



Commissioners of Leonardtown

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DANIEL W. BURRIS
Mayor

LASCHELLE E. MCKAY
Town Administrator

Commissioners of Leonardtown Town Council Meeting Minutes November 13, 2018

Attendees: Daniel W. Burris, Mayor
Tyler Alt, Council Member
Hayden T. Hammett, Council Member
Christy Hollander, Council Member
J. Maguire Mattingly IV, Council Member
Mary Maday Slade, Council Member

Also, in attendance were: Laschelle McKay, Town Administrator; Rebecca Sothoron, Treasurer; Teri Dimsey, Executive Secretary; Jackie Post, Fiscal Clerk; Beth Sandberg, Office Manager; Guy Leonard, County Times; Taylor DeVille, Enterprise. A complete list of attendees is on file at the Town Hall.

Councilmember Hammett proceeded with the invocation and Mayor Burris asked Ms. Dimsey to lead the Pledge of Allegiance.

Mayor Burris remarked that Council and staff are excited to hold the first Town Council meeting in the new second floor meeting room.

Approval of Minutes

Meeting minutes for the October 9, 2018 Town Council were presented for approval.

Mayor Burris entertained a motion to accept the minutes as presented.

Councilmember Hammett remarked that he did not make the motion to approve the Utility Cart and asked that the minutes will be corrected.

Councilmember Mattingly moved to approve the October 9, 2018 minutes with the suggested correction; Seconded by Councilmember Slade; motion passed unanimously.

Mayor Burris moved on to the next order of business.

COUNCIL: TYLER ALT HAYDEN T. HAMMETT
CHRISTY HOLLANDER J. MAGUIRE MATTINGLY IV MARY MADAY SLADE

Proclamations

Councilmember Slade read out-loud the Proclamation for **Small Business Saturday** signed by the Commissioners of Leonardtown to promote and encourage citizens to Shop Small in Leonardtown on Saturday, November 24, 2018.

Councilmember Mattingly read out-loud the Proclamation signed by the Commissioners of Leonardtown announcing November as **Municipal Government Month**. Mayor Burris noted that there is a Public Hearing set for 4:15 p.m. and moved on to the Treasurer's Report.

Treasurers Report – Rebecca Sothoron

Ms. Sothoron reported that the monthly financial information was provided to Council. There were no transfers to or from the Operating Account for the month of October. We are one-third through the budget year. There are Budget Amendments that will be brought forward for funding for items not completed by the fiscal year. There are two different formatted budget statements for your review to determine which format Council would prefer.

Planning & Zoning Report – Jada Stuckert

The last Planning & Zoning meeting was held on October 15, 2018 with one item on the agenda.

Case No. 66-18 – St. Mary's County Adult Detention Center Expansion 23110 Leonard Hall Drive

Request for Concept Plan Approval for an approximately 9,500 sq. ft. addition

There being no items on the November agenda, the next Planning & Zoning meeting will be held on December 17, 2018 with one item on the agenda.

Police Report

Corporal Nelson was unable to attend today's meeting but provided Council with a written report of all of her past month activities.

Town Administrator's Report – Laschelle McKay

The Snow Removal Contract was publicly bid on September 27, 2018 after Bowles Farm decided not to extend the contract. Two bids were received at the bid opening on October 31, 2018. Bay Country Enterprises and Cullison Excavating. Bay Country was the low bidder. This is a two-year contract with two two-year extensions for six years total and will come back to Council after the two years if they want to renew the contract.

Bowles Farm did provide us with assurance that in an emergency or if additional equipment was needed, they would be available at the previous bid price per hour.

Also, you may recall, that last year the sidewalk snow removal was broken out into a separate contract so we have a different company that will handle the sidewalks. This bid is just for the streets and roads.

Councilmember Hollander inquired as to how we budget for this contract?

Ms. Sothoron noted that it isn't a simple formula but basically, we review the last twelve years, along with the number of new streets added and come up with an average.

Councilmember Mattingly moved to award the Snow Removal contract to Bay Country Enterprises for a two-year term ending November 2020 and two 2-year extensions; seconded by Councilmember Hollander, no further discussion, motion passed unanimously.

Mayor Burris entertained a motion to close the regular meeting and open the Public Hearing for Economic Development Bond St. Mary's Ryken- Proposed Extension

Councilmember Alt moved to close the regular meeting and open the Public Hearing for the St. Mary's Ryken- Proposed Extension; seconded by Councilmember Hollander, motion passed unanimously.

Ms. McKay reported that this Public Hearing is being held to receive comment on the proposed extension of the Series 2017A Revenue Bonds the Town loaned to St. Mary's Ryken High School for construction of a multi-story activity complex. Due to weather delays the project completion date has been extended.

Ms. Lindsey Rader from Funk and Bolton, Leonardtown's Bond Counsel is in attendance today, as well as, St. Mary's Ryken representatives to report and answer any questions.

Ms. Rader reported that in March of 2017 the Town issued two bonds and loaned the proceeds to St. Mary's Ryken Inc. Those two bonds were purchased by Old Line Bank. Series 2017 Bond was issued in the principal amount of 17 million six hundred and eighty thousand dollars and the Series 2017 B Bond was issued in the principal amount of two million dollars. The Town, St. Mary's Ryken and Old-Line Bank entered into a loan and financing agreement with some project delays, the borrower St. Mary's Ryken Inc., went to Old Line Bank and asked if they'd be willing to change the amortization schedule by deferring some of the principal payments on the Series 2017 A Bond. We're not actually extending the maturity date of either Bond, but because we are deferring and then re-amortizing the principal payments on the series 2017 A Bond, that for federal tax code purposes results in modifications and an extension of what's known as the weighted average maturity of that Bond. Because the two Bonds were issued together, they are treated as a single issue for tax code purposes and by definition of the modifications to the one Bond, it actually extends the weighted-average maturity of both bonds. This proposed extension results in, what is known as, for federal tax code purposes, as a reissuance of those Bonds. We are not actually having the Town, issue new bonds or do a refunding which you might have done in the past. Indeed, the Bonds that you issued in 2017, were in part to finance some new improvements at the high school campus and in part to refund or refinance some debt issued to finance previous improvements.

You need to have this public hearing because the proposed modification is significant enough that it triggered this reassessment. The Town, the Borrower and Old-Line Bank will enter into a modification agreement which will provide for the change in the amortization schedule on the Series 2017 A Bond and that modification agreement will also change the projected completion date by when St. Mary's Ryken must draw down the proceeds of the two Bonds and clean up

some definitional errors in the original document. So, the key to these bonds is they were issued as Conduit Revenue Bonds, which means the Town did not pledge its full faith and credit for unlimited taxing power to the payment of these bonds. St. Mary's Ryken was and remains responsible for all Debt Service payments on the Bonds.

St. Mary's Ryken is responsible for all costs of counsel, and any other professionals involved in this proposed modification. After this public hearing, on the agenda, is a Resolution that provides for these proposed modifications and approves and authorizes the approval execution and delivery of the required documentation.

Mayor Burris asked Ms. Radar if she would explain the reasoning of the Town being the conduit.

Ms. Rader responded that it really doesn't affect the Town in any way. Under the Federal Tax Code 501(C)3 entities like St. Mary's Ryken, cannot directly borrow or issue themselves tax-exempt Bonds, but they can go to a county, a municipality or a state authority that has bonding powers and have that governmental entity issue the bonds and loan the proceeds to the borrower.

Mayor Burris thanked Ms. Rader, along with Mary Joy Hurlburt, President and CEO for being here today. The Town is pleased that we can assist the entities that are part of our municipality.

Mayor Burris asked for any public comments. There being none, he entertained a motion to close the public hearing and open the regular meeting.

Councilmember Hollander moved to close the public hearing and open the regular meeting; seconded by Councilmember Mattingly, motion passed.

Resolution 3-18 regarding existing Economic Development Revenue Bond Financing for St. Mary's Ryken, Inc

Ms. McKay reported that Council has before them a proposed Resolution #3-18 that may be introduced and passed today.

Ms. Rader explained that this Resolution is for the purposes of the Maryland Economic Development Revenue Bond act under which the 2017 Bonds were issued that the Town Administrator serves as the chief executive and under that act the Council approved certain details of the financing and delegated to the Town Administrator as Chief Executive under your Charter the authority to approve or provide for any remaining details by executive order or otherwise. In this case, we have actually attached as Exhibit A to the Resolution the substantially final form of modification agreement that the Town, Old Line Bank and St. Mary's Ryken propose entering into and other than inserting dates and perhaps filling in any blanks, we do not anticipate at this point any further modifications and certainly no material modifications to that form agreement.

This Resolution authorizes the Town Administrator by executive order to or for otherwise to approve the final of the modification agreement. Both the Mayor and the Town Administrator are authorized to sign the final form of the modification agreement. Other Town officials are

authorized to approve and sign any related documents to the proposed transaction. For example, I've already drafted a form of executive order for Ms. McKay's signature and there will be a general certificate of the Town that will be executed by the Mayor, Ms. McKay and Ms. Sothoron in connection with the proposed transaction if you approve the resolution. The Resolution recognizes again that these bonds are not a pledge of the Town's full faith and credit and unlimited taxing power and the Resolution also provides that St. Mary's Ryken is responsible for all costs related to the modifications.

Councilmember Hammett inquired about the conduit and revenue bond but the legal notice and Resolution refer them as economic revenue bonds, is that an issue?

Ms. Rader responded, not at all. Conduit revenue bonds is a very broad term used for this type of financing. Economic Development Revenue Bonds is the actual designation given to the original bonds and in Maryland many times, Conduit Revenue Bonds are referred to as Economic Development Revenue Bonds because they are issued under the Authority of the Maryland Economic Revenue Bond Act.

There being no further questions, Mayor Burriss entertained a motion.

Councilmember Mattingly moved to approve Resolution 3-18 regarding existing Economic Development Revenue Bond Financing for St. Mary's Ryken, Inc.; seconded by Councilmember Alt, no further discussion, motion passed unanimously.

FY18 Audit Report-Murray, Wamsley and Schrader

Ms. Murray introduced herself and noted that Murray, Wamsley and Schrader have been doing the audit close to 20 years. She will provide a brief summary of the audit report for Fiscal Year 2018, as well as, two other letters that they provide at the end of each audit.

This is an independent auditors report with an unmodified opinion which means that your financial statements are fairly presented. In the supplemental information we do provide an opinion in relation to the financial statements. Finally, in our report we reference you to the second report at the end of this packet which is our report on internal control and compliance.

Ms. Murray proceeded to provide an overview of the Audit Report.

There were significant investments in capital assets this past fiscal year and that is reflected all through the financial statements.

At the end of the review, Ms. Murray noted that the report includes letters they provide on internal controls and on compliance of other matters. This report is required in accordance with Government Auditing Standards which you are subject to as a governmental entity. We do not give an opinion on internal financial reporting or on compliance as we do not do enough work on these areas to give an opinion. For a standard audit, we do look at and consider all the internal controls along with how they are designed and operating. We do some sampling of certain parts of the internal controls. There was no non-compliance to be reported.

The next letter is a required communication after an audit has been completed to tell the Governance Board, the Mayor and Commissioners what occurred in the audit and notes any significant audit findings. We state that Management is responsible for using appropriate accounting policies and they are disclosed to the reader in Note A to the financial statements. Also, that you did not change any accounting policies and no new accounting policies were adopted during this fiscal year. In regards to depreciation, you are estimating the useful lives of your assets and management looks at them to determine if there has been any change.

Accounting Policy and Procedure Manual Update - The Town is getting more complex and this manual becomes more critical as noted in the previous years but this is now in the process of being updated so we look forward to seeing a new manual.

Purchase Orders - To remain the same amount as discussed by Council.

Time sheets - There were some minor mistakes which were caught and corrected and procedures have been set in place so we didn't feel that that needed to be included in this letter.

Ms. Murray thanked Ms. Sothoron, Ms. McKay, Mayor, Council and staff for their helpfulness during this process. Please feel free to contact us if you have any additional questions or concerns.

Mayor Burris thanked Ms. Murray for her presentation and the company's audit work for the Town and Ms. Sothoron for all her time during this process.

Mayor Burris moved on to the continuance of the Town Administrator's Report.

Contract for sale of Unit #300 41660 Courthouse Drive

Resolution #6-16 was passed November 14, 2016 declaring Condo Unit #300 located at 41660 Courthouse Drive to be surplus property and to proceed with selling the property. Eventually the property was listed for sale with Brick House Realty in the amount of \$216,000 after the property did not move as For Sale by Owner. No offers have been received until now. The Town vacated the building 25 months ago and purchased the new Town Hall. If Council approves this sale the next step in the process is to introduce Ordinance No. 187 Sale of Surplus Property and then pass the Ordinance at the December 10, 2018 meeting. The Agreement of sale states that closing would occur prior to December 31, 2018.

Councilmember Mattingly remarked that he is in agreement, he feels it is a good offer considering the length of time the units have been for sale.

Councilmember Hollander also agreed as she noted the carrying costs for the condo fees and with no movement those costs add up.

Councilmember Hollander moved to approve the sale of Unit #300 at 41660 Courthouse Drive in the amount of \$188,000 to Lillian and Robert Mattingly and to authorize Mayor Burris to sign the Agreement of Sale; seconded by Councilmember Alt, no further discussion, Councilmember Slade abstained, motion passed by majority.

Introduction of Ordinance No. 187 Sale of Surplus Real Property

Ms. McKay reported that it goes through the recitals stating that we did advertise back in 2016 that we were going to list these properties of surplus property as they were no longer needed. It describes the property and detail and that the sale price is for \$188,000. We will introduce this Ordinance this month, there is no action today and then next month it will be back on the agenda for final approval.

LVFD Carousel Discussion

The LVFD have decided to cancel the Museum project of which the Town obtained a \$125,000 CPP Grant, which has since been canceled. The Fire Dept purchased their carousel in 1942 but it dates back to 1907. The plan was to restore it, convert it from gas to electric and house it in the museum. Since the project was canceled, they Fire Department Officials voted to give the carousel to the Town if we wanted it. We would need to find storage for it and eventually have it restored and housed somewhere. Possibilities exist for getting another grant in the future and incorporating it into the waterfront plans. The Fire Dept had estimated \$3,000 to restore the carousel and we would need a storage container in the meantime which would run about \$75-\$100 per month. We need to discuss if this is something we want to take on.

Mayor Burris commented that he thinks it is a good idea and would not cost us a huge amount to store as we look into more storage options. It would be a great historical asset for the Town for the future.

Ms. McKay noted that the treatment plant is not a good storage option as the expansion work will soon begin but another storage option is the possibility of utilizing the space beside our existing storage building on Park Avenue.

Councilmember Mattingly remarked that he hopes we can find a place we can store it without paying rent.

Mayor Burris responded that this is a short-term situation until we can find a long-term solution. It is not costing us a lot to store it at this time until we work out if we want to incur the costs of restoration.

Councilmember Hollander remarked that her only concern is the cost of having the carousel restored, but also feels it is something the Town would benefit from in the future.

Councilmember Slade moved to accept the carousel from the Leonardtown Fire Department and store it until it receives further discussion for future use; seconded by Councilmember Alt, no further discussion, motion passed unanimously.

Introduction of Ordinance No. 188 Critical Area Map Amendment

Ms. McKay reported that staff has been working with the State Critical Areas staff for over a year on the required updating of the CAC mapping for Leonardtown. House Bill 1253, passed in 2008, required the update. We are introducing the ordinance today and will hold a public hearing at the December 10th meeting and can take action at that meeting. A meeting was held December 5, 2017 by the CAC staff with all affected property owners.

Proposed Traffic Study for Rt. 5 Intersection

We have been pushing SHA to install the signal at the Clarks Rest/Tudor Hall intersection at Rt.5 as part of the Rt.5 widening break out project. They have asked for an updated traffic study now that the connection to Leonard's Grant will be installed in Clarks Rest in the next phase. Those numbers can now be included as projected traffic and the hope is that it will trigger a warrant. Lenhart Traffic Consulting already has done several studies for the Town as well as Clarks Rest so they just need to update numbers and information. We have asked for Marrick and Mr. Pleasants to participate in the cost. SHA is waiting on the study before moving forward with planning. The Town share would be \$2,500.

Mayor Burris asked SHA to consider putting in the light now instead of coming back in four years and they said they would consider it and we hope this traffic study will help to facilitate this need.

Councilmember Alt moved to authorize the Lenhart Traffic Consulting contract to update the Rt. 5 traffic study at the Tudor Hall/Clarks Rest intersection in the amount of \$7,500 to be split 3 ways between the Town, Marrick Properties and Pleasants Construction; seconded by Councilmember Slade, no further discussion, motion passed unanimously.

Project Updates

The elevator was approved and the meeting room on the second floor is completed.

Construction for the new offices on the first floor will begin shortly.

Wharf, slip and piers. Still waiting on the permit from the Army Corp of Engineers.

We received the façade improvement grant that we applied for through the Community Legacy for a total of \$50,000 and it is not a matching grant. We now need to work up a program to re-grant the funds to the local businesses in Town who want to make façade improvements to their businesses. We are currently working on procedures. This is an annual grant so we hope we are able to obtain this grant yearly.

Water Meter Issue

Over the past two years, we began to experience issues with the electronic meters that were put in about 2010 and are not transmitting the data. The facilities staff had to go back to reading the meters by hand. We then found out that the company we purchased the meters from had a defect in the way the meters were collecting the data and we now need to replace 884 registers on the meters. We fought with the meter company and after much debate we came to an agreement that they would replace the registers at no cost to us with a ten-year warranty. We had hoped to get some financial help from the meter company to pay for the installation but that was not feasible so our staff is having to do the work themselves. It has created a lot of extra work for Ms. Post and the treatment staff.

Mayor's Report – Mayor Burris

Mayor Burris reported that we have a vacancy on our Ethics Commission Board and would like to nominate Mary Cox to replace Christopher Jeys.

Mahan Rykiel will be here on November 29 and 30 to present their draft findings from the Stakeholders Discussion meetings. Two public meetings will be held and open to the public to attend: one session on Thursday, November 29 at 5:30 pm and one session on Friday, November 30 at 8:30 a.m. to be held at the Town Hall.

Events – Tyler Alt

- A Harvest Festival was held to celebrate the Fall into Leonardtown First Friday theme on Friday, November 5th. Attendees loved painting pumpkins in the Square and the wagon ride to Shepherds Old Field Market where they were able to create a mini scarecrow craft. Many of the businesses participated in the Scarecrow decorating contest and the steps of Bank of America were decorated to provide a backdrop for family photos.
- The last Coastal Arts Market of the season was held on Saturday, October 13th at Leonardtown Wharf. The organizers thanked the Town of Leonardtown for allowing them to use of the Leonardtown Wharf Park for the season, noting how beautiful the venue is and how much their artists and crafters, as well as the public, love the location.
- Saturday October 20th got off to a rainy start, but the rain didn't dampen the spirits of those who participated in the St. Mary's Ryken Blain Whorl 5k. The event is held annually to raise money for the Blaine Whorl Memorial Scholarship Fund. The run/walk began at St. Mary's Ryken High School and progressed through Town to Leonardtown Wharf and finished at Ryken.

The weather cleared in time for the Annual Trick-or-Treat on the Square later that day. The beautiful weather drew an enthusiastic crowd of over 1,000 participants who visited the 42 businesses that participated in the event. Entire families got in the act with imaginative costumes. Not to be left out, the furry members of many of the families in attendance were decked out to participate in the pet costume contest held courtesy of St. Mary's Animal Welfare League. Thank you to Commissioner Mary Maday Slade for helping to hand out candy at Town Hall.

- The Zumba Fitness Around Town series got off to a great start with a festive Halloween Kickoff Party at Shepherd's Old Field Market.

Upcoming Events of Interest/Meeting Reminders:

<u>Date</u>	<u>Time</u>	<u>Event/Meeting</u>
Saturday, November 10 th & 17 th ; December 1 st , 8 th 15 th ; January 5 th , 12 th , 19 th , 26 th	8:30 – 9:30 a.m.	Zumba Fitness Around Town @ Shepherd's Old Field Market (more dates and locations TBA)
Sunday, November 11 th	10:00 a.m. – 1:00 p.m.	The 43 rd Annual Veterans Day Parade Downtown Leonardtown Square
Friday, November 23 rd	4:30 – 8:30 p.m. <i>(New Time!)</i>	Christmas on the Square
Saturday, December 15 th	11:00 a.m. – 1:00 p.m.	Santa & Mrs. Claus in the Square

Community Development and Planning – Hayden Hammett

Councilmember Hammett reported there were no significant items to report at this time.

Utilities – Christy Hollander

Councilmember Hollander reported there were no significant items to report at this time.

SMMA Update – Jay Mattingly

Councilmember Mattingly reported that the SMMA legislative dinner will be held on Wednesday, December 12 at Chesapeake Beach. He attended the Veterans Day Parade.

He complimented Ms. McKay and staff on completing and putting the finishing touches on the new meeting room. He wished everyone a Happy Thanksgiving.

Business Development/Retention – Mary Maday Slade

Councilmember Slade reported that she was very honored to read the Proclamation for Small Business Saturday and reminded everyone to come out and support the local businesses. There will be a tent in the middle of the square with lots of vendors and SOF will be doing something on Sunday. She mentioned she purchased a sweater and a necklace and was proud to wear these items she purchased locally.

Mayor Burris mentioned that the building that was previously Kevin’s Corner Kafé has been sold to a business owner who plans to sell pizza by the slice.

Councilmember Hollander noted there were numerous racist type flyers distributed in the area.

Mayor Burris responded that he was aware and that the flyers were also distributed in and around the tri-county area. We do not condone this type of information. There is already a group planning a warm, friendly, welcoming candlelight vigil in the square to distill these notions.

Mayor Burris entertained a motion to adjourn.

Councilmember Mattingly moved to adjourn the regular meeting at 5:32 p.m.; seconded by Councilmember Hollander, motion passed unanimously.

Respectfully Submitted:

Teri P. Dimsey

Approved:

Daniel W. Burris, Mayor

Tyler Alt, Councilmember

Hayden T. Hammett, Councilmember

Christy Hollander, Councilmember

J. Maguire Mattingly IV, Councilmember

Mary Maday Slade, Councilmember