



The Mayor and Commissioners of the Town of Elkton

Resolution R5-2004 *Debt Refinancing Loan*

A RESOLUTION of the Mayor and Commissioners of the Town of Elkton (hereinafter "the Board") authorizing a loan from the County Banking & Trust Company (hereinafter "the Bank") to refinance debt in the General, Water and Sewer Funds.

WHEREAS, the Board, in accordance with the Charter of the Town of Elkton, Article VIII, § C8-3., B., is empowered to borrow money for purposes deemed appropriate by the Board; and

WHEREAS, the Board has determined that outstanding debt in the general and enterprise funds shall be re-financed in order to mitigate the cost of interest on the loan; and

WHEREAS, the Board, through its staff, solicited interests rates from two local banks, based on a loan in the principal amount of \$3,980,000.00 and amortized over a period of 180 months, and received the most competitive fixed rate of interest from the Bank; however, the Bank limited its fixed rate of interest to a period not greater than 60 months; and

WHEREAS, the Board has determined that a loan to re-finance the debt in the General, Water and Sewer Funds, not including inter-fund loans, and the anticipated savings in interest on the loan is in the best of the Town of Elkton.

NOW, THEREFORE, the hereby resolves the following:

1. That the Town of Elkton shall borrow money in the principal amount of **Three Million, Nine Hundred Eighty Thousand Dollars (\$3,980,000.00)** from the Bank, and that the loan agreement shall specify that the monthly repayment shall be based on an amortization period of 180 months at a rate of interest of 3.62%, said rate being fixed for the first sixty (60) months of the loan, and that said loan agreement shall provide for an option to refinance said loan after the first sixty (60) months, as well as no penalty for prepayment of principal; and
2. The Board authorizes the Mayor to execute all appropriate and necessary documents and instruments with regard to the aforesaid loan agreement and to further negotiate the terms of the loan, including the amortization period, interest rate, repayment and reduction of principal, with the Bank; as applicable, favoring the interest of the Town of Elkton; and
3. This resolution shall be effective upon the date of adoption.

READ AND PASSED THIS 5th DAY OF May, 2004

The Mayor and Commissioners
of the Town of Elkton

Mayor Joseph L. Fisona
Commissioner Jean A. Broomell
Commissioner John K. Burkley, II
Commissioner Charles H. Givens, Sr.
Commissioner C. Gary Storke