



April 4, 2018

**COPY FOR YOUR
INFORMATION**

Honorable William Stankiewicz, Mayor
City of Hogansville
400 East Main Street
Hogansville, Georgia 30230

Dear Mayor Stankiewicz:

This letter is written in response to the City's request for revisions to their loan and grant application docket for additional USDA, Rural Development funding for improvements to the City's wastewater treatment facility. Bids have been taken and this resulted in a cost overrun. The necessary revisions have been made to the docket and we are favorably responding to that request by herein amending the Letter of Conditions dated August 30, 2013.

Your initial loan of \$2,581,00 was approved on September 23, 2013 with an interest rate of 2.125%. You were advised that you could make a written request that the interest rate for the loan be the lower of the rate in effect at the time of loan approval or the time of loan closing. This same offer will apply to the \$2,025,000 subsequent loan with an interest rate of 2.375%; however, it will be necessary that you submit a separate request that the lower of the interest rate be made available to you. Form RD 1942-46, "Letter of Intent to Meet Conditions," will be used to exercise your choice of the lower interest rate.

This amendment to the Letter of Conditions is not to be considered as loan approval or as a representation as to the availability of funds. The loan docket may be completed on the basis of a subsequent RUS loan not to exceed \$2,025,000. The subsequent loan will be considered approved on the date signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

The changes in the Letter of Conditions issued August 30, 2013 are as follows:

1. **Project Budget** – This Section is replaced in its entirety.

Bids have been taken which resulted in a cost overrun. Your funding needs have been reassessed. Attached you will find two copies of Form RD 1942-14, "Association Project Funds Analysis;" one that reflects the final costs of this project and one that reflects the subsequent funding discussed in this letter.

2. **Project Funds** – This Section is amended to include the subsequent USDA RUS Loan.

Project funding is planned from the following sources:

Rural Development • Georgia State Office • Community Programs Division
355 E. Hancock Ave, RM 304 • Athens, GA 30601
Voice (706) 546-2171 • TDD (706) 546-2034 • Fax (855) 452-0958

USDA is an equal opportunity provider, employer, and lender.

<u>Project Funding Source</u>	<u>Funding Amount</u>
Applicant Contribution	\$ 0
USDA RUS Loan – Initial	\$2,581,000
USDA RUS Loan – Subsequent	\$2,025,000
USDA RUS Grant	\$2,500,000
Meriwether County	\$1,600,000
Total Project Funding (All Sources)	\$8,706,000

Any changes in funding sources following obligation of RUS funds must be reported to the processing official.

4. **Security** – The first paragraph of this Section is amended to read as follows:

The USDA loans will be evidenced by a Series A \$2,581,000 and Series B \$2,025,000 Sewer System Revenue Bond securing a junior and subordinate lien to the outstanding Series 1993 Utility System Refunding Revenue Bond currently held by US Bank. The bond will be fully registered as to both principal and interest in the name of the "United States of America Acting through the Department of Agriculture."

5. **Loan Repayment** – The first paragraph of this Section is amended to read as follows:

Your loans will be scheduled for repayment over a period of forty (40) years. The first payment will be due one year from the date of closing and will be an interest only payment. The second payment will be due thirteen (13) months following the date of loan closing and will be an amortized monthly installment of both principal and interest. For planning purposes only, use an interest rate of 2.125% and a monthly amortization factor of 3.15 which provides for a monthly payment of **\$8,131** on the initial loan of \$2,581,000. For planning purposes only, use an interest rate of 2.375% and a monthly amortization factor of 3.25, which provides for a monthly payment of **\$6,642** on your subsequent loan of \$2,025,000. Interest will be calculated on a 365-day year.

11. **Accounting Services** – This Section is replaced in its entirety to reflect recent changes in audit requirements. This Section now reads as follows:

You are required to submit an annual financial report at the end of each fiscal year. The annual report will be certified by the appropriate organization official, and will consist of financial information and a rate schedule. Financial statements must be prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP), and must include at a minimum a balance sheet and income and expense statement. The annual report will include separate reporting for each water and waste disposal facility, and itemize cash accounts by type (debt service, short-lived assets, etc.) under each facility. All records, books and supporting material are to be retained for three years after the issuance of the annual report. Technical assistance is available at no cost with preparing financial reports.

The type of financial information that must be submitted is specified below:

Audit Requirements - The following management data will be required from you on an annual basis and be submitted to the Agency as specified below:

- a) A borrower that expends \$750,000 or more in federal financial assistance per fiscal year shall submit an audit performed in accordance with the requirements of Omni Circular 200.501. As described above, the total federal funds expended from all sources shall be used to determine federal financial assistance expended. Projects financed with interim financing are considered federal expenditures.
- b) A borrower that expends less than \$750,000 in Federal financial assistance per fiscal year and an outstanding Agency loan balance of \$1,000,000 or more shall submit an audit performed in accordance with Generally Accepted Government Auditing Standards, (GAGAS).
- c) A borrower that expends less than \$750,000 in Federal financial assistance per fiscal year and has an outstanding Agency loan balance of less than \$1,000,000 may submit a management report, which includes at a minimum a Balance Sheet and an Income and Expense Statement.

Financial Statements – If you expend less than \$750,000 in Federal financial assistance per fiscal year, you may submit financial statements in lieu of an audit which include at a minimum a balance sheet and an income and expense statement. You may use Form RD 442-2, "Statement of Budget, Income and Equity," and 442-3, "Balance Sheet," or similar format to provide the financial information. The financial statements must be signed by the appropriate borrower official and submitted within 60 days of your fiscal year end.

Quarterly Reports – Quarterly Income and Expense Statements will be required until the processing office waives this requirement. You may use Form RD 442-2 or similar format to provide this information, and the reports are to be signed by the appropriate borrower official and submitted within 30 days of each quarter's end. The Agency will notify you in writing when the quarterly reports are no longer required.

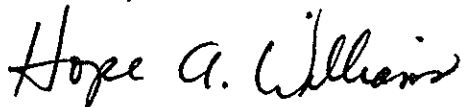
Except as noted above, all requirements of the Letter of conditions dated July 19, 2013 remain in force.


The necessary forms referred to in this letter will be supplied by USDA, Rural Development. If you desire that further consideration to given to your application, the following forms need to be executed: RUS Bulletin 1780-27, "Loan Resolution", Forms RD 1942-46, "Letter of Intent to Meet Conditions", 400-1, "Equal Opportunity Agreement", 400-4 "Assurance Agreement"; 1940-1, "Request for Obligation of Funds", 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts", Form AD 1047, "Certification Regarding Debarment, Suspension and Other Responsibility Matters – Primary Covered Transactions", and Certification for Contracts, Grants and Loans.

You will have the full cooperation of this agency. If we can be of any further assistance to you, please let us know. All inquiries and responses to this Letter of Conditions should be made to Tamika Lucas, Area Specialist in the Rural Development Office in Newnan, GA at (770) 253-2555, ext. 4 or by email at Tamika.lucas@ga.usda.gov.

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City of Hogansville
April 4, 2018

Sincerely,

Handwritten signature of Hope A. Williams in cursive.

 KATHY L. ROSS
Acting Community Programs Director

Attachments

cc: Area Director, USDA, Rural Development, Newnan, Georgia

ASSOCIATION PROJECT FUND ANALYSIS

Reassessment - 01/02/2018

CASE NUMBER ST CO BORROWER NO. 11-041-000000594

Source of Funds: 1 - Insured 2 - Direct

Type of Submission: 1 - Initial 2 - Subsequent

Type of Assistance: 1 - Loan 2 - Grant 3 - Loan & Grant

Type of Organization: 1 - PBTE 2 - Non - TE

Date of Application: 03-14-2013

Date Loan and/or Grant Approved: _____

TYPE OF LOAN AND/OR GRANT:

1 - Domestic Water System 2 - Waste Disposal Systems 3 - Recreation 4 - Grazing

A Sewage Collection B Sewage Treatment C Solid Waste Disposal D Storm Drainage

5 - Cooperatives 6 - Indian Tribes or Tribal Corporations 7 - RC&D 8 - Watershed (PL-566) 9 - Flood Prevention (PL-534) 10 - Community Facilities 11 - Grants (PL-92-419) 12 - B&I (Insured)

FINANCE USE ONLY

LN	CR	FY
MA	DP	
Land Shifted:		Acres in Project
Recreational Visitor Day Capacity		Annual

Number of users directly benefiting from this action:
Residential _____ Other _____

NAME OF APPLICANT: Hogansville, City of

ADDRESS: 400 East Main St., Hogansville GA 30230

TROOP: _____

NAME OF COUNTY: _____

ITEM	FUND ANALYSIS -- (ALL AMOUNTS IN HUNDREDS OF DOLLARS)		RD/FSA LOAN	RD/FSA GRANT	TOTALS
	CASH CONTRIBUTION	OTHER			
1. Development	\$1,600,000.00		\$3,833,900.00	\$2,500,000.00	\$7,933,900.00
2. Land and Rights					\$0.00
3. Legal Services			\$75,000.00		\$75,000.00
4. Architectural Eng. and Planning Service			\$101,400.00		\$101,400.00
5. Interest			\$85,500.00		\$85,500.00
6. Equipment					\$0.00
7. Contingencies			\$321,700.00		\$321,700.00
8. Testing/Inspection			\$188,500.00		\$188,500.00
9. Initial O&M					\$0.00
10. Initial Reserve					\$0.00
11. TOTAL	\$1,600,000.00	\$0.00	\$4,606,000.00	\$2,500,000.00	\$8,706,000.00

ASSOCIATION PROJECT FUND ANALYSIS

Subsequent loan request - 01/22/2018

CASE NUMBER		TYPE OF LOAN AND/OR GRANT:	
ST CO	BORROWER NO.	<input type="checkbox"/> 1 - Domestic Water System	<input type="checkbox"/> 5 - Cooperatives
11-041-000000594		<input checked="" type="checkbox"/> 2 - Waste Disposal Systems	<input type="checkbox"/> 6 - Indian Tribes or Tribal Corporations
Source of Funds:		<input type="checkbox"/> A Sewage Collection	<input type="checkbox"/> 7 - RC&D
<input type="checkbox"/> 1 - Insured	<input checked="" type="checkbox"/> 2 - Direct	<input checked="" type="checkbox"/> B Sewage Treatment	<input type="checkbox"/> 8 - Watershed (PL-566)
Type of Submission:		<input type="checkbox"/> C Solid Waste Disposal	<input type="checkbox"/> 9 - Flood Prevention (PL-534)
<input type="checkbox"/> 1 - Initial	<input checked="" type="checkbox"/> 2 - Subsequent	<input type="checkbox"/> D Storm Drainage	<input type="checkbox"/> 10 - Community Facilities
Type of Assistance:		<input type="checkbox"/> 3 - Recreation	<input type="checkbox"/> 11 - Grants (PL-92-419)
<input checked="" type="checkbox"/> 1 - Loan		<input type="checkbox"/> 4 - Grazing	<input type="checkbox"/> 12 - B&I (Insured)
<input type="checkbox"/> 2 - Grant			
<input type="checkbox"/> 3 - Loan & Grant			
Type of Organization:			
<input checked="" type="checkbox"/> 1 - PBTE	<input type="checkbox"/> 2 - Non - TE		
Date of Application:			
12-19-2017			
Date Loan and/or Grant Approved:			

NAME OF APPLICANT: Hogansville, city of ADDRESS: 400 East Main St., Hogansville GA 30230 NAME OF COUNTY: Troup

ITEM	FUND ANALYSIS -- (ALL AMOUNTS IN HUNDREDS OF DOLLARS)			RD/FSA LOAN	RD/FSA GRANT	RD/FSA LOAN	TOTALS
	CASH CONTRIBUTION	OTHER	RD/FSA GRANT				
1. Development						\$1,252,900.00	\$1,252,900.00
2. Land and Rights						\$0.00	\$0.00
3. Legal Services						\$75,000.00	\$75,000.00
4. Architectural Eng. and Planning Service						\$101,400.00	\$101,400.00
5. Interest						\$85,500.00	\$85,500.00
6. Equipment						\$0.00	\$0.00
7. Contingencies						\$321,700.00	\$321,700.00
8. Testing/Inspection						\$188,500.00	\$188,500.00
9. Initial O&M						\$0.00	\$0.00
10. Initial Reserve						\$0.00	\$0.00
11. TOTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,025,000.00	\$2,025,000.00

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE City Council

OF THE City of Hogansville

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

General Government including Water and Sewer

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

WHEREAS, it is necessary for the City of Hogansville

(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

Two Million Twenty-Five Thousand & 00/100

pursuant to the provisions of GA Revenue Bond Law as amended; 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 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, 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 maintenance, 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.

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INFORMATION

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 purpose 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 Mayor

and City Clerk 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 _____ Nays _____ Absent _____

IN WITNESS WHEREOF, the City Council _____ of the

City of Hogansville _____ has duly adopted this resolution and caused it

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

(SEAL)

Attest:

By William Stankiewicz
Title Mayor

Title City Clerk

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as City Clerk of the City of Hogansville

hereby certify that the City Council of such Association is composed of

_____ members, of whom, _____ constituting a quorum, were present at a meeting thereof duly called and

held on the _____ day of _____ ; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of _____ ,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
rescinded or amended in any way.

Dated, this _____ day of _____

Lisa Kelly
Title City Clerk