

**City of New Castle Delaware
Public Hearing at Town Hall
201 Delaware Street – New Castle
Tuesday, April 10, 2018 – 6:30 p.m.**

Roll Call: 6:30 pm

Councilperson Valarie W. Leary
Councilperson Michael J. Quaranta
Council President Linda Ratchford
Councilperson Michael M. Platt
Councilperson John A. Di Mondì

Also present:

William Barthel, City Administrator
Jimmy Gambacorta, Mayor
Jamie Rogers, Chief of Police
Jeff Bergstrom, Building Official and Fire Marshal
Janet Carlin, City Treasurer

Council President Linda Ratchford stated the purpose of the public hearing, as concerning proposed Resolution 2018-11, authorizing the borrowing of funds pursuant to Section 21 (a) of the City Charter to finance multiple public infrastructure projects in the City of New Castle, such loan to be repaid with funds committed by the Trustees of the New Castle Common.

Background: In February, Council voted to request funding from the trust, for the amount of \$225,000, for a five-year term. The trust offered to fund the \$225,000 for ten years.

City Solicitor Daniel Losco outlined stipulations to the funding:

- The purpose of the funding being capital expenditures, the City Charter limits such borrowing to 1.2% of the total assessed value of the real estate in the city. That total assessed value being \$260 million, the borrow limit would be \$3.1 million.
- The City Charter limits total borrowing by the city to 20% of the aggregate of the assessed value of all real estate in the city. Approval of borrowing under this category requires a public hearing, and requires a two-thirds majority vote of all members of Council (four out of five), for approval.

In response to a question from Councilperson Di Mondì, Mr. Losco advised that the maximum allowed to be borrowed, under the second category stipulation, is roughly \$3.1 million.

It was asked whether there are projects already planned, for which the proposed funding is intended to be used.

Council President Linda Ratchford responded that that was to be decided at the regular meeting, scheduled to follow this meeting.

City Treasurer Janet Carlin stated her belief that this funding would be an excellent opportunity for the city to go forward with completing some needed projects.

Councilperson Di Mondì requested clarification that the term of the potential loan would be ten years. Council President Linda Ratchford responded in the affirmative.

Councilperson Di Mondì asked whether the entire maximum loan amount could be borrowed at one time.

Mr. Losco responded that that would be the most efficient way to proceed. He stated that this would be a bond issue, which would require special counsel to give the bank an opinion on the bond. Therefore, it would save thousands of dollars to only require retainment of special counsel once.

Councilperson Di Mondì asked if it is correct that the entire borrowed amount would not need to be spent in the first year. Mr. Losco responded in the affirmative.

Councilperson Di Mondì stated that he would like to see a limit in place, to how much of the borrowed funds could be spent per year, after paying for the Delaware Street project in the first year.

Councilperson Leary stated that Resolution 2018-12, to be discussed in the next meeting, details proposed projects to be funded in the first year, and that the Delaware Street project is not included, as per previous Council meeting discussions.

Councilperson Quaranta asked whether proceeding with this loan would crowd the city out of future borrowing. Mr. Losco responded in the negative, stating that line of credit spending would still be available to the city, with conditions, as well as borrowing via referendum.

In response to a question from Mr. Di Mondì, it was clarified that the entire amount of the loan would be borrowed at once, as opposed to a line of credit, if Resolution 2018-11 were passed.

Mr. Losco explained that “shovel-ready” projects, on which it is anticipated that the funds would be spent initially, total approximately \$800,000. The remainder could be invested, while waiting for the engineering portion of the Delaware Street project to be completed, potentially offsetting some of the interest expense.

Councilperson Platt asked whether funds not immediately spent out of proposed loan proceeds would be considered restricted funds. Council President Ratchford stated that when spent, those funds would have to be spent on infrastructure.

After a motion and second, the meeting was adjourned.

Meeting adjourned at 7:00 p.m.

Respectfully Submitted,

Brian G. Whitaker

City Clerk of New Castle, Delaware