

The Mayor and Commissioners of the Town of Elkton

MINUTES

June 7, 2023

The Mayor and Commissioners of the Town of Elkton (the "Board") conducted a workshop meeting on this date at 10:00 a.m. The following persons participated in person or via computer: Mayor Robert J. Alt; Commissioners Jean A. Broomell, Charles H. Givens, Sr., Robert M. Massimiano and Earl M. Piner, Sr.; Town Administrator Lewis H. George, Jr.; Finance Director Steven H. Repole; Assistant Finance Director A. Beth Moran; Director of Planning Jeanne D. Minner; Planning Assistant Quinn Krenzel; Director of Building & Zoning Chip Bromwell; Director of Human Resources Andy Rodriguez; Director of Public Works J. Daniel Handley, PE; Chief of Police Carolyn Rogers; Assistant Town Administrator L. Michelle Henson; and Town Attorney John P. Downs, Esquire.

Ms. Jennifer Dierksen and Mr. Joe Mason appeared on behalf of Davenport & Company, LLC, the Town's financial advisor regarding the proposed SportsPlex Bond issuance.

Ms. Kimberly Min, Esquire, appeared on behalf of Whiteford Law, the Town's legal counsel regarding the proposed SportsPlex Bond issuance.

Mr. Chris Sheehan appeared on behalf of Mesirow, which will draft and initiate Bond issuance on behalf of the proposed SportsPlex.

Messrs. Michael Browne, Brad Carrillo and Ray Jackson appeared on behalf of Sideline Properties, owners and developers of the proposed SportsPlex.

Mayor Alt called the workshop meeting to order at 10:00 a.m., recognizing the Town of North East Mayor Michael Kline in attendance.

Mayor Alt stated the purpose of the special workshop meeting was to discuss the process of Bond issuance pursuant to the planned SportsPlex.

In the event Town purchased the property and facilitated development of the SportsPlex, a Special Tax District is required.

Mr. Sheehan stated a requested Memorandum of Understanding (MOU) provides potential investors with assurances that the revenue stream will not be extinguished by repayment of the Bonds.

Mayor Alt questioned if the MOU obligated the Town to repay the Bonds. Mr. Sheehan answered in the negative.

Mr. George noted that Mesirow has no fiduciary responsibility to the Town of Elkton. He asked the Board to consider comments by the Town's counsel and financial advisors.

Mayor Alt queried Ms. Min for her legal perspective. Ms. Min stated the MOU does not obligate the Town to pay taxes unless the Town purchases the property upon which the SportsPlex will be developed.

Ms. Dierksen noted that pursuant to the MOU if the property is conveyed to the Town then the Town is responsible for assessments under the Special Tax District regardless of whether the SportsPlex is developed. She stated the Town's annual obligation would be \$166,000 to \$300,000 for the 30-year period, or \$6.8 million over the life of the Bond.

Mr. George questioned if the Town would be responsible for debt service on the Bonds. Ms. Dierksen stated if the SportsPlex is developed at the current estimated cost of \$40 million, the Town would be obligated to raise taxes or directly pay the estimated \$3.3 million in debt service annually.

Discussion ensued regarding the Special Tax District (District) created as a result of the Southfields Planned Unit Development (PUD). Mr. George stated non-residential properties within the District are assessed based upon acreage, and residential properties are assessed based upon individual lots.

Mr. Browne stated the SportsPlex assessment is based upon its impact on the area, such as traffic, etc.

Mr. Browne stated the planned SportsPlex is a public/private partnership, stating the goal is for Sideline to own the property. He stated the intent is to legally fund the project using Bond funds, allowing the Town to fund the project, and convey the property back to Sideline at the end of the Bond term.

Mr. Browne stated Sideline had a feasibility study conducted to determine if the SportsPlex could sustain itself.

Mayor Alt questioned if Sideline was willing to enter an agreement to take responsibility for the taxes and annual debt service. Mr. Browne answered in the affirmative.

Ms. Min stated the Maryland Economic Development Corporation (MEDCO) acts as a conduit for private / public partnerships. She stated MEDCO can issue the Bonds on behalf of the Town.

Mayor Alt queried Ms. Min and Ms. Dierksen regarding the next steps in the process. Ms. Dierksen stated the Town needs a clear understanding of the structure of the deal and the financial implications, adding that the Town needs to assure it can afford the Bonds.

Mr. Mason stated that a rating agency will base the Town's Bond rating based upon maximum exposure of financial risk.

Mayor Alt queried the Board for a consensus to move forward. It was the consensus of the Board to move forward.

Mr. Sheehan stated he will draft an agreement that details Sideline's obligations to pay the Special Taxes and annual debt service.

Mr. Mason questioned if the planned SportsPlex is critical to marketing the Bonds. Discussion ensued regarding amenities that will be offered at the SportsPlex.

Hearing no additional comments or questions, Mayor Alt adjourned the special workshop meeting at 11:10 a.m.

L. Michelle Henson
Assistant Town Administrator

A VIDEO RECORDING OF THIS MEETING RETAINED AT THE ADMINISTRATION
OFFICE