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**MAYOR AND COMMISSIONERS OF THE TOWN OF PERRYVILLE**  
**Emergency Ordinance No. 2021-07**

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**Introduced By: Mayor Ashby**  
**Date Introduced: May 5, 2021**  
**Amendments Adopted: N/A**  
**Date Adopted: May 5, 2021**  
**Date Effective: May 5, 2021**

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**AN EMERGENCY ORDINANCE** concerning

**INTERFUND LOAN NO. 2 AUTHORIZATION**

**FOR** the purpose of authorizing a certain Inter-fund Loan from the Town’s Water Fund to the Town’s Sewer Fund; specifying the terms of such Inter-fund Loan; and generally related to a certain Inter-fund Loan for Town of Perryville.

**EXPLANATORY STATEMENT:** By Resolution No. 2020-16, the Mayor and Commissioners adopted an Inter-fund Loan Policy (the “Policy”) for the Town of Perryville. The Policy authorizes the Mayor and Commissioners, by ordinance, to make transfers of money in the nature of loans to meet cash flow needs from the Town’s Water Fund to the Town’s Sewer Fund under the terms, conditions and limitations set forth in the Policy.

As required by the Policy, the Mayor and Commissioners have determined as follows:

1. The Sewer Fund has no other Inter-fund Loan outstanding, except for any as may be due to/due from accounts;
2. The assets or revenues are not pledged or restricted to the payment or repayment of other outstanding indebtedness;

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3. The making of the Loan will not reduce the Water Fund’s unrestricted fund balance or net assets below a minimum amount reasonably estimated by the Town’s Finance Director to be required to be held in reserve to meet that Fund’s day to day operating expenses; and
4. The making of the Loan will not result in the Water Fund being in violation of the Town’s fund balance policy.

In accordance with the Policy, the Town’s Finance Director and Town Administrator have recommended that the Loan be repaid without interest. The Town’s Finance Director and Town Administrator certify that that the Loan (i) will not negatively affect the Water Fund’s ability to pay its own obligations, and (ii) is in excess of anticipated cash needs of the Water Fund throughout the duration of the loan and legally is available for investment. Finally, the Town’s Finance Director and Town Administrator further certify that the Sewer Fund anticipates sufficient revenues to be in a position over the period of the Loan to make the specified payments of principal and interest, if any, as required by this Emergency Ordinance.

The Mayor and Commissioners desire by this Emergency Ordinance to authorize Inter-Fund Loan No. 2 (the “Loan”) from the Town’s Water Fund to the Town’s Sewer Fund under the following terms and conditions (“Terms and Conditions”):

Principal Amount of Loan: \$2,000,000

Duration and Repayment of Loan: 20 years, payable in equal annual installments on or before December 31 of each calendar year.

Interest Rate: 0%

Purpose of Loan: To assist in financing of sewer expansion project.

Sewer Fund’s Source of Funds for Loan Repayment: Sewer Service Charges and Connection Fees

Terms of any Budget Amendment Needed for Loan, if any: Funds from Unrestricted Fund Balance

Other Loan Repayment Terms, if any: none

Now, therefore,

81           **SECTION 1. BE IT ENACTED BY THE MAYOR AND COMMISSIONERS**  
82 **OF THE TOWN OF PERRYVILLE** that the Loan as set forth in the EXPLANATORY  
83 STATEMENT is hereby authorized.

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85           **SECTION 2. AND BE IT FURTHER ENACTED** that promptly after this  
86 Ordinance takes effect the Town's Finance Director shall certify to the Mayor and  
87 Commissioners and the Town Administrator, in writing, that the Director has recorded  
88 the loan, as authorized by the Mayor and Commissioners, on the books and accounts  
89 of the Town. The Finance Director's certification (i) shall include the date that the  
90 loan was recorded on the books and accounts, and (ii) shall include an amortization  
91 schedule for repayment of the loan as authorized. The Inter-fund Loan shall be  
92 deemed made on the date the Finance Director record the loan.

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94           **SECTION 3. AND BE IT FURTHER ENACTED** that the Mayor and  
95 Commissioners waive any requirement or prohibition in § C4-1 of the Perryville Town  
96 Charter that would prohibit the enactment of this Emergency Ordinance at the meeting  
97 at which it is introduced or at any regular or special meeting within six days thereafter.

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99           **SECTION 4. AND BE IT FURTHER ENACTED** that, having been enacted  
100 by at least three members of the Mayor and Commissioners, this Emergency  
101 Ordinance shall take effect immediately upon approval by the Mayor and  
102 Commissioners.

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104 **ADOPTED** this 5<sup>th</sup> day of May, 2021, by a vote of 5 yeas, 0 nays, and 0  
105 abstentions.

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107 **SEAL:**

**MAYOR AND COMMISSIONERS OF  
THE TOWN OF PERRYVILLE**

110  
111 By: Robert R. Ashby, Jr.  
112 Robert R. Ashby, Jr., Mayor

113 **ATTEST:**

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115 Jackie Sample  
116 Jackie Sample, Town Clerk

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118 Date: May 5, 2021  
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