USDA Form RD 1942-47 (Rev. 12-97)

LOAN RESOLUTION (Public Bodies)

FORM APPROVED OMB NO. 0575-0015

A RESOLUTION OF THE Town Council

OF THE TOWN OF ASHLAND CITY

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING

A PORTION OF THE COST OF AC	QUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/O	R EXTENDING ITS
New City Hall		
FACILITY TO SERVE AN AREA L	AWFULLY WITHIN ITS JURISDICTION TO SERVE.	
WHEREAS, it is necessary for the	TOWN OF ASHLAND CITY	
	(Public Body)	
(herein after called Association) to raise a	portion of the cost of such undertaking by issuance of its bonds in the pr	rincipal amount of
4,460,000.00		
pursuant to the provisions of	Laws of the State of Tennessee	; and

WHEREAS, the Association intends to obtain assistance from the Rural Housing Service, Rural Business - Cooperative Service, Rural Utilities Service, or their successor Agencies with the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE in consideration of the premises the Association hereby resolves:

- 1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
- To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall 2. appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U. S. C. 1983 (c)).
- To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$ 10,000.
- To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. 4. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal permissible
- That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or 5. agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
- Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to 6. do so without the prior written consent of the Government.
- 7. Not to defease the bonds, or to borrow money, enter into any contract or agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
- To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
- To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
- To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by the Government. No free service or use of the facility will be permitted.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is O575-0015. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established and maintained, disbursements from that account may be used when necessary for payments due on the bond if sufficient funds are not otherwise available. With the prior written approval of the Government, funds may be withdrawn for:
 - (a) Paying the cost of repairing or replacing any damage to the facility caused by catastrophe.
 - (b) Repairing or replacing short-lived assets.
 - (c) Making extensions or improvements to the facility.

Any time funds are disbursed from the reserve account, additional deposits will be required until the reserve account has reached the required funded level.

- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain the Government's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.

17. То ассер	ot a grant in a	an amount not to ex	ceed \$		0		
under th	e terms offer	ed by the Governm	nent; that the	Mayor			
and Cit	y Recorde	r (of the Assoc	iation are he	reby authorized and	l empowered to take all a rd to or as evidence of su	ction necessary
to opera	te the facility	under the terms of	ffered in said	d grant agree	ment(s).	rd to or as evidence of su	en grant; and
otherwis bonds ar for in m resolutio	se specifically re held or insore specific con on or ordinan	y provided by the to ured by the Govern detail in the bond re	erms of such ament or assi esolution or of to be incons	instrument, ignee. The pordinance; to sistent with	shall be binding up rovisions of section the extent that the he provisions hered	or the insuring of the loan on the Association as lones 6 through 17 hereof maprovisions contained in sof, these provisions shall be	ng as the y be provided uch bond
The vote	e was:		Yeas		Nays	Absent	
N WITNESS WHE	REOF, the	Town Council					of the
		Town of Ashland Cit	У		has duly	adopted this resolution a	nd caused it
to be executed by the officers below in duplicate on this			day of				
SEAL)							
Attest:			By_Jeffery Smith				
		Title M	ayor				
Gayle Bowman				-			

City Recorder

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigne	d, as	of the ASHLAND CITY TOWN OF				
hereby certify that the	Town Council		of such Association is composed of			
m	embers, of whom	, cons	stituting a quorum, were present at a meeting thereof duly called and			
held on the	day of	,	; and that the foregoing resolution was adopted at such meeting			
by the vote shown above. I further certify that as of			, the date of closing of the loan from the Government, said resolutio			
remains in effect and l	nas not been rescinded or amended in	n any way	<i>y</i> .			
Dated, this	day of		,			
		Title	Kellie Reed			
			City Recorder			