

LOAN RESOLUTION  
(Public Bodies)

A RESOLUTION OF THE Board of Mayor and Aldermen Resolution 91-7

OF THE Town of Spring Hill, Tennessee

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ~~ACQUIRING~~ CONSTRUCTING, ~~ENLARGING~~, ~~IMPROVING~~, ~~AND/OR~~ ~~EXTENDING~~ ITS

new fire hall on Beechcroft Road

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Town of Spring Hill  
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of One Hundred Ninety Thousand Dollars (\$190,000.00)

pursuant to the provisions of Chapter 21 of Title 9 of Tennessee Code Annotated; and

WHEREAS, the Association intends to obtain assistance from the Farmers Home Administration, 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.
2. 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 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)).
3. To provide for, execute, and comply with Form FmHA 400-4, "Assurance Agreement," and Form FmHA 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.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or 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.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to 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.
8. 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.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. 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 FmHA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information 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. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, D.C. 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, D.C. 20503.

*Bond Counsel*

232 North Military Avenue  
Lawrenceburg, TN 38464

*JAN 14, 1991*

Honorable R. P. Boyd, Jr.  
Mayor, Town of Spring Hill  
Spring Hill, TN 37174

RE: New Fire Hall - \$190,000 Loan

Dear Mayor Boyd:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by FmHA by written amendment to this letter. Any changes not approved by FmHA shall be cause for discontinuing processing of the application.

This letter is not to be considered as loan approval or as a representation as to the availability of funds. The docket may be completed on the basis of a loan not to exceed \$190,000.

If the Farmers Home Administration makes the loan, you may make written request that the interest rate be the lower of the rate in effect at the time of loan approval or the time of loan closing. If you do not, request the lower of the two interest rates, the interest rate charged will be the rate in effect at the time of loan approval. The loan will be considered approved on the date a signed copy of Form FmHA 1940-1, "Request for Obligation of Funds," is mailed to you. If you want the lower of the two rates, your written request should be submitted to FmHA as soon as practical. In order to avoid possible delays in loan closing such a request should ordinarily be submitted at least 30 calendar days before loan closing.

Please complete and return the attached Form 1942-46, "Letter of Intent to Meet Conditions", if you desire further consideration be given your application.

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Mayor, Town of Spring Hill

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If the conditions set forth in this letter are not met within 90 days from the date hereof, FmHA reserves the right to discontinue the processing of the application.

Special Conditions:

1. The loan will be evidenced and secured by a General Obligation Bond. The bond resolution will contain a provision that prohibits defeasance so long as the government is holder of the bond.
2. The loan will be repaid over a period not to exceed 20 years. The principal and interest will be amortized semi-annually over the 20 year period. The amortized payment will be due six months from the date of the bond and each six months thereafter until the bond is paid in full.
3. Loan funds include \$3,000 to pay interest charged by the interim lender or interest on FmHA advances, whichever applies.
4. Interim financing will be used if it is available at reasonable rates and terms. If interim financing is not available multiple advances will be used during the construction period.
5. All money shall be deposited in a special construction account. All bills and invoices must be approved by FmHA before payment is made.
6. The Borrower must budget the requirements to be met by this bond issue into its General Fund and make provisions for taxes to meet the obligation.
7. The Borrower shall enter into a contract for legal services with an attorney of their choice. The bond, bond resolution and other legal documents compiling a bond transcript will be developed by the Borrower's attorney with the assistance of a recognized bond counsel and with the advice of appropriate Farmers Home Administration officials and Office of General Counsel (Regional Attorney). The attorney for the Borrower will contact bond counsel for his services and will pay for such services from the fee paid to the attorney by the Borrower. The form of the contract should conform to Tennessee Instructions 1942-A, Guide 14 and the cost of the legal services shall not be in excess of that specified in said contract without the written consent of Farmers Home Administration.
8. The Borrower shall enter into a contract with the architect for his services and this contract must be approved by FmHA.

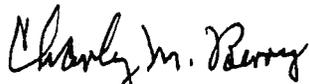
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9. All contracts, architectural, engineering, legal and audit must be submitted to the State Director his concurrence after they have been executed by proper officials. The contracts are not official until signed by the State Director or his representative.
10. The Borrower must enter into a loan agreement with Farmers Home Administration using Form FmHA 1942-47. Forms 400-1, Equal Opportunity, and 400-4, Assurance Agreements, must be executed.
11. The agreements shall require that if at any time it shall appear to the Government that the Borrower is able to refinance the amount of the indebtedness then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the Borrower will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take all such actions as may be required in connection with such loan.
12. The Borrower must be legally organized in accordance with state statutes and be enabled to perform all actions necessary in this obligation.
13. A copy of the deed or option on any land owned or to be acquired by the Borrower for use in developing the system must be submitted with the loan docket. Any land acquired must be by fee simple title, free and clear of all liens and encumbrances. The attorney for the Borrower must issue a preliminary title opinion with the docket prior to closing and final title opinion after the loan is closed. Form FmHA 427-9 and 427-10 may be used by the attorney for the opinion.
14. Under section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving FmHA financial assistance.
15. Final plans, specifications and contract documents must be approved in writing by the State Director prior to the advertisement of construction bids. Construction will not commence prior to approval of contracts by the State Director of Farmers Home Administration.
16. All contract documents must contain the provisions of Guide 18 of FmHA Instruction 1942-A. All construction contracts will provide Performance and Payment bonds and a certificate of insurance. Guide 19 may be used for the contract documents. FmHA must be made co-obligee on the Performance and Payment bonds.
17. All change orders must be approved by the State Director and may be on Form FmHA 1924-7.
18. Property insurance will be required on all with the exception of non-combustible materials in the amount of their replacement value.

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19. The Borrower will carry suitable workman's compensation insurance for all of its employees in accordance with state laws.
20. Public liability and property damage insurance will be required including coverage on any trucks, tractors, or other vehicles driven over public highways. The insurance must be in effect at the time of loan closing or start of construction, whichever occurs first. The amount of coverage will be determined by the Borrower in consultation with their attorney and representatives of FmHA.
21. A position Fidelity Bond in the amount of at least equal to the total annual FmHA debt service will be provided for the person or persons responsible for funds. (Form FmHA 440-24, "Position Fidelity Schedule Bond", may be used.) FmHA must be provided with evidence of bond being in effect.
22. The FmHA Debt Collection Policies shall be explained and acknowledged through the execution of Form FmHA 1910-11, (Application Certification, Federal Collection Policies for Consumer of Commercial Debts) prior to loan closing.
23. The Borrower will furnish audit reports annually. The audit should be conducted in accordance with generally accepted auditing standards and the requirements of OMB Circular A-128 by a Certified Public Accountant or Licensed Public Accountant. They must be certified or licensed in the State of Tennessee. The borrower's accounting system shall be established and approved by Farmers Home Administration before the loan is closed.
24. The following forms may be used during the construction process: Form FmHA 1924-7, Change Order, Form FmHA 1924-18, "Partial Pay Estimate," and Form FmHA 440-11, "Estimate of Funds Needed".
25. We will work closely with you in developing the docket and will furnish you forms and guides to be used. We trust that loan closing and a completed fire hall will be accomplished at the earliest possible date.
26. Before the loan is closed all requirements of this letter of conditions and the Regional Attorney's closing instructions will be met.

Sincerely,

  
CHARLEY M. BERRY  
District Director

cc: Local Attorney  
Bond Counsel  
Consulting Engineer  
County Supervisor