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**THE VILLAGE OF SALADO
601 North Main
P.O. Box 219
Salado, Texas 76571**

**VILLAGE OF SALADO
RESOLUTION
*No. 002***

A RESOLUTION OF THE VILLAGE OF SALADO, PROCLAIMING ITS ELIGIBILITY AND DESIRE TO SECURE A LOAN IN ACCORDANCE WITH THE INTERNAL REVENUE SERVICE CODE, SECTION 265 (b), AND PROVIDING FOR AN EFFECTIVE DATE.

Whereas, the IRS Code, Section 265 (b) allows municipalities to borrow up to ten million dollars; and

Whereas, eligible loans up to ten million dollars are considered to be "qualified tax-exempt obligations" payable to a qualified financial institution; and

Whereas, the Village of Salado desires to enter into a line of credit and /or loan with First State Bank, Central Texas (the "Bank") for the purpose to providing interim financing to the Village pending its obtaining of revenues from a sales tax imposition, and legitimate other sources available to the municipality; and

Whereas, such line of credit and/or loan will be done in accordance with IRS Code, Section 265 (b) to be a qualified tax-exempt obligation and the criteria established by the Bank;

THEREFORE, BE IT RESOLVED that the Board of Aldermen of the Village of Salado does hereby grant to the Mayor and Mayor Pro-Tem full authority to execute the loan on behalf of the Village of Salado and in accordance with IRS Code Section 265 (b) and the criteria established by the Bank.

This Resolution shall take effect immediately from, and after its passage by the Board of Aldermen of the Village of Salado.

INTRODUCED, READ AND PASSED by the affirmative vote of the Board of Aldermen of the Village of Salado this 15th Day of January, 2001.

Attest *Diana Zulaw*
Interim City Secretary

Charlotte Douglass
Charlotte Douglass, Mayor