

AN ORDINANCE AUTHORIZING A LOAN TO THE CITY'S HOUSING STRATEGIC, SPECIAL GOVERNMENTAL FUND FROM THE GENERAL FUND; PROVIDING FOR APPROPRIATIONS OF SUCH LOAN FOR THE PURPOSE OF PREPAYMENT AND REDEMPTION OF THE CITY'S GENERAL OBLIGATION BOND (WILMINGTON HOUSING PROJECT) SERIES 2016 (FEDERALLY TAXABLE); AUTHORIZING THE APPROPRIATE CITY OFFICIALS TO ACCEPT RECEIPTS FROM THE WILMINGTON HOUSING PARTNERSHIP AND TRANSFER FROM THE HOUSING STRATEGIC, SPECIAL GOVERNMENTAL FUND TO REPAY THE INTERNAL LOAN TO THE GENERAL FUND; AND AUTHORIZING OTHER NECESSARY ACTION.

#4625

Sponsor:

**Council
Member
Guy**

WHEREAS, the City of Wilmington (the "City") and Wilmington Housing Partnership Corporation (the "Corporation"), a Delaware non-profit corporation separate from the City, have previously entered into a certain \$3,378,371.67 unsecured Loan Agreement dated September 29, 2016 (the "Unsecured Loan Agreement"); and

WHEREAS, in order to make the loan to the Corporation and pursuant to the terms and conditions of a certain Credit Agreement dated September 29, 2016 (the "Credit Agreement") between the City and JPMorgan Chase Bank, N.A. (the "Bond Purchaser"), the City previously issued its General Obligation Bond (Wilmington Housing Project) Series 2016 (Federally Taxable) (the "2016 Bond"), pledging the City's full faith and credit, in a principal amount not to exceed \$3,400,000; and

WHEREAS, to reflect the loan of the proceeds of the 2016 Bond from the City to the Corporation, the Corporation provided its Promissory Note dated September 29, 2016 (the "WHP Promissory Note") to the City; and

WHEREAS, it was intended and agreed by the Corporation that the payments of the principal of, premium, if any, and interest on the WHP Promissory Note would be sufficient to enable the City to pay when due, the principal (whether at maturity or upon redemption or acceleration) of, premium, if any, and interest on its 2016 Bond; and

WHEREAS, the City Treasurer's Office sent the Corporation a certain notice of failure to pay in accordance with the WHP Promissory Note and has not received a response to that certain notice; and

WHEREAS, the City, to protect its full faith and credit, has timely paid, and continues to timely pay, its obligations under the 2016 Bond to the Bond Purchaser; however, the Corporation is currently in default with respect to its required payments to the City under the WHP Promissory Note and the Unsecured Loan Agreement; and

WHEREAS, the loan represented in the Unsecured Loan Agreement was an unsecured loan to the Corporation and the City has now decided it is in the City's best interest to prepay and redeem the outstanding 2016 Bond and act to secure its interest in the assets of the Corporation; and

WHEREAS, in order to effectuate the prepayment and redemption of the 2016 Bond, the City has determined to make an internal loan from the General Fund to the Housing Strategic, Special Governmental Fund to be repaid by transferring receipts received from the Corporation by the Housing Strategic, Special Governmental Fund as repayment of the WHP Promissory Note; and

WHEREAS, the City now desires: (i) to authorize, approve and provide for the appropriation of an internal loan from the General Fund to the Housing Strategic, Special Governmental Fund for the purpose of prepaying and redeeming the outstanding 2016 Bond; and (ii) authorize the appropriate City officials to transfer receipts from the Corporation in order to repay the internal loan from the General Fund to the Housing Strategic, Special Governmental Fund.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF WILMINGTON
HEREBY ORDAINS:**

SECTION 1. Authorization of Internal Loan from General Fund to the Housing Strategic, Special Governmental Fund to Prepay and Redeem the City's 2016 Bond. The City hereby authorizes and approves an appropriation from the General Fund to the Housing Strategic, Special Governmental Fund in the form of an internal loan for the City to effectuate the prepayment and redemption of the 2016 Bond.

SECTION 2. Approval, Execution and Delivery of Documents. All forms of documents required to be executed by the City in connection with the prepayment and redemption of the 2016 Bond shall be approved by the City Solicitor and City Treasurer. The City Treasurer is hereby authorized to execute and deliver, in the name of the City and on its behalf, any documents necessary to effectuate the prepayment and redemption of the 2016 Bond, and any amendments or supplements thereto before or after the initial execution and delivery thereof, such approvals to be conclusively evidenced by the execution thereof, and the City Clerk or Deputy City Clerk is hereby authorized to affix to such documents the seal of the City and to attest to the same.

SECTION 3. Authorization to Transfer Receipts from the Corporation. The appropriate officers of the City are hereby authorized to transfer receipts from the Corporation, deposited into the Housing Strategic, Special Governmental Fund, to the General Fund as repayment on the internal loan.

SECTION 4. Further Action. The appropriate officers of the City are hereby authorized and directed to take all such action, execute, deliver, file and record all such documents, publish all notices and otherwise carry out the intent of this Ordinance in the name of and on behalf of the City.

SECTION 5. Effective Date. This Ordinance shall become effective upon its passage by Council and approval by the Mayor.

First Reading.....March 14, 2019
Second Reading.....March 14, 2019
Third Reading.....

Passed by City Council,

President of City Council

Attest: _____
City Clerk

Approved this ___ day of _____, 2019

Mayor

SYNOPSIS: This Ordinance is being presented by the City Treasurer for Council’s review and approval to authorize an internal loan to the City’s Housing Strategic, Special Governmental Fund from the General Fund and to authorize the appropriation for the purpose of prepayment and redemption of the City’s General Obligation Bond (Wilmington Housing Project) Series 2016 (Federally Taxable). Authorizes transfer receipts from the Corporation, deposited into the Housing Strategic, Special Governmental Fund, to the General Fund as repayment on the internal loan, and authorizes other necessary action. (The payment obligation of the 2016 Bond (\$3,378,371.67) is a general obligation of the City, backed by the full faith and credit and taxing power of the City.)