

**Washington Parish Council
Ordinance No. 03-336**

Introduced on November 17, 2003

Introduced by Councilman Sharp

Public hearing held on December 8, 2003

An ordinance authorizing the Parish President to
Accept and administer a revolving loan, no to exceed
\$75,000, form the Governor's Office of Rural Development
designated for Smith's Creamery

**Section A. Establishment of Revolving
Loan Fund Program**

1. There is hereby established a Revolving Loan Fund by the Washington Parish Council, hereinafter referred to as the "Parish Council"; for the Parish Council to Administer funds from its grant application(s) with the Governor's Office of Rural Development, hereinafter referred to as ORD, by placing those funds allocated to the Parish Council in a revolving loan fund earmarked for economic development.
2. The Parish Council of the Parish of Washington is hereby designated as the governing body of the revolving loan fund and the Council shall provide suitable staff, with defined duties and have the power to control staff decisions, subject to ORD rules and regulations.
3. The Revolving Loan Fund shall operate in compliance with all Federal and State Laws, including equal access provisions and ethics laws, as well as all the laws And administrative procedures enumerated in the Grant Applications Local Agency Assurances and the ORD letter of Commitment/agreement.

**Section B. Rules & Regulations Governing the
Operation of the Revolving Loan Program
And Revolving Fund**

1. **Eligibility**
 - a. Only businesses engaged in manufacturing and having a domicile or place of business in Washington Parish, Louisiana, shall be eligible to participate.
 - b. A participant business must be legally organized under the powers granted by the constitution of the State of Louisiana. The business entity, however, shall not change its articles of incorporation, charter or bylaws without the written consent of the Washington Parish Council.
 - c. Any borrower for the Revolving Loan Fund shall sign a contract with the Parish guaranteeing repayment of the loan within the terms and conditions and limitations set forth in this ordinance.
2. **Loan Restrictions**

- a. The maximum duration of any loan made under this program shall be 10 years.
 - b. The maximum interest rate shall be 5% per annum; however, late fees of up to 5% may also be charged.
 - c. The type of security acceptable under this program shall be either a first mortgage or security interest on the equipment, machinery or other items purchased with the funds loaned under this program, or either a first or second mortgage on real estate or other chattel of sufficient value owned by the loan applicant.
3. **Disbursement** - Disbursement shall not take place until after a Revolving Loan Fund Contract and promissory note have been executed and any other conditions precedent to the disbursement imposed by ORD have been fully satisfied.
4. **Default** – Upon the occurrence of any event of default, the Parish Council may Declare all or any portion of the debt and interest created by the loan to be immediately due and payable and may proceed to enforce their rights under the Revolving Loan Fund Contract or any other instruments securing or relating to the loan, and in accordance with the laws and regulations applicable hereto.

Any of the following may be regarded as an “Event of Default” in the sole discretion of the Parish Council

- a. Failure of the loan applicant to pay any installment of principal or interest on its promissory note when due.
 - b. Failure, inability or unwillingness of the loan applicant to carry out or comply with the specific requirements of its loan application or loan terms and condition or any terms or condition of the Revolving Loan Fund Contract.
 - c. Loan applicants becoming insolvent or causing, being unable or admitting in writing its inability to pay its debts as they mature, or making a general assignment for the benefit of or entering into any composition or arrangement with creditors or the appointment of a receiver, trustee or liquidator of its assets.
5. **Residual Funds and Foreclosed Assets** – Should the Revolving Loan Fund Program become inactive for a continuous period of five years, any residual funds or foreclosed upon assets should be reported to the Governor’s Office of Rural Development for proper allocation within the rules and regulations of that office.
6. **Hazard Insurance** – The loan applicant will be required to provide hazard insurance with a standard mortgage clause naming the Parish Council as beneficiary in an amount that is at least the lesser of the depreciated replacement value of the property being insured or the amount of the loan. Hazard insurance includes fire, windstorm, lightning, hail, business interruption, explosion, riot, civil commotion, vehicle, flood or mudslide or any other hazard insurance which may be required to protect the security. Loan applicant is responsible for determining if the financed project is located in a flood zone and in the event that it is, then flood insurance must be provided.

7. **Letters of Appropriateness:** Any Revolving Loan Fund Contract signed by the Parish Council and any loan applicant shall be preceded by the Council attorney issuing a letter of appropriateness to the Parish Council assuring the Council of the appropriateness of the Revolving Loan Fund Contract and the applicant's loan.

It is further understood and agreed that the Revolving Fund shall be funded with \$75,000.00 and shall be loaned at the prime rate in effect at the time of the loan, less appropriate discounts provided in the UDSA Revolving Loan terms and shall be granted to Smith Creamery LLC upon compliance with loan requirements. Collateral shall be 10% of the amount loaned with the repayment to be in payments over a ten-year term.


Having been submitted to a vote, the result was as follows:

YEAS: 7 (Sharp, Wheat, Miley, Nassauer, Brown, Sumrall and Thomas)

NAYS: 0 (None)

ABSENT: 0 (None)

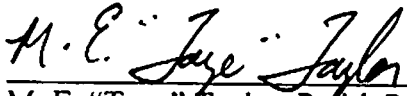
The ordinance was declared adopted on the 8th day of December 2003.



Rodney Brown, Chairman
Washington Parish Council


Delivered to the Parish President on
Dec 9, 2003 at 9:45 A.M

Returned to the Clerk of Council on
Dec 9, 2003 9:48 A.M



M. E. "Toye" Taylor, Parish President

ATTEST:


Sylvia Forbes, Clerk of the Council