**RUS BULLETIN 1780-27**

APPROVED

OMB. No. 0572-0121

**LOAN RESOLUTION 2011-2**

(Public Bodies)

A RESOLUTION OF THE **BOARD OF TRUSTEES** OF THE **PIEDMONT** 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 **WATER**

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

WHEREAS, it is necessary for **PIEDMONT (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 **SIX HUNDRED SEVENTEEN THOUSAND AND XX/100 DOLLARS (617,000.00)** pursuant to the provisions of **SOUTH DAKOTA CODIFIED LAWS**; and **WHEREAS**, the Association intends to obtain assistance from 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.

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 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.

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 ly per-

missible 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 contractor 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 mainte-

nance, 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 USDA. No free service or use of the

facility will be permitted.

*According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not 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 0572-0121. 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.*

|  |
| --- |
| **Page 2** |

-2-

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, disbursements from that account(s) may be used

when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the

Government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and

used for such things as emergency maintenance, extensions to facilities and replacement of short lived assets.

15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain

USDA’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 pur-

pose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.

17. To accept a grant in an amount not to exceed $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

under the terms offered by the Government; that the **PRESIDENT**

and **FINANCE OFFICER**

of the Association are hereby authorized and empowered to take all action necessary

or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and

to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise

specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or

insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific

detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance

should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the

Association and the Government or assignee.

The vote was:

Yeas **5**

Nays **0**

Absent **0**

IN WITNESS WHEREOF, the **BOARD OF TRUSTEES**

of the **PIEDMONT**

has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this,

**18TH** day of **January 2011**

(SEAL)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

By **PHILIP ANDERSON**

Title: **President, Board of Trustees**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Attest: **Diana L Evans**

Title **Finance Officer**

Publish once at the total approximate cost of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_