

ORDINANCE NO. 2009

INTRODUCED BY: _____

AN ORDINANCE OF THE TOWN OF OXFORD AUTHORIZING A LINE OF CREDIT PROMISSORY NOTE WITH SHORE UNITED BANK IN THE PRINCIPAL AMOUNT OF \$1,585,000.00, THE PROCEEDS OF WHICH MAY BE USED TO PROVIDE INTERIM FINANCING FOR THE WATER MAIN REPLACEMENT PROJECT TO STRUCTURALLY LINE 3,000 LINEAR FEET OF WATER MAIN ON MORRIS STREET AND INSTALL 800 FEET OF NEW WATER MAIN AND REPLACE APPROXIMATELY 93 WATER SERVICES, SAID LOAN TO BE REPAID BY LOAN FUNDS RECEIVED BY THE MARYLAND DEPARTMENT OF THE ENVIRONMENT, AND THAT THE TOWN WILL PLEDGE ITS FULL FAITH AND CREDIT TOWARD THE REPAYMENT OF THE LOAN

WHEREAS, pursuant to the Charter of the Town of Oxford, §C6-19B, the Commissioners of Oxford are authorized to borrow funds and incur indebtedness for public purposes and to issue promissory notes upon terms and conditions, and at negotiated interest rates acceptable to the Commissioners of Oxford; and

WHEREAS, Section §C6-20 of the Charter of the Town of Oxford authorizes the Town to borrow upon the full faith and credit and tax authority of the Town such sums of money as it deems proper for municipal purposes; and

WHEREAS, the Town received loan funding from the Maryland Department of the Environment (MDE) under the Drinking Water State Revolving Fund (DWSRF), in the amount of \$2,461,368.00 for the construction of the Oxford Water Main Replacement – Morris Street Project (the “Project”), which consists of cleaning and structurally lining approximately 3,000 linear feet of existing 8” water main located on Morris Street and installation of approximately 800 linear feet of new 8” and 6” water main, and replace approximately 93 water services with 1.5” services, install new valves and fittings, connect to existing hydrants, temporarily bypass water lines and services, waterline cleaning and pre and post installation CCTV inspections, excavation, dewatering, pavement, existing site restoration, chlorination and disinfection, liner samples and testing, and repair or replacement of paving, pavement markings, and all other incidental work; and

WHEREAS, the DWSRF loan funds will not be available in sufficient time to meet the Town’s obligations to begin construction on the Project and, therefore, the Town is in need of funds to begin the Project; and

WHEREAS, the Commissioners of Oxford have determined that it is in the interests of the community to complete the Project; and

WHEREAS, the Commissioners of Oxford have determined that it is desirable and in the best interest of the Town to obtain a current line of credit and to execute a promissory

note to Shore United Bank to provide interim financing from time to time to cover public expenses and indebtedness that may arise from the Project as described above, said loan to be repaid by the loan received by the Maryland Department of the Environment, DWSRF, and that the Town will pledge its full faith and credit toward the repayment of the loan.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMISSIONERS OF OXFORD AS FOLLOWS:

Section 1. The recitals set forth above are incorporated herein and are made a part of this Ordinance.

Section 2. The President of the Commissioners of Oxford is hereby authorized to execute and deliver to Shore United Bank a nondisclosable draw down line of credit loan in the amount of \$1,585,000, with the same or substantially similar terms, as the Promissory Note attached hereto as Exhibit 1, at a fixed interest rate of 2.950% for a one (1) year term. At the conclusion of the term, all outstanding principal and accrued and unpaid interest thereon shall be due and payable.

Section 3. The Note shall constitute an irrevocable pledge of the full faith and credit and taxing power of the Town of Oxford, subject to the limitations set forth in § C6-20 of the Town of Oxford Charter, for the payment of all principal, interest and other charges, if any, under the Note when due.

Section 4. The President of the Commissioners of Oxford is hereby authorized to make such modifications to the form of the Note, approved by the Town Attorney, prior to its execution and delivery as he deems appropriate; however, no such modification shall materially alter the substance of the Note as established by the Commitment Letter.

Section 5. The Commissioners of Oxford hereby determine that the Note, and the terms hereof, are reasonable and that the execution and delivery thereof are in the best interests of the Town and its residents and the Commissioners of Oxford hereby authorize, ratify, confirm and approve the execution and delivery of the Note to the Bank upon the terms and conditions stated herein.

Section 6. The proceeds of the Note shall be used only for the purpose of providing interim financing for the design and construction of the Oxford Water Main Replacement – Morris Street Project, to be repaid from loan funds received from the Maryland Department of the Environment

Section 7. The Commissioners of Oxford hereby designates the Note as a qualified tax-exempt obligation within the meaning of Section 265(b)(3) of the United States Internal Revenue Code of 1986, as amended.

Section 8. This Ordinance and the rules, regulations, provisions, requirements, orders and matters established and adopted hereby shall take effect and be in full force and effect twenty (20) days from and after the date of its final passage and adoption.

ENACTED this _____ day of _____, 2020.

COMMISSIONERS OF OXFORD:

John Pepe, President

Gordon Graves, Commissioner

Gordon Fronk, Commissioner

I hereby certify that the foregoing Ordinance Number 2009 of the Town of Oxford was duly read, advertised, and enacted with the applicable provisions of the Charter of the Town of Oxford on this _____ day of _____, 2020.

ATTEST:

Cheryl Lewis
Clerk-Treasurer

Language in ***bold and italicized*** reflects language added
Language ~~stricken~~ reflects language to be deleted