

ORDINANCE NO. 7-2025

INTRODUCED BY: _____

AN ORDINANCE OF THE TOWN OF TRAPPE AUTHORIZING A LINE OF CREDIT PROMISSORY NOTE WITH SHORE UNITED BANK, N.A. IN THE PRINCIPAL AMOUNT OF \$645,000.00, THE PROCEEDS OF WHICH MAY BE USED TO PROVIDE INTERIM FINANCING TO COVER EXPENSES AND INDEBTEDNESS THAT MAY ARISE FROM THE DESIGN AND CONSTRUCTION OF AN UPGRADED TOWN OF TRAPPE WASTEWATER TREATMENT PLANT FOR ENHANCED NUTRIENT REMOVAL, SAID LOAN TO BE REPAID BY GRANT 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, the Town of Trappe is a municipal corporation of the State of Maryland organized and operating under a charter adopted in accordance with Article XI-E of the Constitution of Maryland, and Sections 4-201 *et seq.* of the Local Government Article of the Annotated Code of Maryland, as amended; and

WHEREAS, section 304 of the Charter of the Town of Trappe authorizes the Town to borrow money from time to time as determined advisable and in such manner and by such means as the Council, in its sound discretion, shall deem most advantageous to the Town; and

WHEREAS, the Town received a grant from the Maryland Department of the Environment (“MDE”) Maryland Water Infrastructure Financing Administration in the amount of \$1,651,746 for the construction of the Town of Trappe wastewater treatment plant for enhanced nutrient removal to include a new second Wave Oxidation basin, modification of the existing Wave Oxidation basin, new secondary clarifiers, conversion of existing filters to denitrification filters, new UV disinfection system, and improvements to the chemical feed systems, instrumentation and controls, electrical distribution system for the plan, and a new headworks (the “Project”); and

WHEREAS, the grant funds agreed to be made available to fund the project by the Maryland Department of the Environment will not be available in sufficient time to meet the Town’s obligations with the Maryland Department of the Environment to begin construction on the project, and therefore, the Town is in need of funds promptly to begin design so that construction may timely begin; and

WHEREAS, the Council has 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, N.A. to provide interim financing from time to time to cover public expenses and indebtedness that may arise from the design of the Project as described above, said loan to be repaid by the grant

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.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF TRAPPE 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 Council of the Council of Trappe is hereby authorized to execute and deliver to Shore United Bank, N.A. a Closed End of Line Credit promissory note in the amount of \$645,000, with the same or substantially similar terms, as the Commitment Letter attached hereto as Exhibit 1, with a fixed interest rate of 5.25 percent floor for twelve months with quarterly interest payments only for the first twelve months. The maturity date of the note is December 31, 2026, at which time all 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 Trappe, for the payment of all principal, interest and other charges, if any, under the Note when due.

Section 4. The Council President is hereby authorized to make such modifications to the form of the Note 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 Council hereby determines that the Note, and the terms hereof, are reasonable and that the execution and delivery thereof are in the best interest of the Town and its residents and the Town Council hereby authorizes, ratifies, confirms and approves 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 Project that may arise from time to time, to pay authorized and valid debts or expenses of the municipality that are consistent with and within the Town's budget, to be repaid from grant funds received from the Maryland Department of the Environment.

Section 7. The Note shall be repaid by grant funds received by the Maryland Department of the Environment.

Section 8. The Town Council 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 9. In accordance with Section 209 of the Trappe Town Charter, this Ordinance shall become effective upon passage by the Council and recordation in the Minute Books.

This Ordinance was introduced on _____, 2025, and read and adopted this ____ day of _____, 2025.

TOWN OF TRAPPE

Jeremy Newnam, President
of the Council of Trappe

Walter Chase, Sr.

Brian Schmidt

Rosalee Potter

Michael Sullivan

I hereby certify that the foregoing Ordinance No. 7-2025 of the Town of Trappe was duly read and enacted in accordance with the applicable provisions of the Charter of the Town of Trappe.

ATTEST:

Erin Braband, Clerk-Treasurer
Town of Trappe

EFFECTIVE DATE OF ORDINANCE: _____