

TOWN OF MAGNOLIA PUBLIC HEARING

DATE: January 14, 2019  
TIME: 6:00 pm  
PLACE: 2 North Main Street,  
Magnolia, Delaware 19962

PURPOSE: To receive public comments on a proposed loan of up to \$1,500,000 from the Delaware Department of Health and Social Services, on behalf of the Delaware Drinking Water Revolving Fund, to upgrade, repair, and/or replace water mains, service lines, and related attachments of the Magnolia water system. The following resolution proposing to borrow these funds and scheduling a public hearing was adopted by the Town Council at its regular meeting held on December 10, 2018:

**TOWN OF MAGNOLIA, DELAWARE**

RESOLUTION PROPOSING THE BORROWING OF UP TO \$1,500,000 FROM THE DELAWARE DEPARTMENT OF HEALTH AND SOCIAL SERVICES AND THE DELAWARE DRINKING WATER REVOLVING FUND TO PROVIDE FUNDING FOR THE TOWN OF MAGNOLIA WATER UTILITY REPLACEMENT PROJECT AND SCHEDULING A PUBLIC HEARING TO RECEIVE PUBLIC COMMENTS ON THE PROPOSED BORROWING

WHEREAS, Section 12.2 of the municipal Charter of the Town of Magnolia, 77 Del. Laws Chapter 458, as amended (the “Charter”), authorizes the Town of Magnolia (the “Town”) to borrow sums, not exceeding in the aggregate 15% of the total assessed valuation of all taxable property in the Town, for certain specific municipal purposes as set out in Section 12.2.1 of the Charter when, after holding a public hearing on not less than fourteen (14) days nor more than sixty (60) days published and posted notice, the Town Council adopts a borrowing resolution to schedule a special election and proceed with the borrowing if the same is approved by a majority of the votes cast in the special election;

WHEREAS, Section 12.2.1(A) of the Charter authorizes long-term indebtedness for “erecting, extending, enlarging, maintaining, repairing, or replacing any plant, building, structure, machinery, or equipment for the production, treatment, collection, storage, supply, distribution or disposal of water, electricity, sanitary sewage, or storm-waters, or any of them, and the condemning or purchasing of any lands, easements, and rights-of-way which may be required therefor”;

WHEREAS, the Town Council of the Town (“Town Council”) has determined that integral components of the Town of Magnolia water system, including, but not limited to, the water mains, service lines, and related attachments are so old and in such poor condition that they need to be upgraded, repaired, and/or replaced in order to preserve the public health, safety, and welfare (the “Magnolia Water Utility Replacement Project”);

WHEREAS, the Town is seeking a loan from the Delaware Department of Health and Social Services (“DHSS”), on behalf of the Delaware Drinking Water Revolving Fund (“Fund”), in the amount of up to \$1,500,000 to fund the Magnolia Water Utility Replacement Project and pay the costs of the issuance of the loan. It is anticipated that DHSS will provide a binding commitment letter outlining the specific terms of the loan to the Town, which letter is anticipated to indicate that the Town shall be required to make interest only payments during project construction, and the loan principal shall be forgiven upon the completion of construction.

WHEREAS, the Town Council has determined that the hereinabove described loan falls within the provisions of Section 12.2 of the Charter and that a public hearing should be scheduled and noticed in accordance with the provisions of Section 12.2.3 of the Charter.

NOW THEREFORE, BE IT HEREBY RESOLVED by the Town Council of the Town of Magnolia, a majority of Council concurring in Council duly met that:

(1) The Town Council proposes to borrow an amount not to exceed the sum of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) from DHSS and the Fund to finance the Magnolia Water Utility Replacement Project, as authorized by Section 12.2.1 of the Charter.

(2) The Town anticipates it will be required to make interest only payments on the loan during project construction and that the loan principal shall be completely forgiven upon the completion of the Magnolia Water Utility Replacement Project.

(3) Notice of this proposed borrowing shall be and hereby is given to the residents and property owners of the Town that the Town Council proposes to borrow such sum of money for the purposes stated herein, in accordance with the anticipated loan terms hereinabove stated, and that such loan shall be secured by the full faith and credit of the Town and payable out of the general revenues of the Town.

(5) A PUBLIC HEARING to receive public comment for legislative fact-finding is hereby scheduled to be held at the MAGNOLIA VOLUNTEER FIRE COMPANY located at 2 North Main Street, Magnolia, Delaware 19962 on January 14, 2019 at 6:00 pm.

(6) A copy of this resolution shall be posted in at least five (5) public places in the Town and published in two newspapers of general circulation within the Town, such public notice to be in bold print or bordered in black, and such posting and publication to occur at least fourteen (14) days (but not more than sixty (60) days) prior to the date scheduled for the public hearing.

(7) If, at any time following the public hearing, the Town Council determines to proceed with the proposed borrowing, the Town Council shall pass a second resolution,

by the affirmative vote of a majority of the members of the Town Council, to schedule a special election and proceed with the proposed borrowing if the borrowing is approved by a majority of the votes cast at the special election.