

Resolution 2018-11

A Resolution Approving a Loan or Bond Obligation in an Amount not to Exceed Annual Payments of \$225,000, and to be Fully Repaid Over a Term Not to Exceed 10 Years

WHEREAS, The Trustees of the New Castle Common, (TNCC), have provided the City with a Memorandum of Understanding (MOU) stating terms for which TNCC will provide the funding necessary to fully service a significant capital improvements loan secured by the City; and

WHEREAS, specifically, TNCC have committed to pay \$56,250.00 per quarter, for 40 quarters, beginning in October, 2018; and

WHEREAS, per the terms of the MOU, the City has 90 days to secure the loan; and

WHEREAS, by way of example only, this funding commitment by the TNCC would be sufficient to fully service a 10 year loan obligation in the amount of \$1,896,000 assuming a 3.5% rate of interest; and

WHEREAS, because the final interest rate and loan terms have yet to be determined, the precise loan amount will not be determined until such a date when interest rates are locked; and

WHEREAS, the City will begin to utilize the loan proceeds on “shovel ready” road and infrastructure projects within 120 days of the executed MOU, with the remaining proceeds to be used on the rehabilitation of Delaware Street; and

WHEREAS, by taking on a loan amount of this size at one time, the City will invest any excess loan proceeds in an insured, interest bearing account until the Delaware Street infrastructure improvements are fully engineered and ready for construction; and

WHEREAS, borrowing by the City of the type described above is authorized per Section 21(a) of the City Charter, following a public hearing thereon, if approved by a two-thirds majority of all members of Council; and

WHEREAS, the City has conducted a public hearing on this proposed borrowing for infrastructure improvement projects on April 10, 2018 and considered public comments.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the City Council of the City of New Castle is hereby authorized to borrow funds upon the full faith and credit of the City and give its obligation or bond therefor, for the purpose of funding multiple capital improvement projects, provided that the repayment terms for such borrowing shall not exceed annual principal and interest payments of \$225,000 (\$56,250.00 per quarter) over a term not to exceed 10 years during which term the entire loan is to be repaid.

BE IT FURTHER RESOLVED, that the City Administrator is authorized to apply for such financing with a commercial lending institution consistent with the terms of this Resolution and the MOU, to retain bond counsel, if necessary, to pay all reasonable and necessary costs associated with the grant of such loan or bond obligation, and to take such other action as may be necessary to secure such financing.

Passed this 10th day of April, 2018

Linda Ratchford, City Council President

John A. Di Mondi, Councilperson

Valarie W. Leary, Councilperson

Michael M. Platt, Councilperson

Michael J. Quaranta, Councilperson

Attest:

Brian G. Whitaker, City Clerk