

RESOLUTION NO. R 013 89

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF SUSSEX COUNTY, DELAWARE MUNICIPAL REFUNDING COLLATERALIZED MORTGAGE OBLIGATIONS (MR CMO), SERIES A, IN AN AGGREGATE FACE OR PRINCIPAL AMOUNT OF \$11,133,000, AND THE EXECUTION, DELIVERY AND PERFORMANCE OF A TRUST INDENTURE SECURING SUCH OBLIGATIONS, AN ESCROW DEPOSIT AGREEMENT, A BOND PURCHASE AGREEMENT, CERTAIN AMENDMENTS TO THE SALE AND SERVICE AGREEMENT DATED AS OF FEBRUARY 1, 1979 (RELATING TO SUSSEX COUNTY, DELAWARE SINGLE FAMILY MORTGAGE REVENUE BONDS 1979 SERIES A), AND A COMMITMENT FOR MUNICIPAL BOND INSURANCE TO FURTHER SECURE THE OBLIGATIONS, AND THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT DESCRIBING THE OBLIGATIONS AND THE SECURITY THEREFOR (TO BE USED IN CONNECTION WITH THE SALE OF THE OBLIGATIONS), AND ALL OTHER ACTION NECESSARY OR DESIRABLE TO ADOPT THE ORDINANCE OR THIS RESOLUTION HEREINAFTER DESCRIBED AND TO ISSUE, SELL AND SECURE THE OBLIGATIONS

WHEREAS, the County of Sussex (the "County") is a county and political subdivision of the State of Delaware (the "State"), with home rule powers; and

WHEREAS, the County heretofore validly issued SUSSEX COUNTY, DELAWARE SINGLE FAMILY MORTGAGE REVENUE BONDS, 1979 SERIES A (the "1979 Bonds"), pursuant to Ordinance No. 33 of the County Council of the County and certain further proceedings; and

WHEREAS, the proceeds of the sale of the 1979 Bonds were loaned to persons of low or moderate income to acquire as a residence a one-to-four family home or to reconstruct such residences located in the County, at a lower rate than the prevailing commercial mortgage rate for residential mortgage loans in the County; and

WHEREAS, the County Council has determined that it would be beneficial to the County to refund or defease the 1979 Bonds through the issuance and sale of SUSSEX COUNTY, DELAWARE MUNICIPAL REFUNDING COLLATERALIZED MORTGAGE OBLIGATIONS (MR CMO), SERIES A, for such purpose and for the further objects or purposes hereinafter described; and

WHEREAS, The County Council has adopted an ordinance (the "Ordinance") authorizing the issuance and sale of not to exceed \$11,500,000 aggregate face or principal amount of SUSSEX COUNTY, DELAWARE MUNICIPAL REFUNDING OBLIGATIONS (MR CMO), SERIES A (the "Obligations") for the purposes hereinafter described; and

WHEREAS, the Ordinance calls for the adoption of a resolution of the county government (the "County Council") to be adopted on or before the date of issuance and sale of the Obligations, which resolution is this Resolution (the "Resolution");

NOW, THEREFORE, THE COUNTY OF SUSSEX HEREBY RESOLVES:

Section 1. Obligations. The County hereby acknowledges that it has duly authorized the issuance of not to exceed \$11,500,000 aggregate face or principal amount of SUSSEX COUNTY, DELAWARE MUNICIPAL REFUNDING COLLATERALIZED MORTGAGE OBLIGATIONS (MR CMO), SERIES A (the "Obligations"), pursuant to Chapter 70 of Title 9 of the Delaware Code, as amended (the "Act"), its home rule powers, the Ordinance, the Trust Indenture dated as of May 1, 1989 (the "Trust Indenture") between the County and Wilmington Trust Company, as trustee (the "Trustee"), and this Resolution. This Resolution is authorized by the Act.

Section 2. Terms, Security. Pursuant to the Ordinance, the Obligations are to be issued on the terms and secured as described in the Trust Indenture and this Resolution.

The Obligations shall be dated May 10, 1989.

The Bonds shall mature as shown on EXHIBIT I TO BOND PURCHASE AGREEMENT, which is attached hereto and made a part hereof as SCHEDULE A ("Schedule A").

The Obligations are secured as described in the Trust Indenture (the "Security").

The sinking fund and other reserve fund requirements for the Obligations are set forth in the Trust Indenture.

The provisions for redemption of the Obligations prior to their respective maturities are set forth in the Trust Indenture.

The time and place for payment of principal of and interest on the Obligations is set forth in the Trust Indenture.

The Obligations shall be executed in accordance with the Trust Indenture.

The forms of the Obligations are set forth in the Trust Indenture.

The Obligations, including any interest with respect thereto, are special and limited obligations of the County and are payable solely from the Security. The Obligations are not a general debt, liability or obligation of the County or a debt, liability or obligation of the State or of any political subdivision thereof (other than the Issuer, but only as described in this Section). The Obligations are not a debt within the meaning of any constitutional, home rule or statutory debt limit or restriction. The Obligations are not secured by a pledge of the faith and credit or any revenues of the County or of the State or of any political subdivision thereof. The County is not obligated to pay the Obligations except from the Security. The County is not obligated, and shall not, exercise its taxing power to pay the Obligations or any interest with respect thereto.

Section 3. Purposes. The proceeds of the sale of the Obligations are to be used to (i) refund or defease the 1979 Bonds (as a result thereof, the trust indenture under which

the 1979 Bonds are secured will be defeased), (ii) pay the costs of issuing, securing and selling the Obligations, (iii) fund certain reserves and accounts for the Obligations, and (iv)(a) acquire certain land, together with any improvements thereon, (b) improve, enlarge and better such improvements or other improvements now owned or hereafter acquired by the County and (c) purchase certain capital equipment which may be purchased by the County pursuant to the Act, and (v) reimburse the County for any of the purposes described in the foregoing clause (iv) of this Section. In the event such proceeds are not so used, the proceeds are to be applied to such other purposes as are authorized or permitted by the Act.

The Obligations shall recite that they are issued for the purpose or purposes specified in the preceding paragraph and are issued pursuant to the terms of the Constitution and laws of the State and of the County.

Notwithstanding any provision of the Ordinance, the Trust Indenture or this Resolution to the contrary, the Obligations are not issued for the purpose of the payment of (x) any item of operating expense or any judgment resulting from the failure to pay any such item or (y) any equipment or any public improvement of a normal life of less than three years.

Section 4. Execution, Delivery, Performance. The County Administrator is hereby authorized and directed to execute and deliver by and on behalf of the County, and the County shall perform, (i) the Trust Indenture, (ii) the Escrow Deposit Agreement dated as of May 1, 1989 between the County and the Trustee, (iii) the Bond Purchase Agreement (the "Bond Purchase Agreement") between the County and Morgan Keegan & Company, Inc., as underwriter (the "Underwriter") (pursuant to which the Underwriter will agree to purchase the Obligations), (iv) the amendments to the Sale and Service Agreement dated as of February 1, 1979 among the County and the persons named therein (relating to the 1979 Bonds), and (v) the Commitment for Municipal Bond Insurance between the County and Financial Guaranty Insurance Company (pursuant to which such insurance company will commit to insure the payment of such Obligations). (The Trust Indenture and such Escrow Deposit Agreement, Bond Purchase Agreement, amendments and Commitment are hereinafter referred to as the "Papers"). The Clerk of the County Council shall affix the seal of the County on each paper and attest the signature of the County Administrator and such seal thereon.

The Obligations shall be executed in accordance with Article II of the Trust Indenture and delivered in accordance with such Article, the Ordinance and this Resolution.

Each Paper has been presented to the County Council, and each Paper is hereby approved with such changes, insertions and omissions as may be approved by the County Administrator with the advice of the County Attorney or Bond Counsel (hereinafter defined).

Section 5. Execution, Delivery. The County Administrator is hereby authorized and directed to execute and deliver, by and on behalf of the County, an Official Statement to be used in connection with the sale of the Obligations. Such Official Statement shall be in the form presented to the County Council, with such changes,

insertions and omissions as may be approved by the County Administrator with the advice of the County Attorney or Bond Counsel.

The County Administrator is authorized and directed, and the Underwriters are authorized, on behalf of the County, to distribute the Official Statement, and to use it, in connection with the sale of the Obligations.

Section 6. Sale of Obligations, Application of Proceeds. (a) It is hereby found and declared that a negotiated, or private, sale of the Obligations pursuant to the Ordinance, this Resolution and the Bond Purchase Agreement is in the best interests of the County; and the County Administrator is hereby authorized and directed to sell, on behalf of the County, the Obligations at such sale in accordance with this Resolution and the Bond Purchase Agreement.

(b) The proceeds of the sale of the Obligations shall be applied to the purposes described in Section 3 of the Ordinance. The County Administrator is authorized and directed, by and on behalf of the County, to direct the application of the proceeds in accordance with the Ordinance, the Trust Indenture and this Resolution.

Section 7. Appointment of Bond Counsel, Other Actions. Morris, James, Hitchens & Williams, Wilmington, Delaware, is appointed bond counsel ("Bond Counsel") in connection with the issuance and sale of the Obligations.

The County Administrator and the Clerk of the County Council are authorized and directed to take such other action, on behalf of the County, as may be necessary or desirable to effect the adoption of the Ordinance and this Resolution and the issuance and sale of the Obligations and to provide for their security and to carry out the intent of the Ordinance, this Resolution and the Papers, including the publication of notices and advertisements and the execution and delivery of customary closing certificates and opinions, and the investment of the proceeds of the sale of the Obligations.

Section 8. Severability. If any provision of this Resolution shall be held or deemed to be or shall be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions of this Resolution or render such other provision or provisions invalid, inoperative or unenforceable to any extent whatsoever.

Section 9. Incorporation of Recitals, Repealer, Effective Date. The foregoing recitals are true and correct and are incorporated in this Resolution by this reference.

Any resolutions or orders or parts thereof in conflict with this Resolution are repealed by this Resolution to the extent of such conflict.

This Resolution shall become effective immediately.

I DO HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT
COPY OF RESOLUTION NO. R 013 89 PASSED BY THE COUNTY COUNCIL
OF SUSSEX COUNTY ON THE 23RD DAY OF MAY, 1989.

Doris E. Rogers

DORIS E. ROGERS
CLERK OF THE COUNTY COUNCIL

EXHIBIT I
TO
BOND PURCHASE AGREEMENT

<u>Class</u>	<u>Initial Principal Amount(1)</u>	<u>Interest Rate(2)</u>	<u>Stated Maturity</u>	<u>Public Price</u>
A-1	\$5,796,000	7.68%	November 10, 2001	93.924%
A-2	4,330,000	7.68%	May 10, 2007	85.225%
A-3	557,000	7.68%	February 10, 2012	66.945%
A-4	450,000	0.00%	August 10, 2014	10.247%

- (1) Principal Amount payable at Stated Maturity in the case of the Class A-4 Bonds ("Zero Coupon Bonds").
- (2) Approximate Accretion Rate in the case of the Class A-4 Bonds.