

ORDINANCE NO. 2019-17

**AN ORDINANCE TO PROVIDE FOR THE ISSUANCE
OF AN UP TO \$500,000 TAXABLE GENERAL
OBLIGATION LINE OF CREDIT WARRANT, OF
THE CITY OF PINSON, ALABAMA**

BE IT ORDAINED by the Mayor and City Council of the City of Pinson in the State of Alabama as follows:

Section 1. Definitions and Use of Phrases.

(a) **Definitions.** The following words and phrases and others evidently intended as the equivalent thereof shall, in the absence of clear implication herein otherwise, be given the following respective interpretations as used herein:

Adjusted LIBOR Rate shall be a variable per annum rate of interest equal to that rate of interest determined on each Interest Rate Determination Date to be equal to the sum of: (i) the LIBOR Rate as determined for such date plus (ii) two hundred twenty-five basis points (2.25%).

Adjusted Regions Prime Rate shall be a variable per annum rate of interest equal to that rate of interest determined on each Interest Rate Determination Date to be equal to Regions Prime Rate and then adjusted to that rate of interest determined to be available on such date for the Warrant at par under then prevailing and relevant market conditions.

Applicable Rate shall be a variable per annum rate of interest equal to whichever of the following rates of interest, as adjusted from time to time, shall then be applicable hereto:

- (1) the Adjusted LIBOR Rate, provided, if the Holder determines (which determination, if made on a reasonable basis, shall be conclusive) that quotations of rates for the relevant types of United States dollar deposits referenced in the definition of LIBOR Rate are not being provided in the relative amounts for the relative maturities for purposes of determining interest rates based upon the LIBOR Rate, or in the event it becomes unlawful or impossible for the Holder to make, maintain or fund the LIBOR Rate, the Holder shall give notice thereof to the City and the principal amount of the Warrant shall thereupon bear interest at a per annum rate of interest equal to (i) the rate of interest on the Warrant on the date of delivery of such notice for the period beginning on such date of delivery of such notice and ending on the last day of the month in which such notice is delivered; and (ii) the Adjusted Regions Prime Rate, as said rate is adjusted from time to time, for the period beginning on the first day of the succeeding month after the month in which such notice is delivered and ending on the date of payment in full of the Warrant; or

(2) if any amount of principal of and, to the extent legally enforceable, interest on, the Warrant shall not be paid when due, such amount shall bear interest at a per annum rate equal to Regions Prime Rate, as adjusted as herein provided, from the scheduled date of payment to the date such payment thereof is made.

"City Clerk" means the city clerk of the City.

"City" means the municipal corporation of Pinson in the State of Alabama and includes its successors and assigns and any municipal corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Council" means the governing body of the City as from time to time constituted.

"Holder" means the person in whose name the Warrant is registered on the registry books of the City pertaining to the Warrant.

"Interest Rate Determination Date" shall mean (1) as long as the Adjusted LIBOR Rate is the rate of interest hereon, that date which is a LIBOR Business Day and (2) as long as Adjusted Regions Prime Rate is the rate of interest hereon, each Business Day on which any change in Regions Prime Rate becomes effective.

"Interest Rate Adjustment Date" shall mean

(1) the date of delivery of the Warrant, and

(2) as long as the Adjusted LIBOR Rate is the rate of interest hereon, each Business Day of each month, and

(3) as long as Adjusted Regions Prime Rate is the rate of interest hereon, each Business Day on which any change in Regions Prime Rate becomes effective.

"LIBOR Business Day" shall mean any day on which dealings in United States dollar deposits are carried out in the London interbank market.

"LIBOR Rate" shall mean the rate of interest per annum (rounded upward to the next whole multiple of 1/100 of 1%), determined by the Holder, in its discretion, to be the indicated offered rate in the London interbank market for deposits in United States dollars with a term equivalent to one month as provided by Intercontinental Exchange Group (ICE) Benchmark Administration Limited and published by Reuters Screen LIBOR01 Page (or such other page or service or comparable financial information reporting service used by the Holder at the time the rate is determined) at approximately 11:00 a.m. (London, England time) two LIBOR Business Days prior to an applicable Interest Rate Adjustment Date, or, if

such rate is unavailable or unreported, the quotation rate per annum (or the arithmetic mean of rates) offered to first class banking organizations in the London interbank market for deposits in United States dollars of amounts in same day funds comparable to the principal amount of the Note then outstanding, with maturities comparable to one month, at approximately 11:00 a.m. (London, England time) two LIBOR Business Days prior to an applicable Interest Rate Adjustment Date; in each case as said rate is adjusted from time to time by the Holder for then-applicable reserve requirements (including any basic marginal, special, supplemental, emergency, Eurocurrency liabilities, or other reserves), deposit insurance assessment rates, and other regulatory costs.

"Maturity Date" means the date that is two (2) years after the date of the Warrant.

"Mayor" means the mayor of the City.

"Payment Date" means the 1st day of each calendar month, commencing October 1, 2019.

"Purchaser" means Regions Bank, in its capacity as the purchaser of the Warrant.

Regions Prime Rate shall mean the rate of interest announced from time to time by Regions Bank as its prime interest rate, with the understanding that the prime interest rate of Regions Bank is one of its prime rates established from time to time for lending purposes after taking into account such factors as Regions Bank may in its sole discretion from time to time deem appropriate and is not necessarily the best or lowest rate offered by Regions Bank.

"Resolution" and **"Ordinance"** mean, respectively, a resolution or ordinance adopted by the Council.

"Series 2018 Warrant" means that certain "Taxable General Obligation Line of Credit Warrant, Series 2018, authorized to be issued in Ordinance No. 2018-20 approved by the Council on September 20, 2018.

"Warrant," without other qualifying words, means the Taxable General Obligation Line of Credit Warrant, Series 2019, herein authorized.

(b) **Use of Words and Phrases.** The following words and phrases, where used in this Ordinance, shall be given the following respective interpretations:

"Herein," "hereby," "hereunder," "hereof," and other equivalent words refer to this Ordinance as an entirety and not solely to the particular portion hereof in which any such word is used.

The definitions set forth in Section 1(a) hereof shall be deemed applicable whether the words defined are herein used in the singular or the plural.

Wherever used herein any pronoun or pronouns shall be deemed to include both singular and plural and to cover all genders.

Section 2. Findings. The Council has ascertained and does hereby find and declare as follows:

(a) it is necessary, desirable and in the public interest that the City have a line of credit with the Purchaser in the amount of \$500,000, being a renewal and increase in the amount of that certain line of credit authorized in Ordinance No. 2018-20 approved by the Council on September 2, 2018; and

(b) in order to provide the funds necessary (i) to pay the expenses of operating the City and other obligations of the City, and (ii) to pay the costs of issuing the Warrant hereinafter described, it is necessary, desirable and in the public interest that the City issue, on its full faith and credit, the Warrant hereinafter authorized to be issued.

Section 3. Authorization of the Warrant.

(a) **Principal Amount, Maturity and Interest Rate.** Pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Section 11-47-2 of the Code of Alabama of 1975, as amended, and for the purposes hereinabove stated, there is hereby authorized to be issued by the City its \$500,000 Taxable General Obligation Warrant, Series 2019, in a principal amount not to exceed \$500,000. The Warrant shall be issued as a fully registered warrant, without coupons, shall be dated the date of its issuance, shall bear interest at the Applicable Rate and shall mature and become payable as follows: on October 1, 2019, and on each Payment Date thereafter, until and including the Maturity Date, the interest accrued on the outstanding principal of the Warrant shall be due and payable; and on the Maturity Date, the entire remaining unpaid principal of and interest on the Warrant shall be due and payable.

(b) **Place and Manner of Payment.** The interest on the Warrant shall be payable by check or draft mailed by the City to the registered Holder of the Warrant at the address shown on the registry books of the City pertaining to the Warrant as of each Payment Date. Payment of such interest shall be deemed to have been timely made if such check or draft is mailed by the City on the due date of such principal and interest (or, if such due date is not a business day, on the business day immediately following such due date). The principal of the Warrant shall be payable upon presentation and surrender of the Warrant to the City at its maturity. Anything herein to the contrary notwithstanding, the Holder of the Warrant shall have the right to receive payment of the principal of and the interest on the Warrant by ACH drawn on an account of the City.

(c) **Computation of Interest.** Interest on the Warrant shall be computed on the basis of a 360-day year for the actual number of days elapsed. The principal of and interest on the Warrant shall bear interest after their respective maturities until paid at a rate of three percent (3%) above the rate otherwise applicable to the Warrant.

(d) **Advances of Principal of the Warrant.** Unless an Event of Default has occurred and is continuing, the City shall have the right to request advances of principal of the Warrant at any time upon five (5) business days notice provided that the principal advanced to

the City, together with the then-outstanding principal of the Warrant, shall never exceed \$500,000 and all requests for advances must be filed with the Purchaser prior to the date that it is no less than thirty (30) days prior to the Maturity Date. All requests for advances of principal of the Warrant shall be accompanied by a Certificate of the City Treasurer of the City that following the advance so requested, the amount outstanding on the Warrant shall be within the City's constitutional debt limit.

Section 4. Prepayment Provision. The City shall have the option to prepay all or any part of the principal of this Warrant on any date, without penalty or premium, at a prepayment price equal to the principal amount prepaid plus accrued interest thereon to the date fixed for prepayment.

Section 5. General Obligation. The indebtedness evidenced and ordered paid by the Warrant is and shall be a general obligation of the City for payment of the principal of and the interest and premium, if any, on which the full faith and credit of the City are hereby irrevocably pledged.

Section 6. Form of Warrant. The Warrant, the Form of Registration Certificate, the Form of Assignment, and the Schedule of Advances with respect thereto shall be in substantially the following forms, respectively, with appropriate changes therein to conform with the provisions hereof:

UNITED STATES OF AMERICA
STATE OF ALABAMA
CITY OF PINSON
TAXABLE GENERAL OBLIGATION LINE OF CREDIT
WARRANT, SERIES 2019

The City Treasurer of the City of Pinson, a municipal corporation under the laws of Alabama ("the City"), is hereby ordered and directed to pay, out of the Warrant Fund created in the Ordinance hereinafter referred to, to

REGIONS BANK

or registered assigns, the principal sum of up to

FIVE HUNDRED THOUSAND DOLLARS

or so much as may be advanced and outstanding hereunder on September __, 2021, with interest thereon from the date hereof until the maturity hereof at a per annum rate of interest equal to the Applicable Rate as defined in the Authorizing Ordinance hereinafter referred to (computed on the basis of a 360-day year for the actual number of days elapsed), payable as follows: on October 1, 2019, and on the first day of each month thereafter to and including September, 2021, the interest on the principal amount outstanding hereunder shall be due and payable; and on September __, 2021, the entire unpaid principal and interest on this Warrant shall be due and payable.

The interest on this Warrant shall be remitted by the City to the then registered holder hereof at the address shown on the registry books of the City pertaining to the Warrant as of the date of payment of such interest. The Authorizing Ordinance hereinafter referred to provides that all payments by the City to the person in whose name the Warrant is registered shall to the extent thereof fully discharge and satisfy all liability for the same. Payment of such interest shall be deemed to have been timely made if such check or draft is mailed by the City on the due date of such interest. The outstanding principal of this Warrant shall be payable upon the presentation and surrender of this Warrant to the City. The holder of this Warrant shall have the right to receive payment of the principal of and the interest on this Warrant by ACH drawn on an account of the City. Any transferee of this Warrant takes it subject to all payments of principal and interest in fact made with respect hereto.

This Warrant is issued pursuant to the applicable provisions of the constitution and laws of the State of Alabama, including particularly Section 11-47-2 of the Code of Alabama of 1975, as amended, and an ordinance ("the Authorizing Ordinance") of the City duly adopted by the governing body of the City.

The City shall have the option to prepay all or any part of the principal of this Warrant on any date on, without penalty or premium, at a prepayment price equal to the principal amount prepaid plus accrued interest thereon to the date fixed for prepayment. All partial prepayments of principal shall be applied in the inverse order of the maturities of the Warrant.

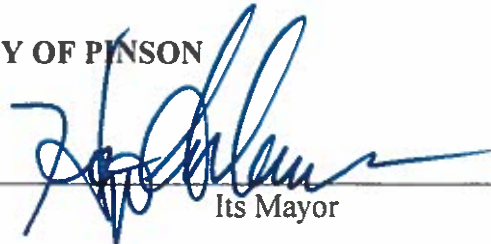
By the execution of this Warrant, the City acknowledges that it is indebted to the payee hereof in the principal amount hereof in accordance with the terms thereof. The indebtedness evidenced and ordered paid by this Warrant is a general obligation of the City for the payment of the principal of and the interest on which the full faith and credit of the City have been irrevocably pledged.

It is hereby certified and recited that the indebtedness evidenced and ordered paid by this Warrant is lawfully due without condition, abatement or offset of any description; that this Warrant has been registered in the manner provided by law; that all conditions, actions and things required by the constitution and laws of the State of Alabama to exist, be performed or happen precedent to and in the issuance of this Warrant do exist, have been performed and have happened; and that the indebtedness evidenced and ordered paid by this Warrant, together with all other indebtedness of the City, was at the time the same was created and is now within every debt and other limit prescribed by the constitution and laws of the State of Alabama.

This Warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the City and only upon surrender of this Warrant to the City for cancellation, and upon any such transfer a new Warrant of like tenor hereof will be issued to the transferee in exchange therefor, all as more particularly described in the Authorizing Ordinance. Each holder, by receiving or accepting this Warrant shall consent and agree and shall be estopped to deny that, insofar as the City is concerned, this Warrant may be transferred only in accordance with the provisions of the Authorizing Ordinance.

Execution by the City Treasurer of her registration certificate hereon is essential to the validity hereof.

IN WITNESS WHEREOF, the City has caused this Warrant to be executed by its Mayor, has caused its corporate seal to be hereunto affixed or imprinted, has caused this Warrant to be attested by its City Clerk, and has caused this Warrant to be dated September __, 2019.

CITY OF PINSON
By  _____
Its Mayor

Attest:


Its City Clerk

Registration Certificate

Date of Registration: September __, 2019

This Warrant was registered by me as a claim against the Warrant Fund referred to herein on the date hereinabove set forth.

CITY OF PINSON

By _____
Its City Treasurer