RESOLUTION NO. 15-10

A RESOLUTION AUTHORIZING A DIRECT BORROWING FROM A FINANCIAL INSTITUTION IN THE AMOUNT NOT TO EXCEED $500,000 IN THE FORM OF A SINGLE PROMISSORY NOTE FOR THE PURPOSE OF FINANCING THE PURCHASE OF REAL OR PERSONAL PROPETY AND/OR THE REFINANCING OF EXISTING INDEBTEDNESS; APPROVING THE FORM OF SAID PROMISSORY NOTE AND RELATED DOCUMENTS, IF ANY; DIRECTING THE APPLICATION OF THE PROCEEDS OF SAID PROMISSORY NOTE; PROVIDING FOR PAYMENT OF THE SAME; AUTHORIZING THE DELIVERY OF THE PROMISSORY NOTE TO A FINANCIAL INSTITUTION; DETERMINING THAT INTEREST ON SAID PROMISSORY NOTE SHALL NOT BE EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION; AND MAKING RELATED FINDINGS AND DETERMINATIONS.

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF FRIEND, NEBRASKA:

Section 1. The Mayor and City Council of the City of Friend, Nebraska (the “City”) hereby find and determine as follows:

(a) the City owns and operates a municipal hospital (the “Hospital”) under Sections 17-961 to 17-966, R.R.S. Neb., as amended; and

(b) the City has incurred certain indebtedness relating to its Hospital in the approximate principal amount of [$320,000] (the “Existing Indebtedness”), presently represented by a promissory note or other debt obligation to Citizens State Bank, Friend, Nebraska, a Nebraska state-chartered bank (the “Bank”); and

(c) the City has acquired or is in the process of acquiring certain personal property for its hospital consisting of, among other things, an electronic health records system and related systems, equipment and software (the “EHR Project”), for which it is necessary and advisable for the City to borrow funds in the amount of up to [$180,000]; and

(d) financing of the EHR Project and the refinancing of the Existing Indebtedness through traditional bond financing would be impractical and could not be completed within the time restraints facing the City ; and

(e) notice of this meeting, published by posting in at least three public places in the City no later than Thursday, October 1, 2015, included a clear notation that a resolution authorizing direct borrowing from a financial institution will appear on the agenda for this meeting; and

(f) the current municipal budget of the City of $8,791,295.65, and the amount of funds to be borrowed from the Bank under the terms of this resolution does not exceed ten percent (10%) such municipal budget; and

(g) given the City’s current financial conditions, funding needs, and existing banking relationships, it was not possible to consider proposals from multiple financial institutions; and

(h) all conditions, acts and things required by law, including Section 18-201, R.R.S. Neb., as amended, to exist or to be done precedent to the borrowing of funds from the Bank as provided herein execution of such agreement and issuance of such bond do exist and have been done as required by law.

Section 2. For the purposes described in Section 1 hereof, the City shall execute and deliver to the Bank the promissory note substantially the form set forth in Exhibit A to this Resolution (the “Note”), and the loan agreement and or other loan documents, if any, in substantially the form(s) set forth in Exhibit B to this Resolution (the “Loan Agreements”; the Note and Loan Agreements are collectively referred to as the “Loan Documents”) which exhibits are by such references incorporated herein as if fully set forth. The Loan Documents shall provide for a loan from the Bank to the City in accordance with the following terms:

(a) Maximum Principal Amount: $500,000.00.

(b) Maximum Stated Interest Rate Per Annum: 3.75%.

(c) Maturity: Not later than December 6, 2015.

(d) Purpose: Refinance the Existing Indebtedness and pay (or reimburse the City for) costs of the EHR Project.

(e) Date of Loan: October 7, 2015

The Mayor and City Clerk are hereby authorized to execute and deliver the Loan Documents for and on behalf of the City in substantially the forms presented but with such changes from the forms presented and attached hereto as such officers shall deem appropriate for and on behalf of the City.

Section 3. The Loan Documents (including the original Note) shall be delivered to the Bank under the terms of the Loan Agreements on the Date of Loan described in Section 2 above. The City Clerk shall make and certify a transcript of the proceedings of the Mayor and Council with respect to the Loan Documents, which shall be retained with the City’s official Records and a copy of which shall be delivered to the Hospital Administrator. The officers of the City, or any one or more of them, are hereby authorized to take any and all actions deemed necessary or appropriate in connection with the execution, delivery or performance of the Loan Documents.l

Section 4. The proceeds of the Note shall be applied to purposes set out in Section 2 above and otherwise in accordance with the terms of the Loan Documents.

Section 5. The City agrees that it will apply available resources to the payment of principal of and interest on the Note and other sums (if any) due under the Loan Documents.

Section 6. The Mayor and Council hereby expressly declare the intent and understanding that interest on the Note shall not be excludable from gross income under the terms of Section 103 of the Internal Revenue Code of 1986, as amended, and the City as issuer shall not file any information report with respect to the issuance of the Note pursuant to Section 149(e) of said Code.

[NO FURTHER TEXT ON THIS PAGE]

Section 7. This Resolution shall be in force and take effect from and after its passage as provided by law.

Passed and approved this 6th day of October, 2015.

Attest: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Mayor

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

City Clerk

(SEAL)

**Exhibit “A”**

**Form of Note**

**Exhibit “B”**

**Form of Loan Agreements(s)**

**(if any)**