

**CITY OF HARRINGTON**

**RESOLUTION 15-R-08**

**A RESOLUTION OUTLINING PROPOSED FUNDING OF UP TO \$2,638,902 OF GENERAL OBLIGATION BONDS TO REFINANCE FOUR EXISTING WATER AND SEWER PROJECT BONDS AND ESTABLISHING THE TIME AND PLACE FOR A PUBLIC HEARING THEREON**

**WHEREAS**, the City of Harrington (the "City") has previously issued the following bonds to finance water and sewer system projects (collectively, the "Debt"):

<u>Project Description</u>	<u>Amount</u>	<u>Interest Rate</u>
Wastewater Treatment Plant Upgrade	\$2,000,000	4.50%
Farmington Sewer Extension	\$779,300	4.50%
Emergency Water Main	\$497,000	3.25%
Clark Street Water Main	\$210,000	4.50%

**WHEREAS**, the City Council of the City of Harrington has determined that it is in the City's best interest to refinance the remaining principal balances of the Debt to a lower interest rate, which will save the City thirty-nine thousand twenty-six dollars (\$39,026) in debt service annually and nine hundred ten thousand two hundred sixty-seven dollars (\$910,267) over the remaining terms of the Debt; and

**WHEREAS**, the City has been approved for refinancing the remaining principal balances of the Debt by the Clean Water Advisory State Revolving Fund in the following amounts:

<u>Project Description</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Term (Years)</u>
Wastewater Treatment Plant Upgrade	\$1,482,350	2%	21
Farmington Sewer Extension	\$596,106	2%	26
Emergency Water Main	\$383,647	2%	24
Clark Street Water Main	\$176,799	2%	28

**WHEREAS**, § 16.3 of 69 Del. Laws Ch. 115, as amended, (the "Charter") allows for long-term borrowing for any proper municipal purpose with voter approval; and

**WHEREAS**, the City, pursuant to § 16.3 of the Charter, proposes to issue up to two million six hundred thirty-eight thousand nine hundred two dollars (\$2,638,902) maximum principal amount of the City's general obligation bonds in order to pay the costs of refinancing the Debt and pay the costs of issuance of the bonds (collectively, the "Project").

**NOW, THEREFORE, BE IT RESOLVED** that notice is hereby given to the residents and property owners of the City of Harrington that the City Council proposes to borrow an amount of money not to exceed two million six hundred thirty-eight thousand nine hundred two dollars (\$2,638,902) principal amount to fund the Project; and

**BE IT FURTHER RESOLVED** that pursuant to § 16.3.4 (a) of the Charter, notice is hereby given of the following information regarding the bonds:

Amount of Borrowing: Four bonds for a total principal amount not to exceed two million six hundred thirty-eight thousand nine hundred two dollars (\$2,638,902).

Municipal Purpose: Refinancing water and sewer bonds qualifies as a municipal purpose for which the City Council may make long-term borrowings with voter approval under § 16.3.1 of the Charter because the project is for the following purposes:

- (1) Refinancing the Debt, which the Debt was for enlarging, maintaining, or repairing any plant, building, machinery, or equipment for the handling, production, manufacture, supply, treatment or distribution of water and sanitary sewer system (§ 16.3.1 (a)); and
- (2) Paying all expenses deemed necessary by the City Council for the issuance of said bonds or certificate of indebtedness (§ 16.3.1 (e)).

Manner of Securing: The funds are to be borrowed through four general obligation bonds of the City of Harrington issued to the Clean Water Advisory State Revolving Fund and secured on the full faith and credit and taxing power of the City to pay the principal and interest on the bond.

Other Facts Deemed Pertinent: The bonds will allow the City to refinance four existing bonds with current interest rates of 3.25% to 4.5% to a lower interest rate of 2% in order to save money on debt service. The terms of the existing bonds will not be extended. The annual debt service savings will be used for water and sewer system infrastructure projects.

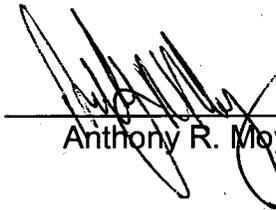
**BE IT FURTHER RESOLVED** that a Public Hearing will be held on the matter of this resolution on **August 17, 2015 at 7:00 p.m.**, prevailing time, at City Hall, 106 Dorman Street, Harrington, Delaware 19952; and

**BE IT FURTHER RESOLVED** that notice of such public hearing will be published in a newspaper of general circulation in the City and posted in at least five (5) places in the City not less than ten (10) days nor more than twenty (20)

days prior to the date of the public hearing as required in § 16.3.4 (b) of the Charter; and

**BE IT FURTHER RESOLVED** that pursuant to § 16.3.4 (c) following the public hearing, the City Council may pass a second resolution ordering a special election to be held for the purpose of voting for or against the proposed borrowing.

**NOW, THEREFORE, BE IT FURTHER RESOLVED** that this Resolution was passed by a majority of the City Council of the City of Harrington on this 20<sup>th</sup> day of July 2015.

  
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Anthony R. Moyer, Mayor

Attest:   
\_\_\_\_\_  
Kelly Blanchies, Clerk of Council

July 20, 2015  
\_\_\_\_\_  
Date