.

Motion carried by unanimous roll call vote.

Adoption of Resolution 2011-13

Mr. Pikus moved to adopt Resolution 2011-13, seconded by Mr. Grier:

RESOLUTION ESTABLISHING THE TIME AND PLACE FOR A SPECIAL ELECTION TO CONSIDER THE ISSUANCE OF UP TO \$4,000,000 MAXIMUM PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS OF THE CITY OF MILFORD TO FINANCE OR RE-FINANCE CERTAIN IMPROVEMENTS TO THE CITY'S DRINKING WATER FACILITIES

WHEREAS, the City of Milford (the "City"), a municipal corporation of the State of Delaware, pursuant to Chapter 148, Volume 72, Laws of Delaware (as amended, the "City Charter") proposes to borrow up to \$4,000,000 maximum principal amount and issue its general obligation bonds (the "Bonds") in order to finance or re-finance (i) certain improvements to the City's drinking water facilities including, but not limited to, demolition and reconstruction of the Washington Street Water Plant and Office Building and (ii) certain costs of issuance of the Bonds (the "Project");

WHEREAS, the City has received a preliminary commitment from the Delaware Drinking Water State Revolving Fund, acting by and through Delaware Health and Social Services, Division of Public Health ("Drinking Water") to loan the City \$4,000,000 for the Project;

WHEREAS, the City of Milford City Council ("City Council") adopted a resolution on October 10, 2011 (the "Initial Resolution") indicating its intent to go forward with the borrowing for the Project;

WHEREAS, to authorize the borrowing of up to \$4,000,000 through the issuance of general obligation bonds for the Project and in order to comply with Section 8 of the City Charter, the City Council held a public hearing on October 17, 2011 at 7:00 p.m. at City Hall located at 201 South Walnut Street, Milford, DE; and

WHEREAS, having conducted the public hearing after published and posted notice, as required and in accordance with the City Charter, the City Council adopted a resolution authorizing the loan from Drinking Water and now City Council wishes to order a special election (the "Special Election") for the purpose of voting for or against the borrowing.

NOW, THEREFORE, THE MILFORD CITY COUNCIL RESOLVES, as follows:

Section 1. Pursuant to Section 8 of the City Charter, City Council hereby gives notice that the City has given final approval to borrow an amount of money, not to exceed \$4,000,000 to fund the Project.

Section 2. Pursuant to Section 8 of the City Charter:

Amount of Borrowing for the Project: Not to exceed \$4,000,000.

Stated Municipal Purpose: To provide funds to finance or re-finance the Project described herein.

Manner of Securing the Bonds: Full faith and credit of the City shall be pledged to secure up to \$4,000,000 of bonds for the Project.

Other Facts Deemed Pertinent by the City and in the Possession at the Time of this Resolution: The loan will be used by the City to finance or reimburse the City for (i) certain improvements to the City's drinking water facilities including, but not limited to, demolition and reconstruction of the Washington Street Water Plant and Office Building; and (ii) certain costs of issuance of the Bonds (the "Project")

It is anticipated that during construction of the Project, accrued interest on loan disbursements will be due and payable in semi-annual payments; it is also anticipated that full amortization of principal and interest shall begin on the date which is the earlier of (i) one year from the date of loan closing or (ii) upon the Project completion date. Interest will be payable over a twenty (20) year term at a rate of up to two percent (2%) per annum although it is anticipated that it will be one percent (1%) per annum pursuant to the preliminary commitment letter from Drinking Water.

In addition, at a minimum, 30% of the principal of the loan shall be forgiven although pursuant to the preliminary commitment letter it is anticipated that 35% of the principal of the loan shall be forgiven upon the Project completion date.

Section 3. The City hereby finds that the Project constitutes a proper municipal purpose under Section 8 of the City Charter.

Section 4. The City Council hereby orders that a Special Election on the borrowing described herein be held on November 19, 2011, from Noon to 8:00 p.m. at the City Hall located at 201 South Walnut Street, Milford, Delaware and hereby directs that notice of such Special Election be published and posted as required by the City Charter.

Section 5. The Special Election Board shall consist of the following: Tamela Mallamo, Joanne Leuthauser and Phyllis Fox (the "Election Board").

Section 6. At the Special Election every person who would be entitled to vote at an annual election if held on that date shall be entitled to vote.

Section 7. After the Special Election, the Election Board shall count the number of votes for and against the borrowing and announce the results thereof and prepare and deliver a certificate regarding the results of the Special Election to City Council.

I, THE UNDERSIGNED, Teresa K. Hudson, City Clerk of the City of Milford, do hereby certify that the above Resolution was passed at a special meeting of the City Council, duly called and convened, held on the 17th day of October, 2011, at which a quorum was present and voting throughout and that same is still in full force and effect.

CITY OF MILFORD, DELAWARE

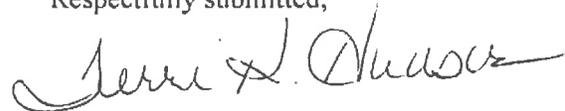
*s/Teresa K. Hudson
City Clerk for the City of Milford*

Motion carried by unanimous roll call vote.

Adjourn

With no further business, Vice Mayor Wilson adjourned the Public hearing at 8:04 p.m.

Respectfully submitted,



Terri K. Hudson, CMC
City Clerk/Recorder