

The Mayor and Commissioners of the Town of Elkton

MINUTES

October 14, 2020

In order to comply with Governor Larry Hogan's declaration of a State of Emergency as part of Maryland's response to COVID-19, and in order to limit public gatherings during this time, the Mayor and Commissioners of the Town of Elkton (the "Board") conducted a virtual workshop meeting on this date at 12:00 p.m. The following persons participated via computer and/or telephone: 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.; Planning Director Jeanne D. Minner; Senior Administrative Specialist L. Michelle Henson; and Town Attorney John P. Downs, Esquire.

Mayor Alt called the virtual workshop meeting to order at 12:00 p.m.

Discussion - Resolution R8-2020 for the purpose of establishing a Special Taxing District encompassing certain parcels of land located within the Town of Elkton to be known as the Southfields Special Taxing District

Discussion - Resolution R9-2020 for the purpose of authorizing the issuance of Special Obligation Bonds by the Town of Elkton for the purpose of funding Public Improvements for the development of the Southfields Special Taxing District

Mayor Alt stated the purpose of the workshop is to continue discussion regarding the proposed Special Tax District and associated Resolutions R8-2020 and R9-2020. He expressed his desire for the Board to take the opportunity to understand and be comfortable with all aspects of the Special Tax District.

Mr. George stated that there are many aspects of the Special Tax District and urged the Board to ready the associated Resolutions carefully in order to make an informed decision.

Discussion ensued regarding the process of disclosure to homeowners who purchase property in Special Tax Districts. Ms. Emily Metzler, representing MuniCap, stated the existence of a Special Tax District will be identified during a title search, and is included in closing documents at settlement.

Mr. George questioned the process of collecting Business Personal Property Tax. Ms. Metzler stated Business Personal Property Tax is not included in the Special Tax District. Mr. George stated the Business Personal Property Tax will be excluded from the Special Tax District.

Mayor Alt, stated Real Property in the Special Tax District would be assessed at a rate of \$492 per house/townhouse/apartment, \$832 per hotel room, \$812 per square foot of commercial property, \$1,300 per square foot of office space, \$969 per square foot of indoor sport-use property,

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\$305 per acre of outdoor sport-use property, and \$1,772 per slip for the proposed marina. He noted the marina may not come to fruition.

Commissioner Broomell questioned the process to determine the assessments, particularly if development of specific areas, such as the marina, is uncertain.

Mr. Keenan Rice of MuniCap stated that allocation of assessments is based upon the areas that are certain to be developed.

Mr. George noted that the tax rate increases by 102% annually. Ms. Metzler stated that the debt service increases 2% per year, which is consistent with the tax increase. She stated this provides for long-term amortization of financing the infrastructure costs.

Commissioner Broomell questioned if the base assessment rates are subject to change. Ms. Metzler stated base rates could decrease but could not increase without Board approval.

Commissioner Broomell questioned what would occur if more taxes were collected than needed for the debt service. Ms. Metzler stated taxes will only be collected until the bond is repaid.

Commissioner Broomell questioned the cost associated with the required improvements to the Routes 213/40 intersection. Mr. George stated the required improvements will cost over \$3 million.

Ms. Min stated the Special Tax District funds will only be used to pay for infrastructure related debt service. She noted that individual owners can pay over the 30-year term or pay the entire special assessment up front.

Mayor Alt asked for confirmation that the Town, nor its taxpayers outside of the Special Tax District will have any financial responsibility regarding the district. Ms. Metzler answered in the affirmative.

Ms. Minner questioned if the Town was obligated to carry out any administrative duties associated with the bonds. Ms. Metzler stated a Trustee will be in place, adding that any administrative costs will be paid from the bond proceeds.

Mr. George stated the creation of a Special Tax District is based upon the premise that the development will be completed. He expressed concerns that a project of this size would be completed. Ms. Metzler reiterated that the investors assume the risk, adding that they will take ownership of the property if the debt service cannot be paid.

Mr. George questioned if an appraisal of the property had been completed. Mr. Rice stated an appraisal will not be completed until bond issuance.

Commissioner Givens agreed that it was appropriate for the Board to slow the process in order to digest all of the information.

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Mayor Alt queried those in attendance for questions or comments.

Hearing no additional comments or questions, Mayor Alt adjourned the virtual workshop meeting at 12:47 p.m.

L. Michelle Henson
Senior Administrative Specialist

A VIDEO RECORDING OF THIS MEETING RETAINED AT THE ADMINISTRATION
OFFICE