

**RESOLUTION RATIFYING AND CONFIRMING SALE OF  
\$15,700,000 ELECTRIC REVENUE REFUNDING BONDS OF  
THE CITY OF DOVER (SERIES 2018) AND RELATED MATTERS**

WHEREAS, The City of Dover (the “City”) is authorized pursuant to Chapter 111, Volume 52, Laws of Delaware, as amended, and the City Charter, Chapter 158, Volume 36, Laws of Delaware, as amended (the “Enabling Acts”) to issue revenue bonds for the purpose of financing and refinancing improvements to its electric system;

WHEREAS, pursuant to the Enabling Acts, the City adopted a Resolution on December 23, 1985, as subsequently supplemented (the “Original Bond Resolution”) in order to issue various series of electric revenue bonds;

WHEREAS, the Original Bond Resolution was amended and restated by a Resolution adopted on August 23, 2004 (the “Bond Resolution”);

WHEREAS the City issued The City of Dover, Delaware \$22,200,000 Electric Revenue Bonds, Series 2008 (the "2008 Bonds") pursuant to the Bond Resolution as supplemented by Resolutions adopted on March 10, 2007 and July 14, 2008;

WHEREAS, pursuant to the Bond Resolution and a Resolution adopted on June 25, 2018 (the “Authorizing Resolution” and together with the Bond Resolution, the “Resolutions”), City Council authorized the Mayor and Controller/Treasurer to cause the issuance of up to \$18,000,000 of Electric Revenue Refunding Bonds (the “2018 Bonds”) to refund the 2008 Bonds;

WHEREAS, the Mayor and Controller/Treasurer with the assistance of , PFM Financial Advisors LLC., as the City’s financial advisor, solicited proposals from investment banking firms and other entities that underwrite municipal bonds to act as underwriter for the 2018 Bonds pursuant to a Notice of Sale dated July 30, 2018, a copy of which is attached hereto as Exhibit “A.” Copies of the bids received pursuant to the Notice of Sale are attached as Exhibit “B.” The bid submitted by Morgan Stanley & Co LLC (the “Underwriter”), offering to purchase the 2018 Bonds at a net purchase price of \$16,862,706.75 (which bid price has been adjusted as per the Notice of Sale) has been selected as offering the proposal with the lowest true interest cost to the City.

NOW THEREFORE, the Council hereby resolves as follows:

1. Defined Terms. All defined terms used herein, identified by initial capital letters and not otherwise defined herein, shall have the meanings assigned to them in the Bond Resolution.
2. Authorization of 2018 Bonds. The City Council hereby ratifies and affirms the actions taken by the Mayor to cause the issuance of \$15,700.000 aggregate principal amount of 2018 Bonds to be designated “City of Dover Electric Revenue Refunding Bonds (Series 2018)” on the terms and subject to the conditions hereinafter set forth.
3. Purposes. The proceeds from the sale of the 2018 Bonds shall be used to provide funds for (a) the refunding of the 2008 Bonds and (b) the payment of the costs of issuance of the 2018 Bonds and other transaction costs related to the foregoing.

4. Pledge of Revenues; Parity Bonds. Pursuant to Section 512 of the Bond Resolution, the City has pledged, and does hereby ratify and confirm said pledge of, the Revenues of the Electric System to the payment of the principal of, premium, if any, and interest on, every Bond issued under the Bond Resolution, including the 2018 Bonds, as and to the extent provided in the Bond Resolution. The 2018 Bonds will be issued pursuant to Section 209 of the Bond Resolution and will be secured on a parity with the other Bonds issued under the Bond Resolution.

5. Payment and other Terms of Bonds; Form of Bonds.

a. Maturities, Interest Rates. The 2018 Bonds shall be issued in denominations of \$5,000 or integral multiples thereof, shall be dated the date of issuance, shall be stated to mature on July 1 in the years and in the principal amounts and shall bear interest from the date of issuance, payable on each Interest Payment Date commencing January 1, 2019, all as set forth on Schedule 1 appended hereto.

b. Form of Bonds. The 2018 Bonds, the form for ordinary registration of, transfer and the form of certificate of authentication to appear thereon are to be substantially in the form set forth in Exhibit C hereto with necessary or appropriate variations, omissions and insertions as permitted or required by the Bond Resolution.

6. Redemption Provisions.

*Optional Redemption.* The Series 2018 Bonds that mature on or before July 1, 2027 will not be subject to optional redemption prior to their maturities. Bonds that mature on or after July 1, 2028 will be subject to optional redemption commencing on July 1, 2027, as a whole or in part at any time at the option of the City, at par, plus accrued interest thereon to the date fixed for redemption

7. Book-Entry Form of Issue. The 2018 Bonds shall be issued in book entry form subject to the terms and conditions of the Blanket Letter of Representations to The Depository Trust Company (“DTC”) attached as Exhibit D hereto notwithstanding anything to the contrary in the Bond Resolution. DTC and its participants, and the beneficial owners of the 2018 Bonds by their acceptance of the 2018 Bonds, have agreed that neither the City nor the Trustee (as defined below) shall have any liability for the failure of DTC to perform its obligations as set forth in this Resolution or in the “Rules” or “Procedures” of DTC; nor shall the City or the Trustee be liable for the failure of any participant to perform any obligation the participants may incur to a beneficial owner of any 2018 Bond.

8. Trustee, Paying Agent and Registrar. The Bank of New York Mellon, is appointed as the Trustee (the “Trustee”) and either the Trustee or the City may serve as Paying Agent and Registrar for the 2018 Bonds at the direction of the Controller/Treasurer.

9. Creation of Funds and Accounts; Deposit of Bond Proceeds. The Trustee shall deposit a portion of the proceeds of the 2018 Bonds into the Redemption Account established pursuant to Section 5.07 of the Original Bond Resolution for the redemption of the 2008 Bonds. In addition, the Trustee shall establish the following funds and accounts with respect to the 2018

Bonds and shall deposit the remaining proceeds of the 2018 Bonds, along with certain other monies, into said funds and accounts.

a. Costs of Issuance; Expense Account. The Trustee shall establish an account within the Expense Fund to be called the "Expense Account - 2018 Bonds" and shall deposit therein, from the proceeds of the 2018 Bonds, the amount certified by the City as reasonably estimated to pay the costs of issuing the 2018 Bonds and other transaction costs relating thereto. Upon written request of the City identifying the payee and the purpose of the payment, the Trustee shall disburse funds from said account to pay for, or reimburse, costs of issuing the 2018 Bonds and transaction costs relating thereto. Upon written certification of the City that all costs of issuing the 2018 Bonds and related transaction costs have been paid, or duly provided for, any funds remaining in said Expense Account shall be transferred to the Redemption Account in the Interest and Sinking Fund for the 2018 Bonds established hereunder.

b. Debt Service Reserve; Reserve Account. The Trustee shall establish a sub-account within the Reserve Account, to be called the "Reserve Account - 2018 Bonds." The funds in the Reserve Account shall be invested in accordance with the Resolutions at the written direction of the Controller/Treasurer.

10. Preliminary Official Statement and Official Statement. The Council hereby ratifies the use of the Preliminary Official Statement dated July 30, 2018 and the final Official Statement, copies of which have been presented to this meeting, and their distribution to prospective purchasers.

The Council hereby ratifies the actions taken by the Mayor and Controller/Treasurer in executing the Official Statement in the name of The City of Dover, supervising its distribution to the Underwriters, to municipal securities information repositories and to potential purchasers and in making changes from the Preliminary Official Statement to the date of delivery to make the information contained therein not contain any untrue statement of a material fact or omit to state a material fact necessary to make any statement therein, in light of the circumstances under which it was made, not misleading.

11. Certain Representations and Covenants of the City. The City hereby represents and covenants with the holders of the 2018 Bonds that:

a. this Ratifying Resolution incorporates by reference all the terms of the Bond Resolution;

b. the Bond Resolution, as amended by this Ratifying Resolution, is in full force and effect. Hereafter, the Bond Resolution shall comprise the Bond Resolution as amended by this Ratifying Resolution; and

c. all conditions to be satisfied and all acts and things necessary to be done in order to make this Ratifying Resolution binding on the City have been satisfied or done, as the case may be.

12. Future Actions. The Mayor, Controller/Treasurer, Clerk of Council and other City

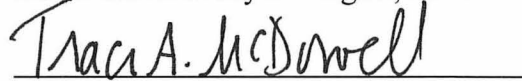


officials are authorized and directed to take all actions necessary to issue the 2018 Bonds and carry out the terms and the purposes of this Resolution, including the making of any elections and the filing of any reports with the Internal Revenue Service, and the delivery of necessary closing documents and certificates.

The Clerk of Council shall maintain an official transcript of the proceedings relating to the sale of the 2018 Bonds including copies of the Preliminary Official Statement and Official Statement.

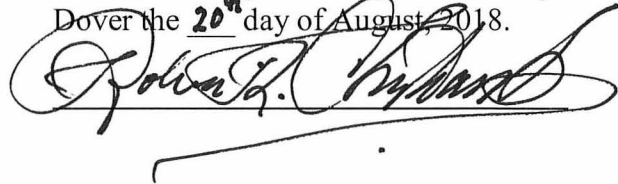
13. Effective Date. This Resolution shall be effective immediately upon its adoption according to law.

APPROVED by the Council of The City of  
Dover the 20<sup>th</sup> day of August, 2018



City Clerk  
The City of Dover

APPROVED by the Mayor of The City of  
Dover the 20<sup>th</sup> day of August, 2018.





SCHEDULE 1

The City of Dover, Delaware  
 Electric Revenue Refunding Bonds  
 (Series 2018)

Maturity Date	Amount	Rate	Yield	Price
07/01/2019	650,000	5.000%	1.470%	102.998
07/01/2020	785,000	5.000%	1.630%	106.141
07/01/2021	820,000	5.000%	1.770%	108.961
07/01/2022	865,000	5.000%	1.880%	111.557
07/01/2023	910,000	5.000%	1.980%	113.920
07/01/2024	955,000	5.000%	2.120%	115.785
07/01/2025	1,005,000	5.000%	2.250%	117.384
07/01/2026	1,055,000	5.000%	2.380%	118.674
07/01/2027	1,110,000	5.000%	2.450%	120.192
07/01/2028	1,160,000	4.000%	2.550%	111.429 C
07/01/2029	1,200,000	3.000%	2.780%	101.714 C
07/01/2030	1,240,000	3.000%	2.880%	100.930 C
07/01/2031	1,275,000	3.000%	3.000%	100.000
07/01/2032	1,315,000	3.000%	3.100%	98.878
07/01/2033	1,355,000	3.000%	3.170%	98.000

**EXHIBIT A  
NOTICE OF SALE**

**\$15,680,000\***  
**THE CITY OF DOVER, DELAWARE**  
**ELECTRIC REVENUE REFUNDING BONDS,**  
**(Series 2018)**

**Dated: July 30, 2018**

**Electronic bids via BIDCOMP/PARITY  
will be received until 11:00 A.M., local Dover, Delaware Prevailing Eastern Daylight Time, on  
August 8, 2018**

Electronic bids via BIDCOMP/PARITY will be received at the offices of the Director of Finance for the City of Dover, Delaware (the “City”) for the purchase of the \$15,680,000\* The City of Dover, Delaware Electric Revenue Refunding Bonds, (Series 2018), (the “Bonds”). The Bonds will be dated August 22, 2018, and bear interest payable beginning on January 1, 2019, and semi-annually thereafter on January 1 and July 1 until maturity or redemption.

The Bonds will be issued under the authority of Chapter 111, Volume 52, Laws of Delaware, as amended, and the City Charter, Chapter 158, Volume 36, Laws of Delaware, as amended, and a Bond Resolution, as supplemented, adopted by the City Council.

The Bonds will mature, on July 1 in the following years and in the aggregate amounts:

<u>Year</u>	<u>Preliminary Principal Amounts*</u>
2019	\$ 625,000
2020	805,000
2021	845,000
2022	885,000
2023	920,000
2024	960,000
2025	1,005,000
2026	1,050,000
2027	1,095,000
2028	1,135,000
2029	1,180,000
2030	1,225,000
2031	1,270,000
2032	1,315,000
2033	1,365,000

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\* Preliminary, subject to change

The proceeds of the Bonds will be used to (i) current refund the City's outstanding Electric Revenue Refunding Bonds, Series 2008; and (iii) pay the costs of issuance of the Bonds.

***Adjustment of Principal Amortization Schedule***

The principal amounts set forth in this Notice reflect estimates of the City and its Financial Advisor with respect to the likely interest rates of the winning bid and the premium/discount contained in such bid, and various other factors. Such principal amounts also reflect estimates with respect to the sale of the Bonds. The principal amortization schedule may be adjusted by the City prior to any bid date (including by removing part or all of one or more principal maturities, as described below, or by adding principal maturities) and, if any such adjustment is made, bidders must bid on the basis of the adjusted schedule. Such changes, if any, will be communicated by the City through TM3 News Service ("TM3").

After selecting the winning bid, the aggregate principal amount of the Bonds and the principal amortization schedule may be adjusted as determined by the City's Financial Advisor in \$5,000 increments to reflect any premium/discount in the winning bid and to create a more desirable debt service structure for the Bonds and the City's outstanding bonds. Such adjustments shall be made at the sole discretion of the City. Any adjustments pursuant to this paragraph will not change the aggregate principal amount of the Bonds to be issued by more than 10%. The dollar amount bid for the Bonds by the winning bidder will be adjusted proportionately to reflect any changes in the aggregate principal amount and principal amortization schedule of the Bonds finally determined to be issued. Any such adjustment will be communicated to the winning bidder within 24 hours after the opening of the bids.

***General Provisions for the Bonds***

The Bonds will be issued and sold by means of a book-entry only system with no distribution of Bond certificates made to the public. Bond certificates representing the aggregate principal amount of the Bonds maturing in each year will be issued and fully registered as to principal and interest in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), a depository registered with the Securities and Exchange Commission. Individual beneficial ownership of the Bonds will be in principal amounts of \$5,000 or integral multiples thereof within a maturity pursuant to the rules and procedures established between DTC and its participants.

Transfers of beneficial ownership will be affected through records maintained by DTC and its participants pursuant to rules and procedures established by DTC. The responsibility for maintaining, reviewing and supervising such records rests collectively with DTC and its participants. The winning bidder, as a condition to the delivery of the Bonds, shall be required to deposit the Bond certificates in its account at DTC, registered in the name of Cede & Co. Interest on the Bonds will be payable on each semi-annual interest payment date and principal of the Bonds will be paid annually as set forth in the foregoing maturity schedule, in same-day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to the beneficial owners by participants of DTC will be the responsibility of such DTC participants and other nominees of beneficial owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

***Optional Redemption***

Bonds that mature on or before July 1, 2027 will not be subject to optional redemption prior to their maturities. Bonds that mature on or after July 1, 2028 will be subject to optional redemption commencing on July 1, 2027, as a whole or in part at any time at the option of the City, at par, plus accrued interest thereon to the date fixed for redemption.



### ***Electronic Bids***

Electronic bids will be received via BIDCOMP/PARITY, in the manner described below, until 11:00 A.M. Eastern Daylight Time, on August 8, 2018.

If any provisions of this Notice of Sale shall conflict with information provided by BIDCOMP/PARITY as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BIDCOMP/PARITY may be obtained from BIDCOMP/PARITY, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Attention: BIDCOMP/Parity Client Success 212.849.5067. Additional information concerning bidding through BIDCOMP/PARITY may be obtained by calling (212) 849-5067.

Bids may be submitted electronically via BIDCOMP/PARITY pursuant to this Notice until 11:00 A.M., Eastern Daylight Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in BIDCOMP/PARITY conflict with this Notice, the terms of this Notice shall control. Further information about BIDCOMP/PARITY may be obtained from BIDCOMP/PARITY, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Attention: Eric Washington, (212) 849-5067.

### ***Disclaimer***

Each prospective electronic bidder shall be solely responsible to register to bid via BIDCOMP/PARITY as described above. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to access BIDCOMP/PARITY for the purposes of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the City nor BIDCOMP/PARITY, shall have any duty or obligation to provide or assure access to BIDCOMP/PARITY to any prospective bidder, and neither the City nor BIDCOMP/PARITY shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, BIDCOMP/PARITY. The City is using BIDCOMP/PARITY as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds. The City is not bound by any advice and determination of BIDCOMP/PARITY to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BIDCOMP/PARITY are the sole responsibility of the bidders; and the City is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Bonds, such prospective bidder should telephone BIDCOMP/PARITY at (212) 849-5021 and notify the City's Controller/Treasurer, Lori Peddicord at (302) 736-4452.

### ***Electronic Bidding Procedures***

Electronic bids must be submitted for the purchase of the Bonds (all or none) via BIDCOMP/PARITY. Bids will be communicated electronically to the City at 11:00 A.M., Eastern Daylight Time, on August 8, 2018. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via BIDCOMP/PARITY, (2) modify the proposed terms of its bid, in which event the proposed terms at the last modification will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds, or (3) withdraw its proposed bid. Once the bids are communicated electronically via BIDCOMP/PARITY to the City on August 8, 2018 at 11:00 am, Eastern Daylight Time, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BIDCOMP/PARITY shall constitute the official time.

### ***Bid Specifications***

Bidders shall state in their proposals the rate or rates of interest to be paid on the Bonds in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%), and each proposal shall be based and submitted on the rate or rates stated therein. Bidders may specify more than one rate of interest to be borne by the Bonds, but the difference between the highest and lowest rates named may not be greater than three percent (3%) for the Bonds. Bidders may not specify more than one rate of interest for the Bonds of any single maturity. A zero rate may not be named for any maturity. No bids for the Bonds at a price less than 100% of their par value, exclusive of accrued interest, will be considered.

The City will not accept and will reject any bid for less than all of the above described Bonds. The City specifically reserves the right to reject any and all bids.

### ***Basis of Award***

***If the competitive sale requirements under the provisions of Treasury Regulation Section 1.148-1(f)(3)(i), including the receipt of three bids, are not met, all bids will be rejected and the current sale of the Bonds will be canceled.***

The Bonds will be awarded to the bidder naming the lowest true interest cost for all of the Bonds in any legally acceptable proposal. The lowest true interest cost will be determined by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments from the payment dates to the date of the Bonds and to the amount bid. Where the proposals of two or more bidders result in the same lowest true interest cost for the Bonds, the Bonds may be apportioned between such bidders, but if this shall not be acceptable, the City shall have the right to award all of the Bonds to one bidder. The right is reserved to the City to reject any or all proposals and to waive any irregularity or informality in any proposal. The City's judgment shall be final and binding upon all bidders with respect to the form and adequacy of any proposal received and as to its conformity to the terms of this Notice of Sale. Any award of the Bonds may be made as late as 5:00 P.M. on the Sale Date. All bids remain firm until an award is made.

### ***Reoffering and Sale of Bonds to Public***

Within thirty minutes after notification of award of the Bonds, the successful bidder (the "Purchaser") shall provide to the City the initial offering price to the public (excluding bond houses and brokers or similar persons or organizations acting as wholesalers or underwriters) for each maturity of the Bonds (the "Initial Issuing Prices") and certain other information to enable the Issuer to compute the yield on the Bonds for federal income tax law purposes. The Purchaser must deliver to the Issuer at closing an "issue price" or similar certification setting forth the reasonably expected initial offering prices to the public of the Bonds, together with supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the Issuer and Bond Counsel.

Each bidder, by the submission of a bid, agrees that if it is the Purchaser, it will make a bona fide public offering of the Bonds at prices not greater than the Initial Issuing Prices, offer the Bonds only pursuant to the Official Statement and only in jurisdictions where the offer is legal, and deliver a copy of the Official Statement to each person or entity that purchases the Bonds from the Purchaser as required by Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The Purchaser shall abide by all rules of the Municipal Securities Rulemaking Board ("MSRB") in connection with the issuance and sale of the Bonds, including the delivery to the MSRB's Electronic Municipal Market Access ("EMMA") of the Official Statement



### ***Principal Amount Changes***

The Preliminary Aggregate Principal Amount of the Bonds and the Preliminary Principal Amount of each maturity of the Bonds as set forth in this Notice of Sale (collectively, the “Preliminary Amounts”) may be revised before the receipt and opening of sealed bids for their purchase. The Revised Aggregate Principal Amount of the Bonds and the Revised Principal Amount of each maturity (collectively, the “Revised Amounts”) will be published on TM3 not later than 9:30 a.m., Eastern Daylight Time on the date of sale or as soon thereafter as is reasonably practicable. In the event that no revisions are made or that such revisions are not published on TM3 before 9:30 a.m., Eastern Daylight Time on the date of sale, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder.

### ***Good Faith Deposit***

The apparent successful bidder, as indicated on BIDCOMP/PARITY, must submit a good faith deposit in the amount of 5% of par, or \$784,000 (the “Good Faith Deposit”) to the City as provided below. The Good Faith Deposit will secure the City from any loss resulting from the failure of the successful bidder to comply with the terms of its bid. The successful bidder shall transfer the Good Faith Deposit by wire transfer directly to the City upon notification of the Preliminary Award, but in any case, no later than 3:00 p.m., Eastern Daylight Time, on the Award Date. Wire instructions will be provided to the successful bidder upon notification of the Preliminary Award.

The Formal Award shall not be made until the City has confirmation of receipt of the Good Faith Deposit, and if the successful bidder fails to so deliver the Good Faith Deposit by the designated time, the City will have the option to withdraw the award and the successful bidder shall be responsible to the City for all consequential damages arising from such withdrawal.

At the time of delivery of the Bonds, such security will be applied against the purchase price for the Bonds or will be retained as liquidated damages upon the failure of the successful bidder to take and pay for the Bonds in accordance with the terms of its proposal. A successful bidder shall have no right in or to said Good Faith Deposit if it fails to complete the purchase of, and payment in full of the purchase price of, the Bonds for any reason whatsoever, unless such failure of performance shall be caused by an act or omission of the City. No interest will be paid upon the deposit made by the successful bidder. Notwithstanding the foregoing, should a successful bidder fail to pay for the Bonds at the price and on the date agreed upon, the City retains the right to seek further compensation for damages sustained as a result of the successful bidder so doing.

### ***Official Statement and Continuing Disclosure - SEC Rule 15c2-12***

The Preliminary Official Statement dated July 30, 2018, issued with respect to the Bonds (the “Preliminary Official Statement”), has been deemed final by the Issuer as of its date for purposes of the Rule, except for the omission of information as permitted by the Rule, but is subject to revision, amendment, and completion in the final Official Statement (hereinafter the “Official Statement”) to be prepared with respect to the Bonds. A reasonable number of copies (not to exceed 100) of the Official Statement, to be dated as of a date prior to settlement, will be furnished to the Purchaser within seven business days after the Sale Date. Copies of the Official Statement in excess of 100 will be furnished at the request of the Purchaser at its own expense. The Purchaser will be required to provide pricing information necessary for the Issuer to complete the Official Statement.

In order to assist bidders in complying with the Rule, the Authority will execute a written Continuing Disclosure Agreement to provide or cause to be provided, in accordance with the Rule, certain



annual financial information and timely notices of the occurrence of certain events with respect to the Bonds. The form of Continuing Disclosure Agreement is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

***CUSIP Numbers***

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale. The City's Financial Advisor will request CUSIP numbers prior to the Sale Date for the Series 2018 Bonds. The City's Financial Advisor will be responsible for obtaining the CUSIP numbers for the Series 2018 Bonds. The successful bidder will be obligated to pay the fee of the CUSIP Service Bureau for assigning the CUSIP numbers to the Series 2018 Bonds.

***Delivery of the Bonds***

Delivery of the Bonds, without expense, will be made by the City to the Purchaser on or about August 22, 2018, or as soon as practicable thereafter, in New York, New York or at such other location as shall be mutually acceptable to the City and the Purchaser, and, thereupon, the Purchaser will be required to accept delivery of the Bonds purchased and pay, in federal funds, the balance of the purchase price due. The Bonds will be accompanied by the customary closing documents, including a no-litigation certificate, effective as of the date of delivery, stating that there is no litigation pending affecting the validity of any of the Bonds. It shall be a condition to the obligation of the Purchaser to accept delivery of and pay for the Bonds that, simultaneously with or before delivery and payment for the Bonds, the Purchaser shall be furnished a certificate or certificates of an authorized member of the City Council, the Mayor and the Director of Finance to the effect that, to the best of their knowledge and belief, the Official Statement (and any amendment or supplement thereto) (except for the reoffering information provided by the Purchaser and information regarding DTC and DTC's book-entry system provided by DTC, as to which no view will be expressed) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and that between the date of sale and the date of delivery of the Bonds there has been no material adverse change in the financial position or revenues of the City, except as reflected or contemplated in the Official Statement (and any amendment or supplement thereto).

***Legal Opinions***

The Bonds will be issued and sold subject to approval as to legality by Ballard Spahr LLP, Bond Counsel, whose approving opinion substantially in the form included in the Preliminary Official Statement referred to below will be delivered, upon request, to the Purchaser, without charge.

***Revisions to Notice of Sale***

NOTE: The City may revise this Notice of Sale by written notice available to prospective bidders at the place of sale at the time for submission of bids or by publishing notice of any revisions on TM3 at or before the time for submission of bids. Any bid submitted shall be in accordance with, and incorporate by reference, this Notice of Sale including any revisions made pursuant to this paragraph.

***Right to Postpone***

The City reserves the right to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be announced by TM3 by notice given not later than 1:00 p.m., Dover, Delaware local time, on the last business day prior to any announced date for receipt of bids. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, an alternative sale date (the "Alternative Sale Date") will be announced via TM3 News Service at least 48 hours prior to such Alternative Sale Date. In addition, the City reserves the right, on the date established for the receipt of bids, to reject all bids and establish a subsequent Alternative Sale Date. If all bids are rejected and an Alternative Sale Date for receipt of bids established, notice of the Alternative Sale Date will be announced via TM3 News Service not less than 48 hours prior to such Alternative Sale Date. On any such Alternative Sale Date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale except for the date of sale and except for the changes announced by TM3 News Service at the time the Alternative Sale Date and time were announced.

***Copies of Documents***

The Preliminary Official Statement, together with this Notice of Sale and the required form of proposal, may be obtained from the City Manager, Donna S. Mitchell, City of Dover, 15 The Plaza Loockerman Street, Dover, Delaware 19903, (302) 736-7019 or from Geoffrey W. Stewart or Jeanette Davidson-Flowers, PFM Financial Advisors LLC, 1735 Market Street, 42<sup>nd</sup> Floor, Philadelphia, PA 19103, (215) 567-6100.

By order of

CITY COUNCIL OF  
DOVER, DELAWARE

**FORM OF PROPOSAL**

**BIDDERS MUST SUBMIT PROPOSAL FOR THE BONDS**

**PROPOSAL FOR**

**\$15,680,000\***

**THE CITY OF DOVER, DELAWARE  
ELECTRIC REVENUE REFUNDING BONDS,  
(SERIES 2018)**

**Bid Date: August 8, 2018**

City Council  
The City of Dover, Delaware  
Weyandt Hall  
5 East Reed Street  
Dover, Delaware 19901

Council Members:

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale, which is made a part of this Proposal, we offer to purchase the \$15,680,000\* City of Dover, Delaware Electric Revenue Refunding Bonds, (Series 2018), described in such Notice of Sale, such Bonds dated August 22, 2018, to mature on July 1 in the several years shown in the table below, and to bear interest at the rate per annum set opposite such years, respectively:

<b><u>Year</u></b>	<b><u>Preliminary Principal Amounts*</u></b>	<b><u>Interest Rate</u></b>	<b><u>Price or Yield</u></b>
2019	\$ 625,000		
2020	805,000		
2021	845,000		
2022	885,000		
2023	920,000		
2024	960,000		
2025	1,005,000		
2026	1,050,000		
2027	1,095,000		
2028	1,135,000		
2029	1,180,000		
2030	1,225,000		
2031	1,270,000		
2032	1,315,000		
2033	1,365,000		

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\* Preliminary, subject to change



We will pay an amount equal to the Revised  
Aggregate Principal Amount of the Bonds  
plus a dollar premium in the amount of..... + \_\_\_\_\_

We agree, as a condition precedent to the consideration of our proposal, to provide the City a good faith deposit in the amount of \$ \_\_\_\_\_ (the "Good Faith Deposit") upon notification of the preliminary bid award (the "Preliminary Award"). We further agree to transfer the Good Faith Deposit directly to the City upon notification of the Preliminary Award, but in any case, no later than 3:00 p.m., Eastern Daylight Time, on the Award Date (as defined in the Notice of Sale).

If this proposal is accepted, said Good Faith Deposit is to be held as security for the performance of this proposal, and is to be applied to the purchase price of the bonds when the bonds are delivered and paid for under the terms of this proposal, or is to be retained as and for full liquidated damages in case we fail so to take up and pay for the Bonds.

(NOTE: Not part of proposal. The following information is requested to expedite and facilitate prompt determination of the best bid. The omission or inaccuracy of these figures will not affect the validity of the proposal. The aggregate amount of interest from the date of the bonds to final maturity is \$ \_\_\_\_\_. The true interest cost calculated in accordance with the Notice of Sale is \_\_\_\_%.)

WE UNDERSTAND THAT (A) WE ARE TO PROVIDE A CERTIFICATION REGARDING THE PUBLIC SALE OF THE BONDS AS DESCRIBED IN THE NOTICE OF SALE ON OR PRIOR TO THE CLOSING DATE AND (B), IF NOTIFIED THAT WE ARE THE SUCCESSFUL BIDDER FOR THE BONDS, WE WILL BE REQUIRED TO ADVISE THE CITY OF THE INITIAL REOFFERING PRICES (AS DESCRIBED IN THE NOTICE OF SALE) FOR EACH MATURITY OF THE BONDS AT THE TIME OF SUCH NOTIFICATION. In this regard, you may contact and rely on the information provided by \_\_\_\_\_ whose telephone number is \_\_\_\_ - \_\_\_\_ - \_\_\_\_\_.

\_\_\_\_\_  
Bidder

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FORM OF ISSUE PRICE CERTIFICATE**

**\$15,680,000\***  
**THE CITY OF DOVER, DELAWARE**  
**ELECTRIC REVENUE REFUNDING BONDS,**  
**(Series 2018)**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF UNDERWRITER] (the "Purchaser"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") to be issued by The City of Dover (the "Issuer").

1. ***Reasonably Expected Initial Offering Price.***

As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

*Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

*Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

*Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 22, 2018.

*Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

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\* Preliminary, subject to change

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ballard Spahr LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_

Dated: August [\_\_\_\_], 2018



EXHIBIT B

Bids Received

See Attached

Bid Results

**Dover**  
**\$15,680,000 Electric Revenue Refunding Bonds (Series 2018)**

The following bids were submitted using **PARITY**<sup>®</sup> and displayed ranked by lowest TIC.  
 Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input checked="" type="checkbox"/> <a href="#">Reoffering</a>	<a href="#">Morgan Stanley &amp; Co. LLC</a>	2.757148
<input type="checkbox"/>	<a href="#">Janney Montgomery Scott LLC</a>	2.810502
<input type="checkbox"/>	<a href="#">Citigroup Global Markets Inc.</a>	2.839001
<input type="checkbox"/>	<a href="#">Robert W. Baird &amp; Co. Inc.</a>	2.840677
<input type="checkbox"/>	<a href="#">UMB Bank N.A.</a>	2.849571
<input type="checkbox"/>	<a href="#">J.P. Morgan Securities LLC</a>	2.856127
<input type="checkbox"/>	<a href="#">Piper Jaffray</a>	2.863431
<input type="checkbox"/>	<a href="#">Hutchinson, Shockey, Erley &amp; Co.</a>	2.881023
<input type="checkbox"/>	<a href="#">Jefferies LLC</a>	2.885931
<input type="checkbox"/>	<a href="#">Stifel Nicolaus &amp; Company Inc.</a>	2.923605
<input type="checkbox"/>	<a href="#">PNC Capital Markets</a>	2.928371
<input type="checkbox"/>	<a href="#">J.J.B. Hilliard, W.L. Lyons, Inc.</a>	3.155212

\*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.





EXHIBIT C

FORM OF BOND

R- \$ \_\_\_\_\_

STATE OF DELAWARE  
THE CITY OF DOVER, DELAWARE  
ELECTRIC REVENUE REFUNDING BOND  
(SERIES 2018)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP</u>
	July 1, 20__	August 22, 2018	

REGISTERED OWNER:     Cede and Company

PRINCIPAL AMOUNT: DOLLARS

The City of Dover (herein called the “City”), a municipal corporation in the County of Kent, State of Delaware, for value received, hereby promises to pay, solely from the sources hereinafter described, to the Registered Owner identified above, or registered assigns, the Principal Amount identified above on the Maturity Date specified above, unless this Bond shall have been previously called for redemption and payment of the redemption price shall have been duly made or provided for in accordance with the hereinafter described Bond Resolution, and to pay (but only out of the sources hereinafter described) interest at the Interest Rate specified above on such Principal Amount from the interest payment date next preceding the date of registration and authentication of this bond, unless this bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date, or unless this Bond is registered and authenticated prior to the Dated Date, in which event this Bond shall bear interest from the Dated Date, or unless, as shown by the records of The Bank of New York Mellon, as Trustee (the “Trustee”), interest on the hereinafter referred to Bonds shall be in default, in which event this Bond shall bear interest from the last date to which interest has been paid, at the rate specified above payable semiannually on January 1 and July 1 of each year commencing on January 1, 2019, until payment in full of such Principal Amount, and to pay interest on overdue principal and, to the extent permitted by law, on overdue interest at the rate specified above. Principal of and interest on this Bond is payable in lawful money of the United States of America at the principal office of the Bank of New York Mellon, as Paying Agent, or its successor (the “Paying Agent”); provided, however, that payment of the semiannual interest hereon shall be made to the person in whose name this Bond is registered as of the close of business on the 15th day of the calendar month next preceding each interest payment date by check or draft mailed to such registered owner at such owner's address as it appears on the registration books of the Trustee, as Registrar, or at such other address as is furnished in writing by such registered owner to the Paying Agent.

THIS BOND IS NOT A DEBT OF THE CITY OR A PLEDGE OF THE FAITH  
AND CREDIT OF THE CITY, BUT IS PAYABLE SOLELY FROM THE SPECIAL FUND

PROVIDED THEREFOR FROM THE REVENUES OF THE ELECTRIC SYSTEM OF THE CITY, AS PROVIDED BY THE ENABLING ACT (HEREINAFTER MENTIONED) AND THE BOND RESOLUTION AND FROM THE INTEREST AND SINKING FUND ESTABLISHED UNDER THE BOND RESOLUTION, AND THE OWNER HEREOF HAS NO RIGHT TO COMPEL THE LEVY OF ANY TAX FOR THE PAYMENT OF THIS BOND OR THE INTEREST TO ACCRUE THEREON. THE CITY IS NOT OBLIGATED TO PAY THIS BOND OR THE INTEREST HEREON EXCEPT FROM SUCH SPECIAL FUNDS, AND NO OWNER OF THIS BOND SHALL EVER HAVE THE RIGHT TO ENFORCE THE PAYMENT THEREOF AGAINST ANY PROPERTY OF THE CITY, AND THIS BOND DOES NOT CONSTITUTE A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY.

This bond is one of a duly authorized series of revenue bonds of the City, designated "Electric Revenue Refunding Bonds (Series 2018)", in the original aggregate principal amount of \$15,700,000 (the "2018 Bonds") issued pursuant to a Resolution adopted by the City on December 23, 1985, as amended and restated by Amending and Restating Electric Revenue Bonds Resolution Adopted August 23, 2004 and Resolution No. 2018-05 adopted June 25, 2018 (collectively, the "Bond Resolution") and a Ratifying Resolution adopted August 20, 2018 to provide funds for (i) the refunding of The City of Dover, Delaware \$22,200,000 Electric Revenue Refunding Bonds (Series 2008) and (ii) the payment of the costs of issuance of the 2018 Bonds. The Bond Resolution also provides for the issuance, from time to time, under the conditions, limitations and restrictions therein set forth, of additional Bonds for the purpose of paying all or a part of the cost of additional improvements of the City's electric system (the "Electric System"), and for the purpose of refunding any Bonds issued by the City under the provisions of the Bond Resolution. Reference is hereby made to the Bond Resolution for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Bond Resolution, the collection and disposition of revenues, the funds charged with and pledged to the payment of the interest on and the principal of the Bonds, the nature and extent of the security, the terms and conditions on which the Bonds of each series are or may be issued, the rights, duties and obligations of the City and of the Trustee under the Bond Resolution and the rights of the owners of the Bonds, and, by the acceptance of this bond, the owner hereof assents to all the provisions of the Bond Resolution. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Bond Resolution.

This bond is issued and the Bond Resolution was adopted under and pursuant to the Constitution and laws of the State of Delaware, particularly Chapter 111, Volume 52, Laws of Delaware, as amended by Chapter 340, Volume 57, Laws of Delaware, (the "Enabling Act"). The Bond Resolution, in accordance with and as required by the Enabling Act, provides for the fixing, revising and collecting by the City of rates, fees and other charges for the use of, and for the services and facilities furnished by, the Electric System which will provide revenues sufficient at all times to pay the cost of maintaining, repairing and operating the Electric System and provide reserves therefor and to pay the principal of and the interest on all bonds issued under the provisions of the Bond Resolution and then Outstanding as the same shall become due and payable and to provide reserves therefor. The Bond Resolution provides for the creation of a special fund designated "City of Dover Electric Revenue Bonds Interest and Sinking Fund" (the "Interest and Sinking Fund"), which special fund is pledged to and charged with the payment of the principal of and the interest on all Bonds issued under the provisions of the Bond Resolution. The Bond Resolution also provides for the City to apply the revenues of the Electric System to maintain an Improvement and Extension Fund. After



providing for current expenses of the Electric System and current debt service payments on the Bonds issued under the Bond Resolution, certain reserves therefor and the required level of contribution to the Improvement and Extension Fund, the Bond Resolution permits the City to apply the net revenues remaining from the Electric System to any lawful purpose of the City.

*Optional Redemption.* The Bonds that mature on or before July 1, 2027 will not be subject to optional redemption prior to their maturities. Bonds that mature on or after July 1, 2028 will be subject to optional redemption commencing on July 1, 2027, as a whole or in part at any time at the option of the City, at par, plus accrued interest thereon to the date fixed for redemption

Modifications or alterations of the Bond Resolution or of any resolution supplemental thereto may be made to the extent and in the circumstances permitted by the Bond Resolution.

This bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the designated office of the Trustee but only in the manner, and subject to the limitations and upon payment of the charges provided in the Bond Resolution, and upon surrender and cancellation of this bond. Upon such transfer, a new bond or Bonds of the same maturity or maturities, interest rate or rates and of an authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefore. The City and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest due on the Bonds and for all other purposes, and neither the City nor the Trustee shall be affected by any notice to the contrary. The City and the Trustee are not required (a) to issue, transfer or exchange any Bonds during the period beginning at the opening of business on the 15<sup>th</sup> day of the month preceding any interest payment date and ending at the close of business on the interest payment date, or (b) to transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

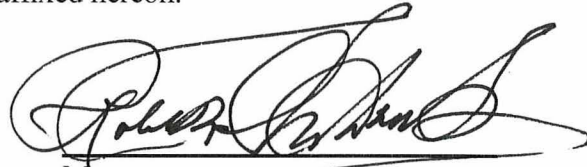
As declared by the Enabling Act, this bond shall be negotiable for all purposes, except as restricted by registration. This bond is issued with the intent that the Laws of the State of Delaware shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the State of Delaware and the ordinances and resolutions of the City to happen, exist and be performed precedent to and in issuance of this bond have happened, exist and have been performed as so required.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Resolution until the certificate of authentication appended hereto shall have been signed by the Trustee.



IN WITNESS WHEREOF, The City of Dover has caused this bond to bear the manual or facsimile signature of its Mayor and the manual or facsimile signature of its City Clerk, and has caused the City's corporate Seal to be printed or affixed hereon.



Mayor



Traci A. McDowell  
City Clerk

(SEAL)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the series designated therein and issued under the provisions of the within mentioned Resolution.

By: \_\_\_\_\_  
The Bank of New York Mellon, as Trustee

\_\_\_\_\_  
Date of Authentication

By: \_\_\_\_\_  
Authorized Officer

ASSIGNMENT

For the value received, the undersigned sells, assigns and transfers unto \_\_\_\_\_ the within Bond and does hereby irrevocably constitute \_\_\_\_\_ attorney to transfer the said Bond on the books kept for registration of said Bond, with full power of substitution in the premise.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature of Registered Owner

NOTICE: The signature(s) to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an approved eligible guarantor institution, an institution which is a participant in a Securities Transfer Association recognized signature guaranteed program.



EXHIBIT D

BLANKET LETTER OF REPRESENTATIONS  
TO THE DEPOSITORY TRUST COMPANY

See Attached



Blanket Issuer Letter of Representations  
(To be Completed by Issuer)

The City of Dover, Delaware  
[Name of issuer]

Nov. 9 11:15.  
[Date]

Attention: Underwriting Department — Eligibility  
The Depository Trust Company  
55 Water Street, 50th Floor  
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

The City of Dover, Delaware

By: Mike C. Karia  
(Authorized Officer's Signature)  
Mike C. Karia

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: Jenna Jones

SCHEDULE A

**SAMPLE OFFERING DOCUMENT LANGUAGE  
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$200 million, one certificate will be issued with respect to each \$200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.



5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.