



VILLAGE OF SALADO
RESOLUTION

No. 035

A RESOLUTION OF THE BOARD OF ALDERMEN OF THE VILLAGE OF SALADO, BELL COUNTY, TEXAS, AUTHORIZING AND APPROVING A \$100,000.00 LOAN FROM FIRST STATE BANK TO THE VILLAGE OF SALADO.

WHEREAS, the Village desires to borrow one hundred thousand dollars (\$100,000.00) for the purpose of purchasing and renovating the current Salado Funeral Home building for public purposes, including but not necessarily limited to utilization as administrative offices and a public meeting facility by the Village government; and

WHEREAS, First State Bank has agreed to loan this amount to the Village in accordance with certain loan documents; and

WHEREAS, this loan constitutes a "debt" because it is a financial obligation that cannot be satisfied from revenues received by the Village in the current fiscal year; and

WHEREAS, the Bank and the Village agree this Loan shall qualify as a "qualified tax-exempt obligation" within the meaning of the Internal Revenue Code as further set forth herein; and

WHEREAS, the Board of Aldermen pledges future sales tax revenue to service and satisfy the debt, including the payment of interest and principle; and

WHEREAS, the Village is statutorily authorized to borrow money based on the credit of the municipality for certain public purposes, including the acquisition and renovation of Village facilities, by Texas Local Government Code Section 101.005(c); and

WHEREAS, the Board of Aldermen finds that the enactment of this Resolution, the acceptance of a loan from First State Bank, and the acquisition of the Salado Funeral Home Building are legitimate exercises of municipal authority and in the public interest; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE VILLAGE OF SALADO, BELL COUNTY, TEXAS, THAT:

Section 1. Loan Authorized: The Village is hereby authorized to borrow the sum of one hundred thousand dollars (\$100,000.00) from First State Bank for the purpose of purchasing the building at 301 N. Stagecoach Road, Salado, Texas (currently known commonly as the Salado Funeral Home building).

Section 2. Agreement Approved: The Village authorizes and approves the Loan Agreement and other Loan Documents from First State Bank, attached hereto, and authorizes and approves the loan transaction contemplated thereby.

Section 3. INS Fund Created: The Board of Aldermen hereby creates an Interest and Sinking Fund (INS Fund) in and among the depository accounts of the Village. The Board of Aldermen directs the Treasurer of the Village of Salado, Eldon Miller to establish the INS Fund as a separate bank account for the Village.

Section 4. Budget Amendment: The Board of Aldermen amends the municipal budget for the current fiscal year to create a line item designated as the INS Fund.

Section 5. Appropriation: The Board of Aldermen appropriates adequate funds for deposit into the INS Fund, that amount to equal at least one thousand dollars (\$1,000.00) monthly.

Section 6. Encumbrance: The Board of Aldermen hereby pledges and commits a sum of not less than one thousand dollars (\$1,000.00) per month from future revenues of current sales tax to be deposited directly into the INS Fund for satisfaction of the debt approved by the Resolution. Such funds are expressly limited to the payment of interest and principle for the loan herein approved. The Village may not divert or withdraw money from the INS Fund if doing so would deplete the Fund in a manner that would prevent payment of regular, monthly obligations to First State Bank, or successor owners of the debt. The Village may by written Resolution and through a budget amendment withdraw excess money from the Fund and expend for any municipal purpose.

Section 7. Execution: The Village Treasurer is hereby authorized to execute and deliver to the Bank the necessary loan documents and any and all other such instruments, certificates, documents, or papers necessary and advisable to carry out the intent and purpose of this Resolution.

Section 8. Duration: The Resolution shall be in full effect for a period of twenty-three (23) years, unless the debt herein created is satisfied prior to that point, in which case this Resolution shall automatically expire and all obligations created herein terminate.

Section 9. Open Meeting: This resolution was approved by the Board of Aldermen at a regularly scheduled meeting duly posted in accordance with the Texas Open Meeting Act and at which a quorum was present and voting.

PASSED AND APPROVED this the 5th day of May, 2005 by 4 (ayes) to
0 (nays) to 0 (abstentions) vote of the Board of Aldermen of the Village of
Salado, Texas.

THE VILLAGE OF SALADO, TEXAS



Rick Ashe, Mayor

ATTEST:

Dianna Zulauf, Village Secretary