

LOAN RESOLUTION
(Public Bodies)

C-8
#78.5.30

#263.02

A RESOLUTION OF THE Board of Commissioners
OF THE Town of Sunset Beach
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 System
FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Town of Sunset Beach
(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 FIVE HUNDRED THOUSAND AND NO/100

pursuant to the provisions of The Local Government Finance Act

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 to 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 and 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, "Nondiscrimination 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 legally 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, not permit others to do so, without the prior written consent of the Government.
7. Not to borrow any money from any source, enter into any contract or agreement, or incur any other liabilities in connection with making enlargements, improvements or extensions to, or for any other 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, in a bank, and in a manner approved by the Government.

#263.03

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. No free service or use of the facility will be permitted.
11. To acquire and maintain such insurance coverage including fidelity bonds 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 in such a manner as may be required by the Government, to provide the Government without its request, a copy of each such audit, and to make and 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. To serve any applicant within the service area who desires service and can be feasibly and legally served, and to obtain the concurrence of the Farmers Home Administration prior to refusing service to such applicant. Upon the failure to provide such service which is feasible and legal such applicant shall have a direct right of action against the association under this agreement.

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 instruments, shall be binding upon the association as long as the bonds are held or insured by the Government. The provisions of sections 6 through 13 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 as between the association and the Government.

The vote was: Yeas 4; Nays 0; Absent 0.

IN WITNESS WHEREOF, the The Town Council of the Town of Sunset Beach, N. C.

has duly adopted this Resolution and caused it to be executed by the officers below in duplicate on this 30 day of May, 19 78.

Town of Sunset Beach
 By [Signature]
 Title Mayor

(SEAL)

Attest:
Linda Fluegel
 Title Town Clerk

CERTIFICATION

I, the undersigned, as Town Clerk of the Town of Sunset Beach, N. C. hereby certify that the Town Council of such Association is composed of 5 members, of whom 4, constituting a quorum, were present at a meeting thereof duly called and held on the 30 day of May, 19 78 that the foregoing resolution was adopted at such meeting by the vote shown above; and that said resolution has not been rescinded or amended in any way.

Dated, this 30 day of May, 19 78

Linda Fluegel
 Title Town Clerk

ASSOCIATION WATER OR SEWER SYSTEM GRANT AGREEMENT

THIS AGREEMENT dated May 30, 1978, between

Town of Sunset Beach

a public body corporate organized and operating under Constitution & General Statutes of NC
(Authorizing State Statute)

herein called "Grantee," and the United States of America acting through the Farmers Home Administration, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS -

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under its jurisdiction at an estimated cost of \$ 1,068,100.00, and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 836,400.00 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 836,400.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant to Grantee a sum not to exceed \$ 231,700.00 or 22 percent of said development costs, whichever is the lesser.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to section 306 (a) of the Consolidated Farmers Home Administration Act of 1961 for the purpose only of defraying a part not to exceed 22 percent of the development costs, as defined by applicable Farmers Home Administration instructions:

Grantee agrees that Grantee will

1. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any necessary modifications thereof prepared by Grantee and approved by Grantor.
2. Permit periodic inspection of the construction by a designated representative of Grantor during construction.
3. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.
4. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, or national origin, at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by

resolution dated May 30, 1978, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter Grantee may make such modifications to the rate schedule as Grantee deems necessary to efficiently and economically provide for the financial requirements of the system as long as the rate schedule remains reasonable and nondiscriminatory.

5. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.
6. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.
7. Not transfer or dispose of the system, or any part thereof, being constructed or improved with such grant funds without the written consent of Grantor, and not encumber the project for a period of five years from the date hereof without the written consent of the Grantor,
8. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a designated representative of the Grantor.

9. To execute Form FHA 400-1, "Equal Opportunity Agreement," to which is annexed a Form FHA 400-2, "Equal Opportunity Clause," and to incorporate in or attach as a rider to each construction contract for the project involving \$10,000 or more a Form FHA 400-2; to execute Form FHA 400-4, "Nondiscrimination Agreement," and to execute any other agreements required by Grantor which Grantee is legally authorized to execute. If any such Form has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another Form of the same type need not be executed in connection with this grant.
10. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will, to the extent legally permissible, repay to Grantor forthwith the original principal amount of the grant stated hereinabove, with interest at the rate of 5 percentum per annum from the date of the default. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it of previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

Grantor agrees that it will:

1. Make available to Grantee for the purpose of this agreement not to exceed \$ 231,700.00 which it will advance to Grantee to meet not to exceed 22 percent of the development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.
Any grant funds actually advanced and not needed by Grantee for approved purposes shall be returned immediately to Grantor, as required by the regulations of Grantor.
2. Assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.
3. In its sole discretion, Grantor may at any time give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (a) advisable to further the purposes of the grant or to protect Grantor's financial interest therein and (b) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

IN WITNESS WHEREOF Grantee on the date first above written has caused these presents to be executed by its duly

authorized Mayor and attested and its corporated

seal affixed by its duly authorized Town Clerk

Attest:

Town of Sunset Beach

By Linda Fluegel

By [Signature]

Town Clerk
(Title)

Mayor
(Title)

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

INITIAL OPERATING BUDGET

Name of Association
Town of Sunset Beach
 Address
Town Hall, Sunset Beach,
 County Brunswick State (Including ZIP Code)
NC 28459

Applicant Fiscal Year
 From July 1 To June 30

19__	19__	19__	19__	First Full Year

CASH ON HAND AT BEGINNING OF PERIOD:
 AVAILABLE FOR EXPENDITURE

INCOME:
Water revenue
Ad valorem Tax
B interest
 TOTAL INCOME

9,650	19,650			36,008
				11,937
20,350	20,350			
30,000	40,000			47,945

TOTAL CASH AVAILABLE (CASH ON HAND) PLUS INCOME

OPERATION AND MAINTENANCE EXPENSES:
FEES - SALARY
OPERATIVE EXPENSES (telephone, rent, supplies)
TAXES, INSURANCE, BONDS
FEES (accounting, legal, other)
UTILITIES
REPAIR TO FACILITIES AND EQUIPMENT
FUEL - GAS - OIL
MISCELLANEOUS MATERIAL AND SUPPLIES

1,000	3,000			3,000
500	2,000			2,500
200	300			500
200	300			500
300	1,000			3,000
1,200	3,600			3,600
300	800			1,200
1,300	4,000			4,000
5,000	15,000			18,300

TOTAL OPERATION AND MAINTAINANCE

CAPITAL IMPROVEMENTS: (OTHER THAN LOAN OR GRANT FUNDS)

DEBT REPAYMENT:
FHA LOAN (Principal and Interest)
 TOTAL DEBT REPAYMENT

25,000	25,000			29,645
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RESERVE: (Amount to be added during year)

TOTAL O&M, DEBT REPAYMENT, CAPITAL IMPROVEMENTS AND RESERVE

30,000	40,000			47,945
-0-				-0-

BALANCE AVAILABLE

CERTIFICATION: I, the undersigned, as Mayor of the Town of Sunset Beach
 (appropriate official)

hereby certify that the foregoing is true and correct and has been adopted by the Governing Body on May 30, 1978.
 (Date)

ATTEST: Linda Fluegel [Signature]
 TOWN CLERK Mayor Appropriate Official