Public Hearing
Borrow 1.4 Million Dollars
July 25, 2005

A public hearing was held in Council Chambers on July 25, 2005. Mayor Printz stated the purpose of the meeting was to receive comments for the Town of Elkton to borrow up to 1.4 million dollars for the Pentecostal Hill project.

Mayor Printz adjourned the meeting at 6:49 P.M., due to a lack of a quorum and scheduled to reconvene at 8:00 P.M.

The public hearing reconvened at 8:04 P.M. The following Council members were present:

PRESENT
J. Dean
C. McDaniel
R. Snow
P. Workman

ABSENT
T. Pence
S. Sigafoose

Town Attorney Nathan Miller, Town Manager Dennis Donachy, Town Treasurer Clairen Sipe, and Clerk of Council Richard Carey were also present.

Cathy Murphy, 110 North Stuart Avenue, was present and had the following comments and/or questions:

1. Advertised as a loan, but in the information she received it appears to be a general obligation bond.

2. What is the contract amount?

Answer: 1.4 million dollars.

3. How much has been paid out to date?

Answer: approximately $550,000.00 ($350,000.00 from REPO and $200,000.00 from the County).

Mr. Donachy explained the "1.4 million dollar bond will not be given to the Town until December." VACo will issue a short term note for $500,000.00, of which $350,000.00 will repay REPO and the remainder will pay upcoming debt. Over the next five months the Town will receive draws of $150,000.00 until November. The entire 1.4 million will not have to be borrowed on a short term debt. In December, the Town will receive the1.4 million dollar bond to repay the short term debt. The money will be used for the Pentecostal Hill project only.

Ms. Murphy continued:

4. This is a 30 year note with an interest rate of 4.21% and an annual debt service payment of $85,682.00. Ms. Murphy calculated a total payment of 2.5 million dollars for this loan.

5. The figures did not "make sense" to her as the original plan was a six year phase with income from that area and the Food Lion area offsetting the costs.

Mayor Printz stated that originally the water line was not going to be run to Pentecostal Hill. That added approximately $500,000.00 to the project total.

Lee Dearing, 124 North Street, believed this was another instance of business being conducted backwards. His analogy was if he purchased a car he would know how he was going to finance it. He also believed that major financial decisions were being made irreversible before the public had complete information and the opportunity to speak. Speaking after the fact and borrowing after the fact was a waste of everybody's time.

After reviewing the Town Charter, Council set a Special Council meeting for Wednesday, July 27, 2005 at 6:30 P.M., in Council Chambers to adopt the resolution for the short term debt and bond.

Hearing no additional comments, Mayor Printz closed the public hearing at 8:37 P.M.

Mayor: _____
Wayne E. Printz, Mayor

Recorder: _____
Richard D. Carey, Clerk