SPECIAL
COUNCIL MEETING
January 25, 1980

A special meeting of the Elkton Town Council was held January 25, 1980 at 7:00 P.M. in the council chambers with the Mayor, Charles E. Dean presiding. The following council members were present: R. R. Dean, S. P. H. Flick, H. D. Flory, L. C. Life and C. A. Schumacher. Norma Leap, Clerk, Gerald Monger, Superintendent and Bruce Wiles, Attorney were also present.

Councilman Flory presented the following bids for interim financing for the new wastewater treatment plant:

VIRGINIA NATIONAL BANK

We are pleased to inform you that we have approved your request for a $300,000 loan on the following terms and conditions:

1. Amount: $300,000
2. Purpose: To provide interim financing for construction of the new waste water treatment plant.
3. Interest Rate: 6.80% Tax free, payable monthly
4. Security: None
5. Maturity: 400 days from the first draw or upon closing of the Farmers Home Administration $300,000 loan whichever comes first.
6. Type of debt instrument: Standard Virginia National Bank unsecured time note.

Prior to the advance of any funds by Virginia National Bank under this commitment, we must have received:

1. A copy of all contracts related to the new waste water treatment plant.

2. A letter from the Environmental Protection Agency approving grant money to the Town of Elkton for 75% of the cost of the waste water treatment plant.

3. A commitment letter from the Farmers Home Administration for the $300,000 permanent loan.

4. Legal opinion from the Town's attorney.

5. Certified copies of the Town's minutes approving the loan.

This commitment is subject to such other terms and conditions which the bank may reasonably request.

In the event this letter has not been signed and returned to the Virginia National Bank indicating the town's acceptance of this commitment by April 1, 1980, this commitment and any obligation on the part of Virginia National Bank to extend credit hereunder shall be null and void.

FARMERS & MERCHANTS BANK

Due to the present economic condition's and the high cost of time deposit funds, we hereby submit a bid of 8% per annum on the $300,000 request for the Town of Elkton sewer project funds.

Our payback agreement will call for the interest to be paid on a semi-annual basis and the principal due in 400 days, from date of note, as indicated by Farmers Home Administration. The debt instrument will be on our standard promissory note form.

We appreciate this opportunity to bid on these funds and should you have any question's please do not hesitate to give me a call.

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Mr. Fitzwater of the Virginia National Bank was present for the opening. When asked about the interest payment he stated it could be paid semi-annually rather than monthly and that he would give the town a letter to this effect.

Councilwoman Life asked if Mr. Dovel of the Farmers & Merchants Bank had been made aware that the bids would be opened tonight. Councilman Flory stated that Mr. Dovel was aware that the bids would be opened tonight and he had invited Mr. Dovel to attend the meeting.

Councilman H. D. Flory moved, seconded by Councilman C. A. Schumacher to approve the First Reading for the Town of Elkton to accept the bid of the Virginia National Bank for the $300,000 interim financing subject to the approval of FmHA. The vote was recorded as follows:

R. Dean	- yea	L. Life	- yea
S. Flick	- yea	C. Schumacher	- yea
D. Flory	- yea		

A special meeting was set for Monday night January 28, 1980 at 6:45 P.M. to have the Second Readings on the necessary items.

Councilman Flory explained the reason for establishing the user charges and presented the following estimated costs for financing and running the new wastewater treatment plant per year.

USER COST

Repairs to facilities	$ 2,500.
Utilities to run plant	17,150.
Misc. - Materials and supplies	6,000.
	$25,650.

TOTAL FIXED COST

Debt Service	$20,867.
Sinking Fund	6,260.
Operation and Maintenance	41,516.
	$68,643.

TOATL USER COST AND FIXED COST	$94,293.

Council was presented with figures which the committee, Mr. Monger and Dave Stewart worked on showing several different rates. He pointed out that Mr. Holt had expressed to him that his first preference would be the $6.00 base rate plus $1.05/1000 gallons, the second the $7.00 base rate plus $0.90/1000 gallons and the third choice the $5.00 base rate plus $1.19/1000 gallons. Councilman Flory felt the $7.00 rate to be the fairer one and stated that one person connected with the town would like the $8.00 rate. Councilman Flick said he was willing to go along with the $7.00 rate.

Councilman H. D. Flory moved, seconded by Councilman S. P. H. Flick that the town adopt the $7.00 a month plus $0.90 per every thousand gallons used.

Mr. Wiles pointed out that EPA requires this to be part of an ordinance and that in effect this is what we are doing. He felt EPA will expect the rate to become effective upon adoption of the ordinance.

Councilman Flick retracted his second and Councilman Flory his motion.

Councilman H. D. Flory moved, seconded by Councilman S. P. H. Flick to approve the First Reading to amend Section 32-39 of the town code "Rates for Sewer Service Inside and Outside Town" to incorporate user rates at the rate of $7.00 per month plus $0.90 per each 1000 gallons used to become effective January 1, 1981 for the purpose of payment on the wastewater treatment plant, operations and maintenance and debt service. The vote was recorded as follows:

R. Dean	- yea	L. Life	- yea
S. Flick	- yea	C. Schumacher	- yea
D. Flory	- yea		

Councilman R. R. Dean moved, seconded by Councilman H. D. Flory to approve on Second Reading the following budget transfer:

GENERAL GOVERNMENT

Transfer $100.00 from Conventions to Advertisement

Transfer $331.35 from Conventions to Insurance

The vote was recorded as follows:

R. Dean	- yea	L. Life	- yea
S. Flick	- yea	C. Schumacher	- yea
D. Flory	- yea		

The First Reading was held on the following requests for budget transfers and additional appropriations:

PUBLIC SAFETY

Transfer $150.00 from Jail Fees to Miscellaneous

Transfer $200.00 from Supplies to Telephone

Transfer $200.00 from Supplies to Uniforms

ELECTRIC

Transfer $3575.00 from Wages to Miscellaneous

Additional Appropriation of $1200.00 for Miscellaneous

Additional Appropriation of $1600.00 for Truck Upkeep

SEWER

Additional Appropriation of $5000.00 for Miscellaneous

STREETS

Transfer $480.00 from Supplies to Miscellaneous

As there was no further business, the meeting adjourned.

MAYOR: Charles E. Dean
Charles E. Dean, Mayor

RECORDER: Norma R. Leap
Norma R. Leap, Clerk

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