

RESOLUTION – 2014-07-21-3

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LLANO, TEXAS
APPROVING A GUARANTY IN FAVOR OF FIRST STATE BANK CENTRAL
TEXAS FOR A LOAN TO FRIENDS OF THE LLANO RED TOP JAIL**

WHEREAS, the Friends of the Llano Red Top Jail (the "Corporation") has been created as a nonprofit charitable corporation having as its purpose the acquisition and renovation of the Red Top Jail (the "Jail"); and

WHEREAS, the Corporation desires to borrow the sum of up to \$_____ (the "Bank Loan") from First State Bank Central Texas (the "Bank"); and

WHEREAS, the City of Llano, Texas (the "City") has been asked to provide a commercial guaranty guaranteeing the payment by the Corporation of the Bank Loan;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LLANO, TEXAS:

1. That the above recitals are true and correct and are incorporated herein by reference.

2. That the City Council of the City hereby expressly finds that the acquisition and improvement of the Jail by the Corporation will provide a benefit to the citizens of the City and to the City itself, and that such benefit constitutes adequate consideration for the guaranty of the Bank Loan being made by the City in favor of the Bank.

3. That the City hereby expressly declares and finds that this guaranty is a part of the City's "economic development program" as defined in Chapter 380 of the *Texas Local Government Code* and this City Council hereby expressly finds and determines that the acquisition and improvements to the Jail to be made by the Corporation will promote local economic development and stimulate business and commercial activity in the City of Llano, Texas including activity directly derived from tourism.

4. That it is officially found and determined that the City will not use any bond money to make payments under the guaranty unless (as required by Article 3 Section 52-A of the Texas Constitution) the bonds have been issued pursuant to an election; provided, however, that in the event that the City is required to pay the guaranty the City shall be obligated to do so from any and all legally available funds and the obligations of the City to honor such guaranty are not dependent upon holding a bond election unless there is no other way for the City to make payments under the guaranty.

5. That the Mayor and City Manager are each hereby authorized to sign a Commercial Guaranty Agreement to evidence the City's guaranty of the Bank Loan.

6. That it is officially found and determined that this meeting was open to the public as required by law and that notice of the time, place and subject matter of this meeting has been posted in the manner required by law.

Adopted this 26th day of July, 2014.



CITY OF LLANO, TEXAS

By: *Mike Virdell*
Mike Virdell, Mayor

ATTEST:

By: *Toni Milam*
City Secretary, Toni Milam