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## TOWN OF NEW WINDSOR

209 High Street - P. O. Box 609  
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### Special Work Session Minutes

December 15, 2021

**Call to Order of Regular Work Session in person and via Zoom:** Mayor Green called the meeting to order at 7:00 p.m.

**Present in person:** Mayor Green, Vice-President of Council – Kimberlee Schultz, Councilmembers – Sharon Gribbin-Lindemon, William Holl, David Hoffman, and Kevin Cornick. Also present, Town Manager Dye, Town Clerk Alban and 5 attendees.

**Present via ZOOM:** 7 attendees.

- **Introduction of Vikki Prettyman with SERCAP-** Town Manager Dye stated the SERCAP stands for Southeast Rural Community Assistance Project. They provide free technical assistance to Town Manager, Mayors, Community leaders and staff to determine needs, secure funding and support for structural and economic development. They focus on smaller communities (1500 to 3000) in population and assist Town leaders and elected Officials with planning for their Community's long-term water, wastewater and housing success. They are funded by MDE & USDA, perform water/ sewer rate studies, provide board training and information. A discussion followed with Mayor and Town Council and Vikki will be available to assist us with upcoming projects.

- **Continued discussion of current water loans and possible pay off.**

After the November 16<sup>th</sup> Work Session meeting, Town Manager Dye sent an email to the Mayor and Town Council requesting specific information the Town Manager and Town Clerk needed to prepare for the December 15<sup>th</sup> Special Work Session. Town Manager clarified that the College/Blue Ridge loan is not incorporated in the current water base rates as that loan was taken out after the rate schedule was adopted. Town Manager Dye received and is answering the following as a result of responses from his email request.

**1) Request/Question:** If we keep the existing loans will our debt ratio hamper our ability to get the MDE loan for the amount we need?

**Response:** Donna & I are not lenders or loan officers so we cannot say for sure. We would venture to say that the Town's debt ratio may be factored into the equation and decision by MDE. Maybe Vikki can provide some feedback?

**2) Request/Question:** If we don't pay off the loans and take a larger loan. How much will we need to raise the base rate? (We had numbers \$11-\$18 per quarter)- I realize existing loans have 5 to 8 years remaining.

**Response:** The effect on the quarterly water base rate increase depends on how much of a loan we take, the interest rate and term. This is why we have to finalize the breakdown of ARPA, Enterprise Side and loan amount. Using the TSU/PALS Program spreadsheet: \$1,000,000 @ 1.25% for 30-year term equates to an increase of \$13.30 quarterly BR and annual payment of \$40,180.

**3) Request/Question:** What is the interest rate of the MDE loan?

**Response:** Per links provided by Vikki, current interest rates through 12/31/21 are: MDE WQFA SRF Standard rate = 0.80% plus Admin. = 0.35%, total = 1.15%

USDA Intermediate rate = 1.75%

**4) Request/Question:** What is the overall cost to the Town for the two scenarios: 1- keep loans, smaller new loan, + base rate increase to cover new loan. 2- pay off loans, new larger loan, confirm no base rate increase.

**Response:** This is difficult to answer until decisions are made.

First Scenario: Keep existing loans, total cost paid at end of terms \$802,096

Cost of smaller new loan is dependent on amount borrowed, interest rate and term.

Base rate increase, again, is dependent on amount borrowed, interest rate and term.

Second Scenario: Pay off existing loans cost is \$690,802

Cost of larger new loan is dependent on amount borrowed, interest rate and term.

Confirm no base rate increase. Cannot do this until decision is made on paying off loans and how much needed to borrow.

Refer to scenario 1 & 2 later in the report.

**5) Request/Question:** If and when the town does receive outside funding for said projects; the people that the Mayor has met with requested matching funds, if not matching funds, then a healthy portion. Where would these funds come from if such were the case?

**Response:** The matching funds from the Town would be the ARPA money and Enterprise Fund Developer Fees amounts the Council decides to contribute.

An updated loan summary spreadsheet and the water loan payoff summary was provided by Town Clerk Alban. The 4 current water loans have a total payoff balance of \$690,802 if paid off by 2/1/22.

The 3 loans that are incorporated into the base rate equate to approximately \$26. Essentially, this could free up \$26 of base rate and help offset new debt associated with any new loan(s). If the Town paid off all existing water loans, we could borrow money for the MD 31 Water line project and **possibly** not change the water base rate depending on the loan amount, interest rate & term.

After a discussion, **A Motion by Councilman Cornick to pay off the 4 existing water loans in the amount of \$690,802 using Developer Fees funds and accept the following scenario:**

<b>1B.</b> MD31 Water Line Project estimate:	<u>\$4,000,000.00</u>
<b>1C.</b> Use 2 <sup>nd</sup> tranche of ARPA money	\$688,696
<b>1D.</b> Use EF Developer Fee money	\$1,351,304
<b>1E.</b> Take a new loan	<u>\$1,960,000</u>
<b>Total 1C, 1D &amp; 1E</b>	<b>\$4,000,000</b>

**It was 2<sup>nd</sup> by Councilwoman Gribbin-Lindemon and approved by a vote of 5-0.**

#### **Discussion and decision of how to fund the MD 31 Water Main Improvement Project.**

Along with paying off current water loans, funding the MD 31 Water Main Project has been an on-going discussion over the last several months.

This project is estimated at \$4.0 million.

We have ARPA money and ES money. **Need to maintain a healthy and safe reserve in the EF.** Unless the Town gets outside funding from the State, some amount of a loan will likely be needed. We need to drill down, determine the specific amounts from each source and make a decision. Using a combination of funding sources, ARPA, Enterprise Fund Developer Fees and remainder as a loan has been suggested and discussed as a viable and likely option. After a discussion, a consensus by Council to have Circuit

Rider, Mike Reynolds proceed with a MDE loan application in the amount of \$1,960,000.00 since the deadline is January 31, 2022.

**A Motion at 7:56 p.m. to adjourn by Councilmember Cornick, 2<sup>nd</sup> by Councilmember Schultz and approved by a vote of 5-0.**

**Respectfully submitted,  
Donna Alban, Clerk/Treasurer**