

COUNCIL OF TRAPPE
TRAPPE TOWN HALL
DECEMBER 6, 2017

Public Hearing – 6:45 pm: Vice-President Diefenderfer opened the public hearing for Supplemental Ordinance 6-2017. Attorney Booth read Supplemental Ordinance 6-2017 - An Ordinance supplementing Ordinance 6-2015 to extend the time period for issuance of the bonds which were authorized by Ordinance 11-2006 passed on December 6, 2006 (the “original ordinance”) (as supplemented by Ordinance 11-2007 passed on November 7, 2007, Ordinance 8-2008 passed on November 5, 2008, Ordinance 7-2009 passed on November 4, 2009, Ordinance 8-2011 passed on November 2, 2011, Ordinance 6-2013 passed on November 6, 2013, and Ordinance 6-2015 passed on December 2, 2015) by the Council of the Town of Trappe (the “Town”), which original Ordinance, among other things, confirmed the creation of the Lakeside Special Taxing District (the “Lakeside District”); provided for the creation of the Lakeside Special Fund (the “Special Fund”); provided for the levy of a special tax on all real property subject to tax within the Lakeside District; pledged the special tax on real property within the Lakeside District to the special fund and promised that the proceeds of the special tax will be paid into the special fund; provided for the use of moneys in the special fund; authorized the Town to enter into construction and funding agreements with the current owner of all of the property within the Lakeside District; made certain legislative findings, among others, concerning the public benefit and purpose of special obligation bonds to be issued by the Town; authorized and empowered the Town to issue, sell and deliver, at any one time or from time to time, its special obligation bonds in one or more series in an aggregate principal amount not to exceed \$60,000,000; provided that such special obligation bonds and the interest thereon shall never constitute a general obligation debt of or a pledge of the Town’s full faith and credit or taxing powers; authorized and empowered the Trappe Town Council to adopt a Resolution prior to the issuance, sale and delivery of such special obligation bonds, to prescribe the rate or rates of interest such special obligation bonds are to bear, the form, tenor, terms and conditions of and security for such special obligation bonds, and to prescribe, determine, provide for and approve various other matters, details, documents and procedures in connection with the authorization, issuance, security, sale and payment for such special obligation bonds; and generally provided for the financing of public infrastructure improvement within and outside the Lakeside District and for the imposition and levy of a special tax and the issuance of special obligation bonds, all in accordance with the Local Government Article, § 21-401, ET SEQ., of the annotated code of Maryland, as amended. Attorney Booth stated that this Ordinance extends the time period of the Lakeside Special Tax District until December 31, 2019 and only authorizes the Town to issue special bonds in connection with the Lakeside District but does not put bonds in place. Ryan Showalter, Attorney for the Lakeside developers, stated that the challenge for the realty market at this time is that when this project started over 10 years ago the prices and demand on the Western Shore were so high that it drove people over to the Eastern Shore but since then the prices and demand have leveled out and people aren’t moving to the Eastern Shore. Mr. Showalter stated that interest is again increasing in the project and there is a lot of development happening to the East of us so he is hopeful that something will start soon. Mr. Showalter stated that the challenge with this project getting off the ground is that there is a lot of investment needed upfront to get the utilities under Route 50 and a Route

50 entrance. Once those 2 things happen Mr. Showalter stated that he expects it to be easy to start selling lot packages and get started. Mr. Showalter stated that this Ordinance doesn't issue any bonds and doesn't commit the Town to anything, it just keeps the special tax district in place which is very valuable from a marketing aspect. This renewal is important to this project. The public hearing was closed at 6:54 pm.

Council of Trappe Meeting:

Vice-President Diefenderfer called the regular meeting to order at 7:00 pm. Council members: Nick Newnam, Tonya Pritchett and Walter Chase were present. Other attendees for the Town: Administrator Braband, Superintendent Callahan, Asst. Clerk Cowell, Attorney Booth, Captain Mergenthaler and Lt. Green from the Talbot County Sheriff's Department. Public Attendees: Don English, Dave and Dawn Stanley from Trappe Family Restaurant, Flo Adams, Bobby & Shirley Quidas, Mr. & Mrs. Charles Adams, Bobby Crosswell, Ryan Showalter and Nancy Dunn.

Amendments to the Agenda: Vice-President Diefenderfer stated that at the request of Flo Adams he would like to move public comment under clerk's report. Attorney Booth stated that she would like to add retention of bond counsel under attorney updates.

Presentation of Minutes: Commissioner Chase made a motion to approve the November 1, 2017 Council minutes as presented. Commissioner Newnam seconded the motion. All approved.

Clerk's Report: Administrator Braband presented the Clerk's report, the general fund and the enterprise fund budgets that are filed in the records. Administrator Braband stated that she will be meeting with GMB next week to begin working on the MDE grant applications for the new well and the main street water replacement. The applications are due January 31, 2018. Administrator Braband stated that the pumping station grant application was finally accepted by USDA so we are awaiting word from them. Administrator Braband also stated that the July Council meeting falls on July 4th and proposes to change the meeting date to the following Wednesday, July 11th. The Council agreed to move the July meeting to July 11th.

Public Comments:

Dave Stanley, owner of Trappe Family Restaurant – Mr. Stanley stated that he has a dispute on last month's water bill. Mr. Stanley handed out 6 months' worth of his water bills to the Council and stated that the restaurant usually uses 5,000 – 6,000 gallons a month and last month his bill stated that they used 23,600 gallons. Mr. Stanley stated that he was not happy with the way this was being handled. Mrs. Stanley stated that they had a previous water leak in their ice machine months ago and their water bill at that time was only for 15,000 gallons. Mrs. Stanley said they are only open 4 days a week. Administrator Braband stated that when Mr. Stanley came to the office she informed him of the water leak policy and that Steve would go out and look at the meter to see if he could see a leak. Steve went out to the meter and checked and didn't find a leak. Steve went out and manually read the meter on multiple occasions and continued to find no leak and that the meter was working properly. Administrator Braband stated that she informed Mr. Stanley that Steve didn't find a leak and that the only policy that the Council has set for discrepancies in water bills is when a leak has occurred. Administrator Braband stated that Mr. Stanley wasn't happy with that answer. Mr. Stanley stated that something is screwed up somewhere and the Town needs to fix it. Mrs. Flo Adams from St. Paul's Episcopal Church stated that they also received

a high usage water bill in the amount of \$407.90 and their previous six months bills ranged from \$81.25 to \$82.53. Mrs. Adams said that the church is only used 3 hours every Sunday and approximately 1 hour of office work by the Treasurer one day a week. Mrs. Adams stated that Danny Adams in addition to Steve checked the water meter and they both couldn't find any leaks. Mrs. Adams stated that there is no way their water bill is correct. Bobby Croswell stated that he discussed this with Mr. Stanley and tried to explain what could have happened and even though it is not covered in the Town's policy the Town wants to be sure that the residents are being billed properly. Mr. Croswell stated that Steve can check the meter 2 ways – 1, he can read it with the gun and 2, he can take off the meter lid and read it manually to ensure that the gun is reading properly. When he takes off the lid he can see if the red wheel is turning which indicates that there is a leak. If the red wheel is not spinning then it tells that you do not have a leak right now, doesn't tell you that you may have had a leak a couple days ago. Reading the meter manually will also tell you that the gun is reading the meter correctly today but doesn't tell you that it was reading properly when the meters were read for the billing. Mr. Croswell stated that the meter is a mechanical device and when 1 number turns the next one turns and that is very reliable and the chances of that register failing is not likely. If the meter is showing any flow then it will be showing correctly on the register. Mr. Croswell stated that the Town has had several documented cases where the meter is not read properly by the gun. These water meters are 20 years old and if a contact connection is not correct then it will send the wrong number to the gun. Another check that can be done to verify whether there is an error with these accounts or not is to go back 6 months and read the meter with the gun and then read the meter manually when the meters are being read again and subtract those 2 numbers and that will show how much water was actually used by the mechanical register. Then go back and get all the bills for those 6 months and add the billed usage for those 6 months and it will equal the total of the span read on the meter. If this is the same number then the meter is working and reading correctly and the water passed through the meter and went somewhere, if not the same then the meter is faulty and needs to be changed and the water bill adjusted accordingly. The manual meter read will be correct and that is the usage number to be used. Mr. Croswell stated that the billing part of the process is always going to be 100% correct because what is read by the gun is what is being billed, no way to change those numbers. The error could be with the gun and the way that it read the meter. Mr. Croswell stated that when a meter goes bad it actually is not reading all the water that is being used and the resident is getting free water so when a meter is replaced after 10 years the resident will usually notice an increase in their water bill. Administrator Braband stated that when water bills are read on December 27th and 28th the Trappe Family Restaurant and St. Paul's Church will both be read with the gun and manually and the Town office will compute the formula that Mr. Croswell is proposing. Superintendent Callahan stated that when he checked the restaurant and they were closed the meter showed a usage of 20 gallons. Mr. Stanley stated that it was probably the ice machine. Administrator Braband stated that she explained to Mr. Stanley when he came in that the usage could have been a leaky toilet, a toilet could have been flushed right before they closed and ran for 3 days before it was found when they reopened. Mrs. Stanley stated that they do have a toilet upstairs that will stick but she didn't find it running when she came back in. Mr. Croswell suggested replacing the water meter as a courtesy to the resident. Superintendent Callahan stated that there are 99 in Town that are due to be replaced and they are working on that list as money allows. Mr. Stanley stated that he will buy a water meter and have it replaced if he can. Vice-President Diefenderfer stated that they will check the water meter as Bobby suggests and then go from there. Mrs. Adams asked if the Church could not pay their water bill until the meter computation is done. Administrator Braband told Mrs. Adams to pay the normal amount that they usually pay and the Town will hold the difference until after the computations are done. Mrs. Adams asked if the Church could get

a water discount and Attorney Booth stated the law doesn't allow non-profits to receive a discount. Mr. Croswell suggested to do a town wide audit every year to be sure that the gallons read is what is actually billed.

COMMITTEE AND DEPARTMENT REPORTS

Public Works: Superintendent Callahan read his report that is filed in the records.

Planning & Zoning: Nothing at this time

Talbot County Sheriff's Department: Lt. Green stated that the Town only had 15 calls this month, did 38 patrol checks, issued 3 warnings and 2 tickets. The Sheriff's department has worked a total of 55 paid hours this period for the Town, this is in addition to regular patrols the Sheriff's department is conducting on their own. Mr. Croswell thanked the Sheriff's department for what they are doing for the Town and stated that he has seen more police coverage now than when the Town had a police department.

Communications: Administrator Braband introduced Cheyenne Cowell who is the new Asst. Clerk/Asst. Planner for the Town. Cheyenne will be handling all building permits and code enforcement for the Town in addition to assistant clerk duties.

Attorney Updates: Attorney Booth stated that she and Administrator Braband have been working with GMB and Shore United Bank regarding the new well project. At the November Council meeting the Council directed Attorney Booth to retain bond counsel for the well project according to state law. Attorney Booth stated that she has spoken with Kimberly Min from Whiteford, Taylor and Preston and Ms. Min sent an engagement letter to the Town to retain her law firm for bond counsel. Attorney Booth has worked with Ms. Min on other projects for other Towns and has a good working relationship with her and was able to secure a discounted rate for Trappe. Ms. Min is offering her services for \$12,500 for the bond anticipation note, if the Town is lucky enough to get grant funds from MDE there will be an additional cost of \$2,500 for those issuance cost and a \$10,000 fee for the closing on the USDA bonds. The costs for bond counsel can be rolled into the ultimate financing. Ms. Min has already started on the project and was kind enough to create the 2 Ordinances that are up for introduction for tonight in regards to the well project. Commissioner Pritchett made a motion to authorize Administrator Braband to sign the engagement letter with Whiteford, Taylor and Preston. Commissioner Chase asked to add to the motion that cost not to exceed \$25,000.00. Commissioner Newnam seconded the motion.

Vote:

Newnam – Y Diefenderfer – Y Pritchett – Y Chase – Y

All approved, motion carried.

Executive Session: No executive session was held on November 1, 2017. An executive session was held on November 14, 2017 to discuss a personnel matter.

ORDER OF BUSINESS BEFORE THE COUNCIL

Supplemental Ordinance 6-2017: An Ordinance supplementing Ordinance 6-2015 to extend the time period for issuance of the bonds which were authorized by Ordinance 11-2006 passed on December 6,

Town Council Minutes – December 6, 2017

Page 4 of 8

2006 (the “original ordinance”) (as supplemented by Ordinance 11-2007 passed on November 7, 2007, Ordinance 8-2008 passed on November 5, 2008, Ordinance 7-2009 passed on November 4, 2009, Ordinance 8-2011 passed on November 2, 2011, Ordinance 6-2013 passed on November 6, 2013, and Ordinance 6-2015 passed on December 2, 2015) by the Council of the Town of Trappe (the “Town”), which original Ordinance, among other things, confirmed the creation of the Lakeside Special Taxing District (the “Lakeside District”); provided for the creation of the Lakeside Special Fund (the “Special Fund”); provided for the levy of a special tax on all real property subject to tax within the Lakeside District; pledged the special tax on real property within the Lakeside District to the special fund and promised that the proceeds of the special tax will be paid into the special fund; provided for the use of moneys in the special fund; authorized the Town to enter into construction and funding agreements with the current owner of all of the property within the Lakeside District; made certain legislative findings, among others, concerning the public benefit and purpose of special obligation bonds to be issued by the Town; authorized and empowered the Town to issue, sell and deliver, at any one time or from time to time, its special obligation bonds in one or more series in an aggregate principal amount not to exceed \$60,000,000; provided that such special obligation bonds and the interest thereon shall never constitute a general obligation debt of or a pledge of the Town’s full faith and credit or taxing powers; authorized and empowered the Trappe Town Council to adopt a Resolution prior to the issuance, sale and delivery of such special obligation bonds, to prescribe the rate or rates of interest such special obligation bonds are to bear, the form, tenor, terms and conditions of and security for such special obligation bonds, and to prescribe, determine, provide for and approve various other matters, details, documents and procedures in connection with the authorization, issuance, security, sale and payment for such special obligation bonds; and generally provided for the financing of public infrastructure improvement within and outside the Lakeside District and for the imposition and levy of a special tax and the issuance of special obligation bonds, all in accordance with the Local Government Article, § 21-401, ET SEQ., of the annotated code of Maryland, as amended. A public hearing was held tonight at 6:45 pm. Commissioner Pritchett made a motion to approve Supplemental Ordinance 6-2017. Commissioner Chase seconded the motion.

Vote:

Newnam – Y Diefenderfer – Y Pritchett – Y Chase – Y

All approved, motion carried.

Ordinance 7-2017 & Ordinance 8-2017: Attorney Booth stated the Town has secured a loan in the amount of \$1,140,000.00 through USDA for a new well and related improvements which includes design, bond counsel, construction, engineering, everything for the project. A USDA loan does not go into place until all the work has been completed so Shore United Bank is offering interim financing for the project for 2 years at 2.55%; this is a line of credit to be drawn on up to \$1,140,000.00. The Town only pays interest on what is actually drawn and when the project is completed and financing through USDA is put into place this line of credit would be paid off. The Town is able to roll into the USDA loan the interest costs that have been paid. GMB and Administrator Braband are attempting to secure a grant through MDE for this project in hopes to secure a grant for at least 50% of the project. The grant applications are due by January 31st and then announcements are made in May. At a previous meeting the Council agreed to go ahead and proceed with the project before MDE’s announcement because the Town has secured financing for the project through USDA. If the Town is awarded a grant for this project from MDE then the Town can

adjust the financing downward. These 2 Ordinances only allow us to borrow up to \$1,140,000 but the Town doesn't have to. These 2 Ordinances are a little different because if the Town is given a grant then the Ordinances are structured to allow us to borrow less from USDA and authorize an MDE loan if necessary.

Ordinance 7-2017: Attorney Booth read Ordinance 7-2017 - An Ordinance of the Town of Trappe, a municipal corporation of the State of Maryland (the "Issuer"), providing for the issuance and sale of no more than Two Million Dollars (\$2,000,000.00) par amount of general obligation bond and grant anticipation notes to be known as "The Town of Trappe General Obligation Bond Anticipation Notes" and "The Town of Trappe General Obligation Grant Anticipation Notes", to be issued and sold pursuant to the authority of Section 19-212 of the Local Government Article of the Annotated Code of Maryland (2013 replacement volume and 2016 supplement), as amended, and section 612 of the Charter of the Town of Trappe, for the purpose of providing funds necessary to pay the costs of a well replacement, installation of a flow meter, upgrades to hypochlorite feed system, and other public improvement for the Town of Trappe, and paying capitalized interest on and the costs of issuing the notes, all in anticipation of the future issuance of the issuer's general obligation bonds or the receipt of grants for such purposes; providing that the notes shall be issued upon the full faith and credit of the Town of Trappe; providing for the disbursement of the proceeds of the sale of the notes and for the levy of annual taxes upon all assessable property within the corporate limits of the issuer subject to assessment for the payment of the principal of and interest on the notes as they shall mature; providing for the form, tenor, denomination, maturity date, interest rate and other provision of the notes; providing for the sale of the notes; and providing for the designation of specific projects to be financed with the proceeds of the notes and related purposes. Attorney Booth stated that the reason this Ordinance is for \$2,000,000.00 is to have some flexibility in the event that it has to be restructured with grants and bonds. The final project cost will not be \$2,000,000.00. Commissioner Pritchett made a motion to introduce Ordinance 7-2017. Commissioner Newnam seconded the motion.

Vote:

Newnam – Y Diefenderfer – Y Pritchett – Y Chase – Y

All approved, motion carried.

A public hearing will be held on January 3, 2018 at 6:45 pm.

Ordinance 8-2017: Attorney Booth read Ordinance 8-2017 - An Ordinance of the Town of Trappe, a municipal corporation of the State of Maryland, providing for the issuance and sale of up to (and including) One Million One Hundred Forty Thousand Dollars (\$1,140,000.00) par amount of general obligation bonds, to be issued and sold pursuant to the authority of sections 19-301, et seq. of the Local Government Article of the Annotated Code of Maryland (2013 replacement volume and 2016 supplement), as amended, and section 612 of the Charter of the Town of Trappe, for the purpose of providing funds necessary to pay the costs of upgrades to a well replacement, installation of a flow meter, upgrades to hypochlorite feed system, and other public improvement for the Town of Trappe, and paying capitalized interest on and the costs of issuing the bonds; providing that the bonds shall be issued upon the full faith and credit of the Town of Trappe; providing for the disbursement of the proceeds of the sale of the bonds and for the levy of annual taxes upon all assessable property within the corporate limits of the issuer subject to assessment for the payment of the principal of and interest on the bonds as they shall mature;

providing for the form, tenor, denomination, maturity date, interest rate and other provisions of the bonds; providing for the sale of the bonds; and providing for the designation of specific projects to be financed with proceeds of the bonds and related purposes. Commissioner Pritchett made a motion to introduce Ordinance 8-2017. Commissioner Newnam seconded the motion.

Vote:

Newnam – Y Diefenderfer – Y Pritchett – Y Chase – Y
All approved, motion carried.

A public hearing will be held on January 3, 2018 at 6:45 pm.

Resolution 4-2017, Resolution 5-2017 and Resolution 6-2017: Attorney Booth stated that these 3 Resolutions are to renew the Town's 2 existing lines of credit and loan.

Resolution 4-2017: Vice-President Diefenderfer read Resolution 4-2017 – A Resolution of the Town of Trappe authorizing the renewal of a line of credit promissory note with Shore United Bank in the principal amount of \$100,000.00, of which the sum of \$88,142.68 has been drawn and borrowed for various town expenses pursuant to prior legislative acts of the Council of Trappe. Commissioner Chase made a motion to approve Resolution 4-2017. Commissioner Newnam seconded the motion.

Vote:

Newnam – Y Diefenderfer – Y Pritchett – Y Chase – Y
All approved, motion carried.

Resolution 5-2017: Vice-President Diefenderfer read Resolution 5-2017 - A Resolution of the Town of Trappe authorizing the renewal of a line of credit promissory note with Shore United Bank in the principal amount of \$200,000.00, of which the sum of \$194,341.31 has been drawn and borrowed for various town expenses pursuant to prior legislative acts of the Council of Trappe. Commissioner Chase made a motion to approve Resolution 5-2017. Commissioner Newnam seconded the motion.

Vote:

Newnam – Y Diefenderfer – Y Pritchett – Y Chase – Y
All approved, motion carried.

Resolution 6-2017: Vice-President Diefenderfer read Resolution 6-2017 - A Resolution of the Town of Trappe authorizing the renewal of a promissory note with Shore United Bank in the principal amount of \$99,421.57, the sum of which was borrowed to finance the acquisition of property located at 29428 Sullivan Street pursuant to prior legislative acts of the Council of Trappe. Commissioner Chase made a motion to approve Resolution 6-2017. Commissioner Newnam seconded the motion.

Vote:

Newnam – Y Diefenderfer – Y Pritchett – Y Chase – Y
All approved, motion carried.

Other Business: None

Public Questions/Comments: None

Executive Session: Vice-President Diefenderfer stated that an executive session is requested to discuss a personnel matter.

Commissioner Pritchett made a motion to enter into executive session at 7:52 pm to discuss a personnel matter. Commissioner Newnam seconded the motion and it was unanimously approved.

At the conclusion of the closed session at 8:37 pm, Commissioner Chase made a motion to reconvene the open meeting. Commissioner Newnam seconded the motion and it was unanimously approved.

There being no further business to discuss, Commissioner Pritchett made a motion at 8:37 pm to conclude the meeting. Commissioner Newnam seconded the motion and it was unanimously approved.

Respectfully submitted,
Erin Braband, Town Administrator/Clerk