

COUNCIL OF THE TOWN OF INDIAN HEAD

Emergency Ordinance No. 05-02-20

Introduced By: Mayor & Council
Date Introduced: May 11, 2020
Town Council Hearing: None
Amendments Adopted: None
Date Adopted: May 11, 2020
Date Effective: May 11, 2020

AN EMERGENCY ORDINANCE concerning

Authorization for Loan from Community Bank of the Chesapeake

FOR the purpose of authorizing and approving the Town to obtain a loan in a certain amount from the Community Bank of the Chesapeake necessary for the Town to purchase certain real property owned by The Revocable Living Trust of Christopher C. Henderson dated November 16, 2016; and matters relating to such loan.

* * * * *

EXPLANATORY STATEMENT: Pursuant to Ordinance No. 01-01-20, effective February 23, 2020, the Council of the Town of Indian Head authorized and approved the Town's purchase from Timothy P. Henderson, Sr., Trustee of The Revocable Living Trust of Christopher C. Henderson dated November 16, 2016 ("Henderson"), for public purposes, the two parcels of land and improvements located adjacent to the Potomac River on Henderson Lane in the Town of Indian Head, consisting of 5.05 and 3.0 acres, more or less ("Property"). The Town and Henderson negotiated and executed an Agreement of Sale ("Agreement of Sale") for the Town's purchase of the Property, a copy of which is on file in the office of the Town Clerk. The Town needs to borrow \$490,000 from Community Bank of the Chesapeake to consummate the purchase, subject to certain terms and conditions. Settlement on the purchase is scheduled for May 14, 2020.

SECTION 1. BE IT ENACTED BY THE COUNCIL OF THE TOWN OF INDIAN HEAD that the Council of the Town of Indian Head:

1. In accordance with Section C2-14.A. of the Indian Head Town Charter, suspends the prohibition in the Charter that an ordinance may not be passed at the meeting at which it is introduced; and

2. Authorizes and approves a loan ("loan") from Community Bank of the Chesapeake to consummate purchase of the Property, in the amount of \$490,000 in accordance with the following terms;

- a. Loan will bear interest at the rate of 3.875% per annum; and
- b. Loan is to be amortized and repayable over a term of 180 months;

and

3. Authorizes and directs the Town Manager, the Town Clerk and other Town officials and employees to execute on behalf of the Town loan documents required by Community Bank of the Chesapeake in connection with the loan; and

4. Ratifies, confirms and validates the execution and delivery of any documents heretofore executed and delivered on behalf of the Town in furtherance of or related to the loan as authorized by this Ordinance.

SECTION 2. AND BE IT FURTHER ENACTED, that this Emergency Ordinance shall become effective immediately upon its approval by the Council.

INDIAN HEAD TOWN COUNCIL



Brandon Paulin, Mayor



Ron Sitoula, Vice Mayor



Randy Albright, Councilman

ATTEST:


Town Clerk

5/11/2020
Date



Community Bank
of the Chesapeake

May 13, 2020

Mr. Ryan Hicks, Town Manager
Town of Indian Head
4195 Indian Head Hwy
Indian Head, MD 20640

RE: Loan Approval / Commitment

Dear Mr. Hicks:

Thank you for allowing us an opportunity to participate as your lender for your commercial installment loan request. We are pleased to inform you that Community Bank of the Chesapeake has approved your loan request subject to the following terms and conditions:

Borrower(s):	Town of Indian Head
Amount:	\$490,000.00
Loan Fee:	Waived; \$500.00 documentation fee
Purpose:	To purchase real estate
Term:	180 months
Interest Rate:	Fixed at 3.875%
Repayment:	Monthly payments principal and interest (Estimated monthly payment of \$3,593.85)
Collateral:	None
Unlimited Guarantor:	Full faith and credit of Town of Indian Head
Costs:	All costs to be borne by borrower, whether or not the loan closes.
Adverse Change:	Should there be any material change, financial or otherwise to the borrower or contemplated collateral, Community Bank of the Chesapeake, at its sole discretion, is not obligated to close the loan.
Survival of Terms:	The terms and conditions of the commitment shall survive the closing provided that if any of the terms and conditions of this commitment shall conflict with any of the terms and conditions of the documents evidencing or securing the loan, the terms and conditions of the loan documents shall prevail.

Other Conditions:

- 1) Borrower(s) and guarantor(s) will furnish Lender with financial statements in form and substance satisfactory to Lender, which shall include, but not limited to:
 - On an annual basis, tax returns and/or Accountant prepared financial statement
- 2) Borrower(s) and guarantor(s) are to open and maintain operating account(s) at Community Bank of the Chesapeake during the life of the loan relationship.
- 3) Properly recorded/certified Articles of Organization of Charter and By-Laws and/or Operating Agreement on entity borrowing and/or guaranteeing and any amendments thereto are required.
- 4) A Certificate of Good Standing is required at closing or adequate verification that Good Standing exists. The entity must remain in Good Standing in the State in which it is registered throughout the life of the lending relationship.
- 5) A copy of the entity's Resolution to Borrow (i.e.: Corporate, Partnership, etc...) is required to verify who is authorized to sign on behalf of the entity and how many authorized signers are required.
- 6) A copy of the borrower's Sales Contract for the purchase of the real estate as well as any subsequent addendums is required to be submitted to the Bank, prior to the first draw.
- 7) During the term of this borrowing relationship, the borrower cannot reassign any business owned/titled assets by any of the borrowing/guaranteeing entities involved without first obtaining prior approval from Community Bank of the Chesapeake.

This loan is approved subject to the terms and conditions as stated above. We have gone into detail in this letter as our objective is to outline and highlight the main points for your consideration. However, there may be additional covenants, terms and conditions. We will have any such changes available for your review prior to closing upon your request. Please review the terms and conditions as listed in the proposal above and if satisfactory sign and return to us May 14, 2020. This commitment will expire if not settled by June 14, 2020.

You may contact me at (301) 392-3540 if you have any questions.

Sincerely,

Susan Rollins

Susan Rollins
Loan Officer

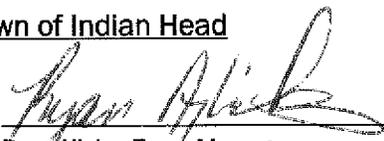
SRR/pds

Borrower agrees to the terms of the above loan commitment as issued by the Community Bank of the Chesapeake on May 13, 2020.

Borrower(s):

Town of Indian Head

By: _____


Ryan Hicks, Town Manager

Date: _____



Rev.: 02/09/16 - CAC