

CITY OF HARRINGTON

RESOLUTION 16-R-12

A RESOLUTION OUTLINING FUNDING OF UP TO \$776,000 OF A GENERAL OBLIGATION BOND TO FINANCE THE COST OF SEWER CAPACITY IMPROVEMENTS

WHEREAS, the City Council of the City of Harrington has determined that it is in the City's best interest to increase the capacity of the City's sewer system; and

WHEREAS, the City Council has determined that it would be advantageous to finance a portion of the sewer capacity improvements in order to accept the offered United States Department of Agriculture (USDA) grant of four hundred seventeen thousand dollars (\$417,000); and

WHEREAS, the City has applied for and the USDA has offered the City a grant and loan package to pay off the remaining loan balance from the Department of Natural Resources and Environmental Control (DNREC) construction loan for the sewer capacity improvements and to pay the cost of issuance of the bond (collectively, the "Project") in the amounts of a grant for four hundred seventeen thousand dollars (\$417,000) and a loan of seven hundred seventy-six thousand dollars (\$776,000) maximum principal amount; and

WHEREAS, as part of the agreement with the Delaware Department of Natural Resources and Environmental Control (DNREC) for financing during the construction of the Project, the City will be using a grant and loan package from the USDA to pay off the DNREC construction loan at the completion of the Project; and

WHEREAS, Section 16.2 of 69 Del. Laws Ch. 115, as amended, (the "Charter") allows for long-term borrowing for certain projects without voter approval; and

WHEREAS, the City Council adopted Resolution 16-R-10 on May 2, 2016, which gave notice to the residents and property owners that the City proposed to issue up to seven hundred seventy-six thousand dollars (\$776,000) maximum principal amount of the City's general obligation bonds in order to pay the costs of sewer capacity improvements and pay the costs of issuance of the bond and provided the following information regarding the loan:

Amount of Borrowing: Total principal amount not to exceed seven hundred seventy-six thousand dollars (\$776,000).

Municipal Purpose: Increasing the capacity of the City's sanitary sewer lines qualifies as a municipal purpose for which the City Council may make long-term borrowings without voter approval under Section 16.2.3 of the Charter because the Project is for the following purposes:

(1) Enlarging, repairing, or replacing any structure for the collection of sanitary sewer (Section 16.2.3 (a)); and

(2) Paying all expenses deemed necessary for the issuance of said bonds (Section 16.2.3 (d)).

Manner of Securing: The funds are to be borrowed through a general obligation bond of the City of Harrington issued to the USDA 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 loan is part of a principal forgiveness/grant and loan package from both DNREC and the USDA and the City must issue the debt in order to receive the principal forgiveness/grant of an aggregate amount of seven hundred twenty-three thousand one hundred twenty dollars (\$723,120). During the construction of the Project, the funds are to be borrowed through a loan and principal forgiveness package from DNREC.

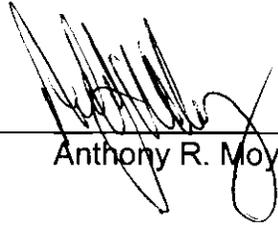
WHEREAS, the notice of a Public Hearing on the proposed borrowing was published and posted as required in Section 16.2.2 (b) of the Charter as follows:

- Posted on May 4, 2016 at City Hall, Post Office, Library, Parks & Recreation, and Byler's in Liberty Plaza
- Posted on May 4, 2016 on the City's website
- Published on May 4, 2016 in the Delaware State News

WHEREAS, a Public Hearing was held on this matter on May 16, 2016, and pursuant to Section 16.2.2 (c) of the Charter, following the Public Hearing the City Council may pass a second resolution and by the affirmative vote of at least five (5) members, proceed with the proposed borrowing.

NOW, THEREFORE, BE IT RESOLVED that pursuant to Section 16.2.2 (c) and with the affirmative vote of at least five (5) members, the City Council has determined to proceed with the proposed borrowing.

NOW, THEREFORE, BE IT FURTHER RESOLVED that this Resolution was passed by a super-majority of the City Council of the City of Harrington on this 16th day of May 2016.



Anthony R. Moyer, Mayor

Attest: 

Kelly Blanchies, Clerk of Council

May 16, 2016

Date

<u>Council Member</u>	<u>Vote</u>
Vice Mayor Duane E. Bivans	<u>Yes</u>
Fonda Coleman	<u>Yes</u>
Amy L. Minner	<u>Yes</u>
Eric Marquis	<u>Yes</u>
Charles W. Porter	<u>Yes</u>
Kenneth W. Stubbs	<u>Yes</u>