

A PROJECT ORDINANCE APPROVING AND AUTHORIZING THE FINANCING OF A PROJECT FOR THE COMMUNITY EDUCATION BUILDING CORP.; MAKING CERTAIN FINDINGS WITH RESPECT THERETO; AUTHORIZING THE ISSUANCE OF CITY OF WILMINGTON REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$35,000,000; AND AUTHORIZING OTHER NECESSARY ACTION

#4597

Sponsor:

Council
Member
Freel

WHEREAS, the Council of the City of Wilmington (the "Council") has heretofore adopted the Wilmington Commercial, Financial Service and Industrial Development Ordinance, Wilmington City Code, Chapter 8, Article II (the "General Ordinance") to encourage and assist the financing and refinancing of the construction, acquisition, sale or lease of industrial, commercial and other facilities related to the maintenance or promotion of employment or to the redevelopment or revitalization of areas within the City of Wilmington (the "City"); and

WHEREAS, the Community Education Building Corp. (the "Borrower"), a qualified organization pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986 and a Delaware non-stock corporation, has applied to the City for assistance in financing a project and related expenses (the "Project") consisting of the: (a) refinancing the City's \$24,300,000 Revenue Bonds, Series of 2014 (Community Education Building Corp. Project) (the "2014 Bonds"), together with the refinancing of certain other pieces of debt of the Borrower, the proceeds of which were used to renovate, equip, modernize, operate and convert the Bracebridge IV building located at 1200 N. French Street in Wilmington, Delaware (the "Facility"), into (i) a facility to house and operate up to four charter schools dedicated to educational activities and (ii) parking spaces for building tenants and visitors; (b) funding a debt service reserve fund; and (c) paying the costs associated with issuing the Bonds (as defined herein);

WHEREAS, this Council also desires to approve the Project, to make the above findings and determinations and to authorize the issuance and sale of the Bonds; and

WHEREAS, the City will enter into a Bond Purchase and Loan Agreement or similar agreement (the "Agreement") with the Borrower and a lender selected by the Borrower (the "Bond Purchaser") pursuant to which (i) the City will issue and sell the Bonds to the Bond Purchaser; (ii) the City will lend the proceeds of the Bonds to the Borrower; (iii) the Borrower will execute and deliver to the City a promissory note (the "Note") in the aggregate amount of the Bonds; and (iv) the City will assign to the Bond Purchaser the Note and substantially all of its rights under the Agreement to provide a source of payment for and to secure its obligations under the Bonds; and

WHEREAS, if required by the Bond Purchaser, the Borrower, to secure the Note, may execute and deliver to the Bond Purchaser as mortgagee a Mortgage and Security Agreement (the "Mortgage"), granting a mortgage lien on its interest in the Facility and a security interest in the gross revenues of the Borrower; and

WHEREAS, the obligations of the Borrower under the Agreement and the Note will be further secured by a continuing guaranty from Longwood Foundation (the "Guaranty") in favor of the City and/or the Bond Purchaser; and

WHEREAS, the Bonds will be special and limited obligations of the City, payable solely from amounts to be paid by the Borrower under the Agreement, the Note, the Guaranty and the Mortgage (if required); and

WHEREAS, the Council desires to authorize the issuance, execution and delivery of the Bonds and the execution and delivery of the other documents required to accomplish the

- (iii) maintain, diversify or expand employment promoting enterprises within the City;
- (b) The Bonds will be payable solely from revenues of the Borrower as contemplated by the General Ordinance;
- (c) The revenues from which the Bonds will be payable will be sufficient for such purpose;
- (d) The issuance of the Bonds will accomplish the public purposes contemplated by the General Ordinance;
- (e) The amount to be financed does not exceed the estimated Costs of the Project; and
- (f) The undertaking of the Project in the City is in the best interests of the City.

Based on the foregoing findings and determinations and as a substantial inducement to the Borrower to locate, remain or expand within the City, the Project is hereby approved and determined to be eligible for financing by the City as provided herein and in the General Ordinance.

SECTION 4. Authorization of the Bonds. In order to provide funds to pay a portion of the Costs of the Project, the City shall issue its Revenue Bonds (Community Education Building Corp. Project), Series 2018, in one or more series, on a tax-exempt and/or federally taxable basis, in a principal amount not exceeding \$35,000,000, which shall mature and bear interest and be in such form as shall be determined in a resolution (the "Resolution") to be adopted by the City's Bond Committee.

and interest in and to the Agreement, the Note and the Guaranty and payments thereunder. The Bond Committee may approve a different form of documentation of the transaction.

SECTION 6. Execution and Delivery of Documents. The Mayor, and the City Treasurer and the City Auditor are hereby authorized to execute (by manual or facsimile signature) and deliver, in the name of the City and on its behalf, the Bonds. The Mayor or the City Treasurer or the Director of Finance of the City is hereby authorized to execute and deliver, in the name of the City and on its behalf, the following documents and to approve the final form and substance thereof, including the dates thereof (provided that such documents are substantially in the forms approved by the City's Bond Committee with only such changes therein as shall have been approved by the City Solicitor and the City's Bond Counsel), such approvals to be conclusively evidenced by the execution thereof, and the City Clerk and Deputy Clerk are each hereby authorized to affix to all of the following documents, as well as to the Bonds, the seal or facsimile seal of the City to attest to the same by his or her manual or facsimile signature: (a) the Agreement; (b) the assignment of the Note; and (c) such other documents as the executing officers determine to be reasonable and appropriate in connection with the issuance of the Bonds or the financing of the Project. Copies of the foregoing documents, together with the other documents relating to the transactions authorized hereby, in final form as executed and delivered by the parties thereto, shall be filed in the official records of the City.

SECTION 7. Binding Effect of Covenants and Agreements. All covenants, obligations and agreements of the City set forth in this Ordinance and in the documents authorized hereby shall be deemed to be in the covenants, obligations and agreements of the City to the full extent authorized or permitted by law.

inconsistencies between provisions of this Ordinance and the General Ordinance shall not be deemed to be amendments of such General Ordinance.

SECTION 12. Effective Date. This Ordinance shall become effective upon its passage by Council and approval by the Mayor.

First Reading.....November 15, 2018
Second Reading.....November 15, 2018
Third Reading.....

Passed by City Council,

President of City Council

ATTEST: _____
City Clerk

Approved this ____ day of _____, 2018.

Mayor

SYNOPSIS: This Ordinance will enable the City to issue tax-exempt and/or federally taxable revenue bonds for the refinancing of a project for the Community Education Building Corp. (the “Borrower”). The Bonds will be special revenue obligations of the City, payable exclusively from payments made by the Borrower under the Agreement, the Note and the Mortgage (if required) and from available funds under the Guaranty.