



The Mayor and Commissioners  
of the Town of Elkton

Resolution R3-2014  
*Debt Refinancing Loan*

**A RESOLUTION** of the Mayor and Commissioners of the Town of Elkton (hereinafter the Board) authorizing a loan from PNC Bank (hereinafter the Bank) to refinance debt in the General Fund.

**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 fund shall be re-financed in order to mitigate the cost of interest on the loan; and

**WHEREAS**, the Board, on May 5, 2004, via Resolution R5-2004, approved the borrowing of \$3,980,000.00, from the County Banking & Trust Company, the repayment of which was based on an amortization period of 180 months at a rate of interest of 3.62%, said rate being fixed for the first 60 months of the loan, and that said loan agreement provided for an option to refinance said loan after the first 60 months, as well as no penalty for pre-payment of principal; and

**WHEREAS**, the Board, through its staff, solicited interest rates from PNC Bank, which acquired County Banking & Trust Company, in order to refinance the existing loan; and

**WHEREAS**, the Board has determined that a loan to refinance the debt in the General Fund and the anticipated savings in interest on the loan is in the best interest of the Town of Elkton.

**NOW, THEREFORE**, the Board hereby resolves the following;

1. That the Town of Elkton shall refinance its existing loan balance in the principal amount not to exceed \$1,423,261.18 from the Bank and that the loan agreement shall specify that the monthly repayments shall be based on an amortization period of 60 months at a fixed rate of interest of 2.35% with no penalty for pre-payment 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
3. This resolution shall be effective upon the date of adoption.

**READ AND PASSED THIS 19<sup>TH</sup> DAY OF MARCH 2014**