



TOWN OF DEWEY BEACH

www.townofdeweybeach.com

105 Rodney Avenue
Dewey Beach, DE 19971
302-227-6363 (Voice or TDD)
302-227-8319 (Fax)

To: Town Commissioners

From: Mr. Scott Koenig, P.E.
Town Manager

Date: January 15, 2019

As a follow up to the January 12, 2019 discussion regarding the Bayard Avenue Loan, I am requesting that the Town Commissioners consider approving the early pay-off of the Bayard Avenue Loan. Attached for your consideration is a pay off worksheet provided by DNREC – Environmental Finance which calculates the payoff amount of \$152,658.57 for the referenced loan provided we pay it off on or before 2/01/2019. The current budget has \$26,123.28 of additional funds budgeted for this loan during the current fiscal year. I am requesting permission to move \$126,535.29 from the General Operating Fund balance into the FY-2019 Budget so the loan can be paid off approximately two (2) years and seven (7) months early. The final maturity date of loan/bond is September 1, 2021. Currently, we are paying approximately \$8.42 per day in interest on this loan. Once this loan is paid off, the Town of Dewey Beach will be debt free. If approved by the Town Commissioners, the FY-2019 Operating Budget will be adjusted to reflect the authorization of the expenditure and the moving of funds into the budget.

The following documents are attached for reference purposes:

1. Pay-Off Worksheet from DNREC – Environmental Finance for 02/01/2019
2. Summary of Operating General Funds from Fulton Bank (April 30, 2015 – December 31, 2018)
3. Items from the January 12, 2019 meeting packet.

sdk/SDK

1
1/15/19

Environmental Finance
97 Commerce Way, Suite 106
Dover, DE 19904

PAY OFF WORKSHEET

Borrower Name: Town of Dewey Beach
Loan Number: 12000052
Pay Off Date: 02/01/19

Principal Balance	\$ 151,396.91
+ Interest Balance	\$ 630.83
+ Rate Fee Balance	\$ 630.83
+ Release Fee Amount	\$ 0.00
+ Unpaid Late Charge Amount	\$ 0.00
Pay Off Total	\$ 152,658.57
Per diem interest amount =	\$ 4.21
Per diem rate amount =	\$ 4.21

Please be certain check arrives by the above indicated payoff date.

Mail checks to: Environmental Finance
97 Commerce Way, Suite 106
Dover, DE 19904

Thank you,

Laura K Robbins

#2
1/15/19

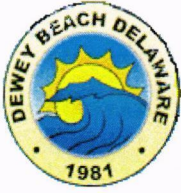
Operating Gen'l Funds - Fulton

FY16	
30-Apr-15	\$401,679.95
31-May-15	\$578,425.89
30-Jun-15	\$463,495.78
31-Jul-15	\$332,447.62
31-Aug-15	\$329,906.68
30-Sep-15	\$315,100.84
31-Oct-15	\$703,891.98
30-Nov-15	\$703,236.06
31-Dec-15	\$649,204.74
31-Jan-16	\$605,521.97
29-Feb-16	\$554,849.61
31-Mar-16	\$645,388.61

FY17	
30-Apr-16	\$676,800.70
31-May-16	\$762,618.66
30-Jun-16	\$510,331.50
31-Jul-16	\$273,916.45
31-Aug-16	\$444,398.00
30-Sep-16	\$604,985.64
31-Oct-16	\$1,056,807.15
30-Nov-16	\$1,044,420.39
31-Dec-16	\$1,003,944.01
31-Jan-17	\$899,747.45
28-Feb-17	\$970,859.45
31-Mar-17	\$801,950.00

FY18	
30-Apr-17	\$955,604.50
31-May-17	\$975,587.79
30-Jun-17	\$1,216,230.89
31-Jul-17	\$1,196,089.50
31-Aug-17	\$1,198,950.19
30-Sep-17	\$1,082,534.59
31-Oct-17	\$1,156,813.37
30-Nov-17	\$1,143,363.18
31-Dec-17	\$1,029,186.87
31-Jan-18	\$963,177.11
28-Feb-18	\$1,231,124.27
31-Mar-18	\$1,169,158.42

FY19	
30-Apr-18	\$1,118,100.05
31-May-18	\$1,167,139.08
30-Jun-18	\$1,067,920.41
31-Jul-18	\$1,011,663.79
31-Aug-18	\$956,280.01
30-Sep-18	\$1,062,666.00
31-Oct-18	\$1,536,580.76
30-Nov-18	\$1,575,509.70
31-Dec-18	\$1,602,522.00



TOWN OF DEWEY BEACH

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105 Rodney Avenue
Dewey Beach, DE 19971
302-227-6363 (Voice or TDD)
302-227-8319 (Fax)

To: Town Commissioners

From: Mr. Scott Koenig, P.E.
Town Manager

A handwritten signature in blue ink, appearing to be "SK", is written over the name of the Town Manager.

Date: January 8, 2019

As Town Manager, I am requesting that the Town Commissioners consider approving the early pay-off of the Bayard Avenue Loan. Attached for your consideration is a pay off worksheet provided by DNREC – Environmental Finance which calculates the payoff amount of \$152,582.87 for the referenced loan provided we pay it off on or before 1/22/2019. The current budget has \$26,123.28 of additional funds budgeted for this loan during the current fiscal year. I am requesting permission to move \$126,459.59 from the General Operating Fund balance into the FY-2019 Budget so the loan can be paid off approximately two (2) years and seven (7) months early. The final maturity date of loan/bond is September 1, 2021. Currently, we are paying approximately \$8.42 per day in interest on this loan. Once this loan is paid off, the Town of Dewey Beach will be debt free. If approved by the Town Commissioners, the FY-2019 Operating Budget will be adjusted to reflect the authorization of the expenditure and the moving of funds into the budget.

The following documents are attached for reference purposes:

1. Pay-Off Worksheet from DNREC – Environmental Finance for 1/22/2019
2. Summary of Operating General Funds from Fulton Bank (February 2018 – November 2018)
3. Copy of the General Obligation Bond (Bayard Avenue Flood Mitigation Project) Series 2011-SRF
4. Financing Agreement – DNREC / Town of Dewey Beach – Loan No. 12000052

sdk/SDK

#1.

Environmental Finance
97 Commerce Way, Suite 106
Dover, DE 19904

PAY OFF WORKSHEET

Borrower Name: Town of Dewey Beach
Loan Number: 12000052
Pay Off Date: 01/22/19

Principal Balance	\$ 151,396.91
+ Interest Balance	\$ 592.98
+ Rate Fee Balance	\$ 592.98
+ Release Fee Amount	\$ 0.00
+ Unpaid Late Charge Amount	\$ 0.00
Pay Off Total	\$ 152,582.87
Per diem interest amount =	\$ 4.21
Per diem rate amount =	\$ 4.21

Please be certain check arrives by the above indicated payoff date.

Mail checks to: Environmental Finance
97 Commerce Way, Suite 106
Dover, DE 19904

Thank you,

Laura K Robbins

Operating Gen'l Funds - Fulton

28-Feb-18	\$1,231,124.27
31-Mar-18	\$1,169,158.42
30-Apr-18	\$1,118,100.05
31-May-18	\$1,167,139.08
30-Jun-18	\$1,067,920.41
31-Jul-18	\$1,011,663.79
31-Aug-18	\$956,280.01
30-Sep-18	\$1,062,666.00
31-Oct-18	\$1,536,580.76
30-Nov-18	\$1,575,509.70

REGISTERED
R-1

\$450,000

UNITED STATES OF AMERICA
STATE OF DELAWARE
THE TOWN OF DEWEY BEACH

GENERAL OBLIGATION BOND
(BAYARD AVENUE FLOOD MITIGATION PROJECT)
SERIES 2011- SRF

Final Maturity Date: September 1, 2021

REGISTERED OWNER: Delaware Water Pollution Control Revolving Fund, acting by and through the Delaware Department of Natural Resources and Environmental Control.

PRINCIPAL AMOUNT: Four Hundred and Fifty Thousand Dollars (\$450,000)

THE TOWN OF DEWEY BEACH, a municipal corporation and political subdivision of the State of Delaware (hereinafter referred to as the "**Borrower**"), for value received hereby acknowledges itself indebted and promises to pay to the DELAWARE WATER POLLUTION CONTROL REVOLVING FUND, or to any other registered owner hereof, the principal sum of FOUR HUNDRED AND FIFTY THOUSAND DOLLARS (\$450,000) or so much thereof as shall actually be advanced to the Borrower by the Delaware Water Pollution Control Revolving Fund, acting by and through the Delaware Department of Natural Resources and Environmental Control (the "**Department**"), pursuant to the Financing Agreement dated September 1, 2011 (the "**Financing Agreement**") between the Borrower and the Department.

The Bond is being issued in order to provide funds to finance all or a portion of (i) the costs associated with the mitigation of flooding along Bayard Avenue, as more fully described in Exhibit A to the Financing Agreement and (ii) the costs of issuing the Bond (collectively, the "**Project**").

The Borrower shall pay to the Department, on the principal amount drawn down and outstanding hereunder from the date(s) drawn, interest at the rate of 1.00% per annum and an administrative fee at the rate of 1.00% per annum (collectively, interest and the administrative fee are referred to herein as "**Fee**"). Such Fee shall accrue starting on the date hereof (the "**Closing**") through the Final Maturity Date or prepayment in full hereof. The Borrower shall pay principal and Fee hereunder initially on March 1, 2012 and semiannually thereafter on each March 1 and September 1 (each, a "**Payment Date**"). The Borrower shall pay only Fee and no principal during the period commencing with the Closing through the earlier of (i) the Payment Date next succeeding the date on which the Project is actually completed and (ii) September 1,

2011¹ (which, as of the Closing, is the date by which the Project is projected to be completed) (the date which is the earlier of (i) and (ii) is herein referred to as the “**Amortization Start Date**”). After the Amortization Start Date, Fee and principal shall be payable on the outstanding principal amounts drawn hereunder semiannually, on each Payment Date, commencing on the Payment Date next succeeding the Amortization Start Date and continuing on each of the next 19 following Payment Dates, in an amount sufficient to amortize all principal drawn with substantially equal semiannual payments of principal and Fee over ten (10) years.

If by September 1, 2012, which is one year from the date of Closing, (i) the Borrower has not drawn down the principal amount of this Bond by more than ten percent (10%) of the Project costs, and (ii) the Department has not received a Notice to Proceed as required by the Financing Agreement, the Department may in its discretion assess a penalty of one percent (1%) of the total principal amount authorized by this Bond (the “**Penalty**”). Such Penalty may be drawn by the Department from the principal amount allocated to this Bond. It is within the Department’s complete discretion whether to impose the Penalty based upon its review of affirmative steps taken by the Borrower to complete the Project and the totality of the circumstances surrounding any such delay in making draws on the principal amount of this Bond.

Notwithstanding the foregoing, all unpaid principal and Fee shall be paid in full no later than September 1, 2021. The Fee hereon shall be calculated on the basis of a 360-day year and paid for the actual number of days elapsed. Both the principal of and Fee on this Bond are payable in lawful money of the United States of America. Principal and Fee on this Bond shall be paid by check or draft mailed or remitted electronically on the payment date to the Registered Owner, as shown on the books and records of the Borrower.

This Bond is authorized and issued pursuant to the Laws of the State of Delaware, including 63 Del. Laws Ch. 59, as amended, and a resolution adopted by the Borrower on June 17, 2011.

At the option of the Borrower and upon providing prior written notice to the Registered Owner hereof, as shown on the books and records of the Borrower, this Bond may be prepaid or redeemed in whole or in part, without penalty, at any time, and any prepayment in part of this Bond shall be applied to all or a portion of the principal installments then outstanding as shall be specified by the Borrower. If all or a portion of this Bond is called for redemption, it or the portion so called will cease to bear Fee on the specified redemption date provided that funds for the payment of the principal amount of the portion of the Bond so called for redemption and the accrued Fee thereon to the redemption date are on deposit at the place of payment on the redemption date.

It is hereby certified and recited that all conditions, acts, and things required by the Constitution, statutes or laws of the State of Delaware to exist, be performed or happen, precedent to or in the issuance of this Bond, do exist, have been performed and have happened,

¹ If the actual completion date of the project is September 1, 2011, the Borrower will forgo the Fee only payment due to the lack of a construction period between closing on September 1, 2011 and the first repayment date.

and that the amount of this Bond, together with all other indebtedness of the Borrower, is within every debt and other limit prescribed by said Constitution, statutes or laws. This Bond is a valid and legally binding general obligation of the Borrower and, unless paid from other sources, the principal and Fee payable hereon will be paid from ad valorem taxes levied upon all real property subject to taxation by the Borrower. The full faith and credit of the Borrower are hereby pledged to the punctual payment of the principal of and Fee on this Bond according to its terms.

This Bond may be transferred by the Registered Owner hereof in person or by its attorney duly authorized in writing. The Borrower may deem and treat the Registered Owner as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and Fee due hereon and for all other purposes.

The provisions of this Bond shall be construed and enforced under the laws of the State of Delaware.

IN WITNESS WHEREOF, the Borrower has caused this Bond to be signed by the Mayor and attested by the Secretary of Town Council, and the official corporate seal of the Borrower to be imprinted or impressed hereon, and this Bond to be dated September 1, 2011.

TOWN OF DEWEY BEACH

(TOWN
SEAL)

Diane Hanson

Diane Hanson
Mayor

Marty Seitz (Marty G. Seitz)

Marty Seitz
Secretary

#4.

FINANCING AGREEMENT

BETWEEN

THE TOWN OF DEWEY BEACH

AND

DELAWARE WATER POLLUTION CONTROL REVOLVING FUND,
ACTING BY AND THROUGH THE
DELAWARE DEPARTMENT OF NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL

Loan No. 12000052

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EXHIBIT A	PROJECT DESCRIPTION
EXHIBIT B	PROJECT BUDGET
EXHIBIT C	FORM OF REQUISITION
EXHIBIT D	SCHEDULE OF DISBURSEMENTS
EXHIBIT E	FORM OF CHANGE ORDER

FINANCING AGREEMENT

THIS FINANCING AGREEMENT (this "Agreement") is made this 1st day of September, 2011, between the DELAWARE WATER POLLUTION CONTROL REVOLVING FUND, acting by and through the DELAWARE DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL, a public agency of The State of Delaware (the "Department") and THE TOWN OF DEWEY BEACH, a municipal corporation and political subdivision of The State of Delaware (the "Borrower" or "Town").

Pursuant to Chapter 80, Title 29 of the Delaware Code Section 8003, as amended (the "Act"), the General Assembly established a permanent and perpetual fund known as the "Delaware Water Pollution Control Revolving Fund" (the "Fund") and empowered the Secretary of the Department of Natural Resources and Environmental Control to administer such Fund. From the Fund, the Department from time to time makes loans to and acquires obligations of local governments in Delaware to finance the costs of wastewater treatment facilities in accordance within the meaning of the Act.

The Borrower requested a loan from the Fund and will evidence its obligation to repay the loan by the signing of this Agreement and by the delivery of its General Obligation Bond (Bayard Avenue Flood Mitigation Project), Series 2011-SRF (the "Bond"). The Borrower will use the Loan Proceeds from the Fund to finance all or a portion of (i) the costs associated with construction related to flood mitigation along Bayard Avenue, as more fully described in Exhibit A (the "Project") and (ii) the costs of issuing the Bond.

ARTICLE I DEFINITIONS

Section 1.1. Definitions. The capitalized terms contained in this Agreement shall have the meanings set forth below unless the context requires otherwise and any capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the Act:

"Agreement" means this Financing Agreement between the Department and the Borrower, together with any amendments or supplements hereto.

"Authorized Representative" means the Mayor, Secretary of Town Council, Town Manager and/or any member, official or employee of the Borrower authorized by resolution, ordinance or other official act of the governing body of the Borrower to perform the act or sign the document in question.

"Business Day" means a day of the year which is not a Saturday or Sunday or a day on which banking institutions located in New York or Delaware are required or authorized to remain closed or on which the New York Stock Exchange is closed.

"Closing Date" means the date this Agreement is executed and delivered by the Borrower and the Department.

"Commitment Letter" shall mean the commitment letter from the Department to the Borrower dated July 13, 2011, revising the commitment letter from the Department dated January 21, 2011, and all extensions and amendments thereto.

"Consultant" means any person(s) and/or firm of independent consultants of recognized standing and experience in the field of municipal finance and/or other needed field to meet the requirements of this Agreement for the Borrower. Such person(s) and/or firm shall be subject to the reasonable approval of the Department.

"Consulting Engineer" means any firm of independent consulting engineers of recognized standing and experienced in the field of environmental engineering and registered to do business in Delaware. Any such other firm shall be subject to the reasonable approval of the Department.

"Department" means the Department of Natural Resources and Environmental Control.

"Development Zone" means the areas designated on the map for Sussex County, Delaware in the State Policies as "Developing Areas", "Secondary Developing Area", and "Community" and any additional areas designed as "Developing Area", "Secondary Developing Area", or "Community" in subsequent amendments.

"Event of Default" shall have the meaning set forth in Section 9.1.

"Fiscal Year" means the period of twelve months established by the Borrower as its annual accounting period.

"Loan Proceeds" means the funds applied to make the loan to the Borrower pursuant to this Agreement.

"Notice to Proceed" means a written notice given by the Borrower and signed by an Authorized Representative issued to each construction contractor fixing the date on which construction, equipping, acquisition, expansion or renovation of the Project as described in Exhibit A will commence, a copy of which must be furnished to the Department by the Borrower within one year of the Closing Date.

"Penalty" shall have the meaning set forth in Section 3.3.

"Project" means, collectively, the various improvements and upgrades to the System of the Borrower, as more fully described in Exhibit A, the costs of the construction, acquisition or equipping of which are to be financed in whole or in part with the Loan Proceeds.

"Project Budget" means the budget for the financing of the Project, a copy of which is attached to this Agreement as Exhibit B.

"Project Costs" means the costs of the construction, acquisition or equipping of the Project, as further described in the Project Budget, and such other costs as may be approved in writing by the Department, provided such costs are permitted by the Act.

"Resolution" mean the Resolution dated June 17, 2011, adopted by the Borrower, authorizing, among other things, its entering into this Agreement and the issuance of the Bond.

"System" means, collectively, all plants, systems, facilities, equipment or property, of which the Project constitute the whole or a part, owned, operated or maintained by the Borrower and used in connection with the wastewater services of the Borrower for the areas in which the Project facilities are located, as more fully described in Exhibit A.

Section 1.2. Rules of Construction. The following rules shall apply to the construction of this Agreement unless the context requires otherwise:

(a) Singular words shall connote the plural number as well as the singular and vice versa.

(b) All references in this Agreement to particular Sections or Exhibits are references to Sections or Exhibits of this Agreement unless otherwise indicated.

(c) The headings and table of contents as used in this Agreement are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

ARTICLE II REPRESENTATIONS

Section 2.1. Representations by Borrower. The Borrower makes the following representations as the basis for its undertakings under this Agreement:

(a) The Borrower is a duly created and validly existing municipal corporation and political subdivision of The State of Delaware, and qualifies as a "Person" as defined in Section 8003 of the Act, and is vested with certain rights and powers conferred upon it by Delaware law.

(b) The Borrower has full right, power and authority to (i) execute this Agreement and the other documents related thereto, (ii) own and operate the System, (iii) construct, acquire or equip the Project and finance the Project Costs by borrowing money for such purpose pursuant to this Agreement, and (iv) carry out and consummate all of the transactions contemplated by this Agreement.

(c) All permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the date of signing of this Agreement have been obtained for (i) the execution by the Borrower of this Agreement, (ii) the performance and

enforcement of the obligations of the Borrower thereunder, (iii) the acquisition, construction, equipping, occupation, operation and use of the Project, and (iv) the operation and use of the System. The Borrower knows of no reason why any other necessary permits or approvals cannot be obtained as required.

(d) This Agreement has been executed and duly authorized by officials of the Borrower and constitutes the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with the terms of this Agreement.

(e) There are not pending, other than as discussed in the opinion of the counsel to the Borrower dated the date hereof, nor, to the best of the knowledge of the undersigned official of the Borrower, threatened, any actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature, in which a judgment, order or resolution may have a material adverse effect on the Borrower, or its business, assets, condition (financial or otherwise), operations or prospects or in its ability to perform its obligations under this Agreement.

(f) There have been no material defaults by any contractor or subcontractor under any contract made in connection with the construction or equipping of the Project.

(g) No material adverse change has occurred in the financial condition of the Borrower from that indicated in the financial statements, application and other information furnished to the Department in connection with this Agreement.

(h) No Event of Default has occurred and is continuing.

(i) Except as may otherwise be approved by the Department or permitted by the terms hereof, the Project and the System at all times will be owned by the Borrower and will not be operated or controlled by any other entity or person.

(j) The Project will be a part of the System.

(k) The Loan Proceeds and funds available from the other sources specified in the Project Budget will be sufficient to pay the estimated Project Costs.

(l) The Borrower has received or has commitments to obtain all funds and other financing for the Project as contemplated in the Project Budget.

(m) The Borrower will complete the acquisition, construction and equipping of the Project on or before September 1, 2011.

ARTICLE III
ADVANCE AND USE OF LOAN PROCEEDS; CONSTRUCTION OF PROJECT

Section 3.1. Advance of Loan Proceeds. The Department agrees to advance to the Borrower pursuant to this Agreement Four Hundred and Fifty Thousand Dollars (\$450,000) to pay Project Costs in accordance with the Project Budget.

Section 3.2. Application of Loan Proceeds.

(a) The Borrower agrees to apply the Loan Proceeds solely and exclusively to the payment, or the reimbursement of the Borrower for the payment of Project Costs and further agrees, upon the request of the Department, to exhibit to the Department, vouchers, statements, bills of sale or other evidence of the actual payment of such Project Costs. The Department shall disburse the Loan Proceeds to or for the account of the Borrower upon execution of this Agreement and upon receipt by the Department of the following:

(1) A requisition (upon which the Department shall be entitled to rely) signed by an Authorized Representative and containing all information called for by, and otherwise being in the form of, Exhibit C.

(2) If such requisition includes an item for payment for labor or to contractors, builders or materialmen (i) a certificate, signed by an Authorized Representative, stating that such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the construction of the Project; and (ii) a certificate signed by an Authorized Representative stating either that such materials, supplies or equipment are not subject to any lien or security interest or that such lien or security interest will be released or discharged upon payment of the requisition.

Upon receipt of each such requisition and accompanying certificate or certificates, the Department shall disburse Loan Proceeds hereunder to or for the account of the Borrower in accordance with such requisition in an amount and to the extent approved by the Department and shall note the date and amount of each such disbursement on a schedule of principal disbursements appended hereto as Exhibit D. The Department shall have no obligation to disburse any such Loan Proceeds if the Borrower is in default hereunder, nor shall the Department have any obligation to approve any requisition if the Borrower is not in compliance with the terms of this Agreement.

(b) The Borrower shall comply with all applicable State of Delaware and federal laws. Except as may otherwise be approved by the Department, disbursements shall be held at ninety-five percent (95%) of the maximum amount authorized hereunder to ensure satisfactory completion of the Project. Upon receipt from the Borrower of the certificate specified in Section 3.4 and a final requisition detailing all retainages to which the Borrower is then entitled, the Department, to the extent approved by the Department and subject to the provisions of this Section and Section 3.4, will disburse to or for the account of the Borrower Loan Proceeds to the extent of such approval.

(c) The Department may apply Loan Proceeds to pay any Penalty assessed pursuant to Section 3.3.

(d) The Department shall have no obligation to disburse Loan Proceeds in excess of the amount necessary to pay for approved Project Costs.

(e) The Borrower shall comply in all respects with all applicable federal laws, regulations and other requirements related to or arising out of or in connection with the Project and the funding thereto by the Fund. The Borrower shall also comply in all respects with the Federal Single Audit Act and OMB Circular A-133 as a sub-recipient of Federal funds.

(f) The Borrower shall comply with the Delaware Water Pollution Control Revolving Fund's Davis-Bacon Wage Rate Act Requirement as set forth in the closing documents.

Section 3.3. Agreement to Draw Loan Proceeds and Penalty for Delay.

The Borrower agrees after the Closing Date to commence work in earnest on the Project and make draws on the Loan Proceeds of at least ten percent (10%) of the Project Costs within one year of the Closing Date. The Borrower further agrees to provide a Notice to Proceed within one year of the Closing Date.

If by September 1, 2012, which is one year from the Closing Date, (i) the Borrower has not submitted requisition(s), in the manner required by Section 3.2, for more than ten percent (10%) of the Project Costs, and (ii) the Department has not received a Notice to Proceed, the Department may in its discretion assess a penalty equal to one percent (1%) of the Loan Proceeds (the "Penalty"). Such Penalty may be drawn by the Department from the Loan Proceeds. It is within the Department's complete discretion whether to impose the Penalty based upon its review of affirmative steps taken by the Borrower to commence and complete the Project and the totality of the circumstances surrounding any such delay in requesting disbursement of Loan Proceeds.

Section 3.4. Agreement to Accomplish Project. The Borrower will cause the Project to be acquired, constructed, expanded, renovated or equipped as described in Exhibit A and in accordance with the Project Budget and the plans, specifications and designs prepared by the Consulting Engineer and approved by the Department. The Borrower will complete the Project by the date set forth in Section 2.1(m). All plans, specifications and designs have been approved by all applicable regulatory agencies. The Borrower agrees to maintain complete and accurate books and records of the Project Costs and permit the Department through its duly authorized representatives to inspect such books and records at any reasonable time. The Borrower and the Department may amend the description of the Project set forth in Exhibit A.

The Borrower will deliver to the Department a certificate signed by an Authorized Representative of the Borrower and by the Consulting Engineer stating (i) that the Project has been completed substantially in accordance with this Section, the plans and specifications as amended from time to time, as approved by the Department, and in substantial compliance with all material applicable laws, ordinances, rules and regulations, (ii) the date of such completion, (iii) that all certificates of occupancy or other material permits necessary for the Project's use, occupancy and

operation have been issued or obtained, and (iv) the amount, if any, to be reserved for payment of Project Costs.

Section 3.5. Permits. The Borrower, at its sole cost and expense, shall comply with, and shall obtain all permits, consents and approvals required by local, state or federal laws, ordinances, rules, regulations or requirements in connection with the acquisition, construction, equipping, occupation, operation or use of the Project. The Borrower shall, upon request, promptly furnish to the Department copies of all such permits, consents and approvals. The Borrower shall also comply with all lawful program or procedural guidelines or requirements duly promulgated and amended as of the date hereof by the Department in connection with the acquisition, construction, equipping, occupation, operation or use of projects financed by the Fund under the Act. The Borrower shall also comply in all respects with all applicable State of Delaware and federal laws, regulations and other requirements relating to or arising out of or in connection with the Project and the funding thereof by the Fund.

Section 3.6. Construction Contractors. Each construction contractor employed in the accomplishment of the Project shall be required in the construction contract to furnish a performance bond and a payment bond, each in an amount equal to one hundred percent (100%) of the particular contract price. Such bonds shall list the Borrower as beneficiary. Each contractor shall be required to maintain, during the construction period covered by the particular construction contract, builder's risk insurance, workers compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms customarily maintained on such projects. Upon request of the Department, the Borrower shall cause each contractor to furnish evidence of such bonds and insurance to the Department. In addition to the foregoing,

(a) Each construction contractor employed in the accomplishment of the Project is required to comply with the Anti-Kickback Act (and is required to insert similar requirements in all subcontracts) and all other applicable federal laws and regulations.

(b) All construction contracts and contractors' estimate forms will be prepared so that materials and equipment may be readily itemized and identified as to eligible and noneligible costs.

(c) Any change in a construction contract that will alter the contract price or completion time or will substantially modify the proposed treatment processes must be submitted to the Department for prior approval via a change order in the form of the change order attached hereto as Exhibit E.

(d) The construction of the Project facilities will conform to applicable federal, state and local laws, ordinances and regulations.

(e) The Borrower will proceed expeditiously and complete the Project facilities in accordance with the approved application, project schedule, surveys, plans, profiles, cross-sections, specifications and amendments approved by the Department.

Recipients and sub-recipients of Fund assistance, including the Borrower, shall not make any award or permit any award (sub-grant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension." Grantees and sub-grantees, including the Borrower, shall refer to the "List of Parties Excluded From Federal Procurement and Non-Procurement Programs" to insure that the contractor or subcontracts are not on this list. A copy of the list may be obtained at: www.arnet.gov/epl or by calling (202) 512-1800.

Section 3.7. Engineering Services. The Borrower has retained a Consulting Engineer to provide engineering services covering planning and design, operation of the System, and the supervision and inspection of the construction of the Project. The Consulting Engineer will provide to the Department the certificate required by Section 3.4.

Section 3.8. Borrower Required to Complete Projects. Subject to the provisions of Section 8.5 hereof, if the Loan Proceeds are not sufficient to pay in full the cost of the Project, the Borrower will complete the Project at its own expense and shall not be entitled to any reimbursement therefor from the Department or the Fund or to any abatement, diminution or postponement of the Borrower's repayments under this Agreement.

ARTICLE IV

REPAYMENT OF LOAN; GENERAL OBLIGATION

Section 4.1. Repayment of Loan. The Borrower shall repay the Loan pursuant to the terms of the Bond issued to the Department.

Section 4.2. General Obligation. The Borrower's repayment obligation constitutes a general obligation of the Borrower, secured by a pledge of its full faith, credit and taxing power.

Section 4.3. Annual Budget. Not less than forty-five (45) days before the commencement of each Fiscal Year, the Consulting Engineer shall prepare a report giving advice and making recommendations as to the proper maintenance, repair, replacement and operation of the System during such Fiscal Year and estimating the cost thereof and as to the rates, fees and other charges which should be established by the Borrower. The Borrower shall furnish a copy of such report to the Department. Based on such report and such other information as the Borrower deems appropriate, the Borrower shall cause to be prepared a preliminary annual budget for such Fiscal Year setting forth a schedule of the rates, fees, and other charges to be imposed by the Borrower, the revenues estimated to be generated thereby and the expenditures anticipated by the Borrower. The Borrower shall submit a copy of such preliminary budget to its governing body and to the Department not less than fifteen (15) days before the first day of each Fiscal Year. The Borrower agrees before the first day of each Fiscal Year to adopt a budget for such Fiscal Year containing the provisions required to be included in the preliminary budget. Such budget as approved by the Borrower's governing body is referred to in this Agreement as the "Annual Budget." The Borrower may at any time during any Fiscal Year amend the Annual

Budget for such Fiscal Year so long as such amendment does not result in an Event of Default. The Borrower shall submit a copy of the Annual Budget and any amendments thereto to the Department.

ARTICLE V **PREPAYMENTS**

Section 5.1. Prepayments of Loan. At its option and upon providing prior written notice to the Department, the Borrower may prepay the Loan, in whole or in part, without penalty, at any time. Such prior written notice shall specify the date on which the Borrower will make such prepayment and whether the Loan will be prepaid in full or in part, and if in part, the principal amount to be prepaid. Any such prepayment shall be applied against Loan principal installments then outstanding as shall be directed by the Borrower.

ARTICLE VI **OPERATION AND USE OF SYSTEM**

Section 6.1. Inspection of System and Borrower's Books and Records. The Department and its duly authorized representatives and agents shall have such reasonable rights of access to the System as may be necessary to determine whether the Borrower is in compliance with the requirements of this Agreement and shall have the right at all reasonable times and upon reasonable prior notice to the Borrower to examine and copy the books and records of the Borrower insofar as such books and records relate to the System.

Section 6.2. Mandatory Connection. The Borrower shall adopt and enforce rules and regulations, consistent with applicable laws, requiring the owner, tenant or occupant of each lot or parcel of land which is served or may reasonably be served by the System and upon which lot or parcel a building shall have been constructed for residential, commercial or industrial use, to connect such building to the System; provided, however, such rules and regulations may permit the continued use of private sewage disposal systems approved by the Department by any such building already in existence at the time the services of the System become available to it upon such conditions as may be specified in such rules and regulations or until such time as such approved private sewage disposal system shall cease to be approved or shall require major repairs to continue to be approved, at which time such building shall be required to connect to the System.

Section 6.3. Performance Certification. The Borrower will notify the Department when the Project is completed and operation commenced (the "Initiation of Operations") on or before the date set out in Section 2.1(m). During the year after the Initiation of Operations, the Borrower shall retain a Consulting Engineer to assist in the operation of the Project and the training of operating personnel, to revise the Borrower's operation and maintenance manual, as necessary, and to advise the Borrower.

Section 6.4. Sewer Use Ordinance. Prior to the completion of the Project the Borrower shall submit to the Department for its review and approval the existing and/or amended sewer use ordinance. Following the Department's approval, the Borrower shall adopt such ordinance. This ordinance shall: (a) require that new sewers, interceptors and connections to the treatment works be properly designed and constructed in compliance with all applicable regulations; (b) prohibit the connection to the System of any additional extraneous inflow sources; and (c) provide that no wastewater introduced into the System shall contain any pollutant, toxic or hazardous material in an amount or concentration that would (i) threaten the public safety or the physical integrity of the System, (ii) cause the Borrower to violate any of its permit requirements, or (iii) preclude the use by Borrower of the most cost-effective alternatives for treatment and disposal.

Section 6.5. Operation, Maintenance and Use of System. At its own cost and expense, the Borrower shall operate the System in a proper, sound and economical manner and in compliance with all legal requirements, shall maintain the System in good repair and operating condition and from time to time shall make all necessary repairs, renewals and replacements.

ARTICLE VII **INSURANCE, DAMAGE AND DESTRUCTION**

Section 7.1. Insurance. Unless the Department otherwise agrees in writing, the Borrower shall maintain or cause to be maintained insurance against such risks as are customarily insured against by public bodies operating systems similar in size and character to the System.

ARTICLE VIII **SPECIAL COVENANTS**

Section 8.1. Maintenance of Existence. The Borrower shall maintain its existence as a "Person" (as defined in the Act) and, without consent of the Department, which consent shall not be unreasonably withheld, shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate or merge with or into another entity. Notwithstanding the foregoing, the Borrower may consolidate or merge with or into, or sell or otherwise transfer all or substantially all of its assets to a political subdivision of The State of Delaware, and the Borrower thereafter may dissolve, if the surviving, resulting or transferee political subdivision, if other than the Borrower, assumes, in written form acceptable to the Department, all of the obligations of the Borrower contained in this Agreement, and there is furnished to the Department an Opinion of Counsel acceptable to the Department subject to customary exceptions and qualifications, to the effect that such assumption constitutes the legal, valid and binding obligations of the surviving, resulting or transferee entity in accordance with its terms.

Section 8.2. Financial Records and Statements. The Borrower shall maintain proper books of record and account in which proper entries shall be made in accordance with

generally accepted accounting principles, consistently applied, of all its business and affairs related to the System. The Borrower shall have an annual audit made by an independent certified public accountant within one hundred twenty (120) days after the end of each Fiscal Year. Such report shall include a certificate of the accountants to the effect that, during the course of such accountant's regular examination of the Borrower's financial condition, nothing came to such accountant's attention that would constitute an Event of Default hereunder. A copy of the audited annual report shall be forwarded to the Department when completed.

Section 8.3. Certificate as to No Default. The Borrower shall deliver to the Department, within one hundred twenty (120) days after the close of each Fiscal Year, a certificate signed by an Authorized Representative stating that, during such year and as of the date of such certificate, no event or condition has happened or existed, or is happening or existing, which constitutes an Event of Default, or if such an event or condition has happened or existed, or is happening or existing, specifying the nature and period of such event or condition and what action the Borrower has taken, is taking or proposes to take to rectify it.

Section 8.4. Further Assurances. The Borrower shall to the fullest extent permitted by law pass, make, do, execute, acknowledge and deliver such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming the rights of the Department under this Agreement, or as may be required to carry out the purpose of this Agreement. The Borrower shall at all times, to the fullest extent permitted by law, defend, preserve and protect all rights of the Department under this Agreement against all claims and demands of all persons.

Section 8.5. Other Indebtedness. In the event that the Borrower is required to borrow additional funds in order to complete the Project, the Borrower agrees to consult with the Department before borrowing any such additional funds. The Borrower agrees to pay when due all amounts required by any other bonded indebtedness and to perform all of its obligations in connection therewith.

Section 8.6. Assignment by Borrower. The Borrower may not assign its rights under this Agreement without the prior written consent of the Department, which consent shall not be unreasonably withheld. If the Borrower desires to assign its rights under this Agreement to another "Person" (as defined in the Act), the Borrower shall give notice of such fact to the Department. If the Department consents to the proposed assignment, the Borrower may proceed with the proposed assignment, but such assignment shall not become effective until the Department is furnished: (i) an assumption agreement in form and substance satisfactory to the Department by which the assignee agrees to assume all of the Borrower's obligations under this Agreement, and (ii) an Opinion of Counsel to the assignee, subject to customary exceptions and qualifications, that the assumption agreement and this Agreement constitute legal, valid and binding obligations of the assignee enforceable against the assignee in accordance with their terms and that the assignment and assumption comply in all respects with the provisions of this Agreement. Notwithstanding the foregoing, the assignment of the rights of the Borrower under this Agreement or the assumption of the obligations thereunder by the assignee shall in no way be construed as releasing the Borrower's obligations unless specifically agreed to by the Department.

Section 8.7. Special Condition. The Borrower will not knowingly expend the Loan Proceeds except as set forth herein and Borrower will expend the Loan Proceeds to further the goals and objectives of the "Strategies for State Policies and Spending approved December 23, 1999" (the "State Policies"), as amended to the date of this Agreement, which:

(a) Permit the use of Loan Proceeds to (i) solve environmental problems in existing communities that lie outside of the Development Zone, (ii) provide wastewater service to any existing equivalent dwelling units ("EDUs") within the Development Zone and/or any new EDUs that may be constructed within the Development Zone, and (iii) provide wastewater service to any existing EDUs that are adjacent to the wastewater facilities being funded by the Loan Proceeds (the "Wastewater Facilities") when construction of those Wastewater Facilities begins; and

(b) Prohibit the use of Loan Proceeds to (i) support growth outside of the Development Zone; and (ii) provide wastewater service to EDUs not in the Development Zone and constructed after construction of the Wastewater Facilities begins; provided, however, that the prohibitions of this subparagraph (b) shall not apply if the Borrower shows cause why they should be waived and the Delaware Office of State Planning Coordination concurs and the Department gives its prior written consent thereto.

ARTICLE IX **DEFAULTS AND REMEDIES**

Section 9.1. Events of Default. Each of the following events shall be an "Event of Default" hereunder:

(a) The failure to pay any payment of principal, interest and/or any administrative fee when due hereunder or under the Bond;

(b) The Borrower's failure to perform or observe any of the other covenants, agreements or conditions of this Agreement and the continuation of such failure for a period of thirty (30) days after the Department gives the Borrower written notice specifying such failure and requesting that it be cured, unless the Department shall agree in writing to an extension of such time prior to its expiration; *provided, however*, if the failure stated in the notice is correctable but cannot be corrected within the applicable period, the Department will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the default is corrected;

(c) Any warranty, representation or other statement by or on behalf of Borrower contained in this Agreement or in any instrument furnished in compliance with or in reference to this Agreement is false or misleading in any material respect;

(d) An order or decree shall be entered, with the Borrower's consent or acquiescence, appointing a receiver or receivers of the System or any part thereof or of the

income thereof, or if such order or decree, having been entered without the Borrower's consent or acquiescence, shall not be vacated, discharged or stayed on appeal within ninety (90) days after the entry thereof;

(e) Any proceeding shall be instituted, with the Borrower's consent or acquiescence, for the purpose of effecting a composition between the Borrower and its creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the revenues of the System; or

(f) Any bankruptcy, insolvency or other similar proceeding shall be instituted by or against the Borrower under any federal or state bankruptcy or insolvency law now or hereinafter in effect and, if instituted against the Borrower, is not dismissed within sixty (60) days after filing.

Section 9.2. Notice of Default.

(a) The Borrower agrees to give the Department prompt written notice if any order, decree or proceeding referred to in Sections 9.1(d) through (f), inclusive, is entered or instituted against the Borrower or of the occurrence of any other event or condition which constitutes an Event of Default immediately upon becoming aware of the existence thereof.

Section 9.3. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 shall have happened and be continuing, the Department shall, in addition to any other remedies provided herein or by law, have the right, at its option without any further demand or notice, to take one or both of the following remedial steps:

(a) Discontinue advances of Loan Proceeds hereunder;

(b) Declare immediately due and payable all payments due or to become due under this Agreement, and upon notice to the Borrower, the same shall become immediately due and payable by the Borrower without further notice or demand; and

(c) Take whatever other action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due under this Agreement or to enforce any other of the Department's rights under this Agreement or to enforce performance by the Borrower of its covenants, agreements or undertakings contained herein.

Section 9.4. Delay and Waiver. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default under this Agreement shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereto.

Section 9.5. Right to Cure Default. If the Borrower shall fail to make any payment or to perform any act required by it under this Agreement, the Department without prior notice to or demand upon the Borrower and without waiving or releasing any obligation or default, may (but shall be under no obligation to) make such payment or perform such act. All

amounts so paid by the Department and all costs, fees and expenses so incurred shall be payable by the Borrower as an additional obligation under this Agreement, together with interest thereon at the rate of interest of five percent (5%) per annum until paid. The Borrower's obligation under this Section shall survive the repayment of the Bond.

ARTICLE X **MISCELLANEOUS**

Section 10.1. Successors and Assigns. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 10.2. Amendments. The Department and the Borrower shall have the right to amend from time to time any of the terms and conditions of this Agreement, *provided* that all amendments shall be in writing and shall be signed by or on behalf of the Department and the Borrower.

Section 10.3. Limitation of Liability of Borrower's Officers. No present or future director, official, officer, employee or agent of the Borrower shall be liable personally in respect of this Agreement or for any other action taken by such individual pursuant to or in connection with the financing provided for in this Agreement.

Section 10.4. Applicable Law. This Agreement shall be governed by the applicable laws of The State of Delaware.

Section 10.5. Severability. If any clause, provision, or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or Section shall not effect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement. If any agreement or obligation contained in this Agreement is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Department and the Borrower, as the case may be, only to the extent permitted by law.

Section 10.6. Notice. Unless otherwise provided for herein, all demands, notices, approvals, consents, requests, opinions and other communications under this Agreement shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed as follows:

Department: Delaware Department of Natural Resources
and Environmental Control
Financial Assistance Branch
5 East Reed Street – Suite 200
Dover, DE 19901
Attention: Program Director

and

Borrower: Town of Dewey Beach, Delaware
105 Rodney Avenue
Dewey Beach, DE 19971
Attention: Town Manager

The Department, and the Borrower may designate, by notice given hereunder, any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinion or other communications shall be sent or persons to whose attention the same shall be directed.

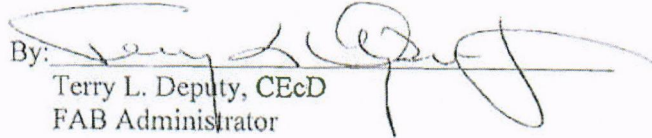
Section 10.7. Headings. The headings of the several articles and sections of this Agreement are inserted for convenience only and do not comprise a part of this Agreement.

Section 10.8. Terms of Agreement. This Agreement shall be effective upon its execution and delivery by the Borrower and the Department. Except as otherwise specified, the Borrower's obligations under this Agreement shall expire upon payment in full of the Bond and all other amounts payable by the Borrower under this Agreement.

Section 10.9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

WITNESS the following signatures, all duly authorized.

DELAWARE WATER POLLUTION CONTROL
REVOLVING FUND, ACTING BY AND
THROUGH THE DELAWARE DEPARTMENT
OF NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL

By: 
Terry L. Deputy, CEcD
FAB Administrator

TOWN OF DEWEY BEACH

By: _____
Diane Hanson
Mayor

(SEAL)

Attest:

By: _____
Marty Seitz
Secretary of Town Council

WITNESS the following signatures, all duly authorized.

DELAWARE WATER POLLUTION CONTROL
REVOLVING FUND, ACTING BY AND
THROUGH THE DELAWARE DEPARTMENT OF
NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL

By: _____
Terry L. Deputy, CEcD
FAB Administrator

TOWN OF DEWEY BEACH

By: Diane Hanson
Diane Hanson
Mayor

(SEAL)

Attest:

By: Marty Seitz (Martin G. Seitz)
Marty Seitz
Secretary of Town Council

EXHIBIT A

Project Description

The Town of Dewey Beach has submitted a CWSRF Green Project Reserve Loan application for design and construction of a flood mitigation earthen berm, replacing the existing broken and undersized storm piping system along Bayard Avenue with new RCP, the installation of a tide gate discharge valve at the end of the new gravity storm water pipe system, and the installation of a pair of relief pumps that will be utilized during Nor-Easter events and when the water elevation in the bay restricts gravity discharge from the storm water system. This project will also include restoring wetlands along Bayard Avenue on the Rehoboth bay.

A flooding study was performed by Duffield and Associates in 2009 listing contributory effects to the flooding as well as a history of the flooding events within this area. ECI documented storm events of the November 2009 Nor-Easter storm and concluded that the bay tide influence is the major contributor to the flooding situation.

Constructing a flood protection earthen berm will protect this low lying area from flood waters from the bay. By replacing the existing malfunctioning and undersized storm water pipes the discharge into the bay will be increased and reduce the surface flooding potential for storm events.

EXHIBIT B

Project Budget

Project Financial Summary:

Construction:	
Flood Mitigation	\$ 450,000

Total Project Cost	<u>\$ 450,000</u>
--------------------	-------------------

Proposed Funding Source:

Clean Water SRF Loan	<u>\$ 450,000</u>
----------------------	-------------------

EXHIBIT C

Form of Requisition

PROJECT NAME: _____

FUNDING RECIPIENT: _____

E. I. # _____

UNITED STATES
DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

AND/ STATE OF DELAWARE
OR DHSS OR DNREC

REQUISITION NO: _____

DATE: _____

USDA LOAN NO. _____

STATE LOAN NO. _____

USDA GRANT NO. _____

SEPARATELY OR
JOINTLY FUNDED PROJECT

STATE GRANT NO. _____

ACCOUNT SUMMARY AND REQUEST FOR LOAN/GRANT DISBURSEMENT

DISBURSEMENT ITEMS	AMOUNT BUDGETED	PREVIOUS DISBURSEMENTS	THIS PERIOD	TOTAL TO DATE	REMAINING FUNDS
CONSTRUCTION					
CONTRACT NAME OR #					
CONTRACT NAME OR #					
CONTRACT NAME OR #					
LAND AND R.O.W.					
LEGAL AND ADMIN					
ENGINEERING FEES					
INTEREST					
CONTINGENCIES					
INITIAL O & M					
OTHER (describe)					
DISBURSEMENT TOTALS					
SOURCES OF FUNDING					
USDA LOAN					
USDA GRANT					
STATE LOAN					
STATE GRANT					
OTHER (describe)					
OTHER (describe)					
OTHER (describe)					
SOURCE TOTALS (must equal disbursement totals above)					

See Notes on Page 2 (other side)

PREPARED BY (BORROWER/GRANTEE) DATE

APPROVED BY (STATE OF DELAWARE) DATE

APPROVED BY (ARCHITECT/ENGINEER) DATE

APPROVED BY (USDA/RD) DATE

Borrower/Grantee's Certification	Consulting Engineer's Certification
<p>The undersigned certifies that (1) the amounts requested by this requisition will be applied solely and exclusively to the payment, or the reimbursement of the recipient for the payment, of Project Costs, and (2) any materials, supplies or equipment covered by this requisition are not subject to any lien or security interest or such lien or security interest will be released upon payment of this requisition.</p>	<p>The undersigned Consulting Engineer for the Recipient hereby Certifies that insofar as the amounts covered by this Requisition include payment for labor or to contractors, Builders or materialmen, such work was actually performed or Such materials, supplies or equipment were actually furnished to or installed in the Project.</p>
<p>Recipient's Authorized Representative Date</p>	<p>Authorized Consulting Engineer Date</p>

- NOTES:**
1. Include copies of all invoices or other acceptable documentation to support above request. Provide one (1) set for each funding agency.
 2. On jointly funded projects, disbursements will not be processed until this document is approved by authorized representatives of both the U. S. Department of Agriculture and the State of Delaware, Department of Health and Social Services.

EXHIBIT D

Schedule of Disbursements

Date

Amount (\$)

EXHIBIT E

Form of Change Order

UNITED STATES
DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

AND STATE OF DELAWARE
OR DHSS OR DNREC

ORDER NO: _____

DATE _____

STATE: _____

COUNTY: _____

SEPARATELY OR JOINTLY FUNDED PROJECT

CONTRACT CHANGE ORDER

CONTRACT FOR: _____

OWNER: _____

To: _____
(Contractor)

You are hereby requested to comply with the following changes from the contract plans and specifications:

Description of Changes (Supplemental Plans and Specifications Attached)	DECREASE in Contract Price	INCREASE In Contract Price
	\$	\$
TOTALS	\$	\$
NET CHANGE IN CONTRACT PRICE	\$	\$

JUSTIFICATION: Explain (Differing Site Conditions) (Errors or Omissions in Drawings or Specifications) (Changes in Regulatory Requirements) (Design Changes) (Over run or Under run in Quantities) (Factors Affecting Time of Completion) (Other: Describe below)

The original amount of the Contract: _____
Dollars (\$ _____)

The amount of the Contract as adjusted by all previously approved Change Orders: _____
Dollars (\$ _____)

The amount of the Contract will be (Decreased) (Increased) through this Change Order by the sum of: _____
Dollars (\$ _____)

The Contract Total including this and all previous Change Orders will be: _____
Dollars (\$ _____)

The Contract Period provided for completion will be (Increased) (Decreased) (Unchanged) by: _____ Calendar Days

This document will become a supplement to the contract and all provisions will apply hereto.

Requested: _____
(Owner) (Date)

Recommended: _____
(Owner's Architect/Engineer) (Date)

Accepted: _____
(Contractor) (Date)

Approved by State of Delaware: _____
(Date)

Approved by U. S. Department of Agriculture: _____
(Date)

After all five (5) copies of the Change Order have been signed and dated by authorized representatives of all the applicable parties in the spaces provided above, transmit one (1) copy to each party as listed below.

- () U. S. Department of Agriculture's Copy
- () State of Delaware's Copy
- () Contractor's Copy
- () Borrower/Grantee's Copy
- () Architect/Engineer's Copy

Forms- Jointly Funded-Change Order.doc This form provides all information required by USDA Form RD 1924 (Rev. 2-97)