

ORDINANCE NO.

AN ORDINANCE AUTHORIZING THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF THE CITY'S \$13,500,000 PRINCIPAL AMOUNT GENERAL OBLIGATION TAXABLE WARRANT, SERIES 2020-E, TO BE DATED THE DATE OF DELIVERY, TO BRANCH BANKING AND TRUST COMPANY

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GULF SHORES, ALABAMA AS FOLLOWS:

Section 1. Findings and Representations.

The City of Gulf Shores (the "City") by and through the City Council, its governing body, does hereby find and determine and represent and warrant as follows:

(a) The City has found and determined that it is in the best public and financial interest of the City to issue its \$13,500,000 principal amount General Obligation Taxable Warrant, Series 2020-E, to be dated the date of delivery (the "Warrant"), to Truist Company (the successor to Brank Banking & Trust Company, the "Bank") on or about November 13, 2020.

(b) The Warrant proceeds will be applied to such needs as are approved by the Council, including the payment of certain temporary expenses related to Hurricane Sally and Zeta, which are anticipated to be reimbursed to the City by the Federal Emergency Management Agency (FEMA) within the next 9 months.

(c) The net assessed valuation of the taxable property in the corporate limits of the City, as assessed for municipal taxation and on which taxes were due and payable on October 1, 2020, including motor vehicles, is not less than \$790,117,460, and the total indebtedness of the City following the issuance of the Warrant chargeable against the debt limitation for the City prescribed by the Constitution of Alabama of 1901, as amended, will not be more than twenty percent of said assessed valuation.

(d) The Warrant will modify and replace the outstanding General Obligation Taxable Warrant, Series 2016-B, of the City, payable to Branch Banking & Trust Company.

Section 2. Authorization and Description of Warrant; Payments of Warrant.

(a) Except as provided for the in Warrant, the City shall borrow an aggregate amount not exceeding \$13,500,000 in such amounts and at such times as shall be necessary for the purposes set forth in Section 1 hereof, and the City shall issue the aforesaid Warrant therefor to the Bank, to evidence a revolving line of credit extended thereby to the City for such purposes.

(b) The Warrant shall be (1) dated the date of initial delivery and payment, (2) subject to redemption prior to maturity at any time, without premium or penalty, and (3) registered and transferred, all as provided therefor in the form of the Warrant in Section 4 below.

(c) All such principal drawn and outstanding on the Warrant shall (1) bear interest at the fixed per annum interest rate of 1.98%, and (2) be payable in quarterly installments of interest only with the principal due at final maturity on June 15, 2026.

(d) The principal of and interest on the Warrant shall be payable in lawful money of the United States of America, at the designated office of the registered owner thereof at par and without discount, exchange or deduction or charge therefor.

Section 3. Authorization of Advances and Payments.

(a) The Mayor and City Clerk are authorized and directed to request advances under the Warrant at such times and in such amounts as the Mayor and the City Clerk shall consider necessary or desirable to carry out the purposes of this Ordinance; provided, however, (i) the outstanding principal amount of the Warrant may not exceed \$13,500,000, except for the temporary period from December 1, 2020 through November 30, 2021, during which time, a maximum amount of \$19,500,000 may be advanced, provided however, that any outstanding principal balance in excess of \$13,500,000 on November 30, 2021 shall be paid on that date, so that the maximum amount outstanding on December 1, 2021 is equal to or less than \$13,500,000, (ii) no advances may be made in the event that the City should default in the payment of the principal of or interest on the Warrant, or should fail to comply with any of the other covenants and agreements contained in the Ordinance, and (iii) no advances may be made after May 31, 2026.

(b) The proceeds of advances under the Warrant shall be deposited in the City's designated account with the Bank.

Section 4. Form of Warrant.

The Warrant shall be in substantially the following form:

**UNITED STATES OF AMERICA
STATE OF ALABAMA
CITY OF GULF SHORES
GENERAL OBLIGATION TAXABLE WARRANT
SERIES 2020-E**

No. R-1

\$13,500,000

THE CITY OF GULF SHORES, a municipal corporation organized and existing under and by virtue of the laws of the State of Alabama (the "City"), for value received, hereby acknowledges itself indebted to and does hereby order and direct the Finance and Administration Director of the City to pay, solely out of the special warrant fund hereinafter described, to **TRUIST** (the "Payee"), its successors and assigns, the principal sum of

**THIRTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS
(\$13,500,000)**

or so much thereof as may be advanced or paid and re-advanced hereunder, as hereinafter provided, provided, however, that during the period from December 1, 2020 through November 30, 2021, a maximum amount of \$19,500,000 may be advanced hereunder, and to pay solely from said warrant fund interest on the unpaid balance of said principal amount advanced and outstanding hereunder from time to time, from the date advanced until payment in full, at a fixed per annum rate of interest equal to 1.98% (computed on the basis of the actual number of days elapsed over a 360-day year), said principal and interest being payable as follows:

(a) On March 15, 2021 and on the 15th day (or next business day) of each March, June, September and December, through and including June 15, 2026, the interest accrued on the outstanding principal balance of this Warrant to each such date of payment; and

(b) On November 30, 2021, the principal amount (if any) outstanding in excess of \$13,500,000; and

(c) June 15, 2026, the entire outstanding principal balance of this Warrant plus all accrued interest thereon.

Payment of the principal hereof and interest hereon shall be made at the office of the Payee or at such other place as shall be designated to the City in writing by the Payee, provided the final payment of principal of and interest on this Warrant shall be made only upon presentation and surrender of this Warrant to the City for cancellation.

Interest shall be payable hereon at the Post-Default Rate (as defined in the Authorizing Proceedings referred to below) under certain circumstances described in the Authorizing Proceedings.

The City may, on any date, pay in advance the entire unpaid principal balance of this Warrant or any lesser portion or portions thereof by paying to the Payee the principal amount to be prepaid, plus interest accrued on such principal amount to the date of such prepayment, without premium or penalty.

This Warrant is a master Warrant under a revolving line of credit extended by the Payee to the City, and it is contemplated that the proceeds of the loan evidenced hereby will be advanced, or paid and re-advanced, by the Payee to the City in installments, as requested by the City (as to amount and date), and it is further contemplated that by reason of prepayments hereon there may be times when no indebtedness is owing hereunder; notwithstanding any such occurrence, this Warrant shall remain valid and shall be in full force and effect as to each principal advance made hereunder subsequent to each such occurrence. Each principal advance and each payment made on this Warrant shall be reflected by the notations made by the Payee on its internal records (which may be kept by computer or by other means determined by the Payee) and the Payee is hereby authorized so to record thereon all such principal advances and payments. The aggregate unpaid principal amount of this Warrant reflected on the internal records of the Payee (whether by computer or otherwise) shall be rebuttably presumptive

evidence of the principal amount of this Warrant outstanding and unpaid. No failure of the Payee so to record any advance or payment shall limit or otherwise affect the obligation of the City hereunder with respect to any advance, and no payment of the principal by the City shall be affected by the failure of the Payee so to record the same.

THIS WARRANT SHALL BE VALID AND ENFORCEABLE AS TO THE AGGREGATE PRINCIPAL AMOUNT ADVANCED AT ANY TIME HEREUNDER, WHETHER OR NOT THE FULL FACE AMOUNT HEREOF IS ADVANCED.

This Warrant is issued pursuant to the Constitution and laws of the State of Alabama, including the provisions of Section 11-47-2 et seq. of the CODE OF ALABAMA 1975, as amended, and an Ordinance adopted by the governing body of the City on November 9, 2020 (the "Authorizing Proceedings") for the purposes described in the Authorizing Proceedings. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Authorizing Proceedings.

The principal of and interest on this Warrant is a general obligation of the City and the full faith and credit of the City are pledged to the payment of the principal of and interest on the Warrant.

The City has established in the Authorizing Proceedings a special fund designated "Series 2020-E General Obligation Taxable Warrant Fund" (the "Series 2020-E Warrant Fund") for the payment of the principal of and interest on the Warrant, and has obligated itself to pay or cause to be paid into said Fund from the taxes and revenues of the City sums sufficient to provide for the payment of the principal of and interest on this Warrant as the same matures and comes due.

This Warrant and the interest hereon constitutes a charge on the general credit of the City and an indebtedness of the City within the meaning of state constitutional provisions and or statutory limitations.

This Warrant is recorded and registered as to principal and interest in the name of the owner on the book of registration maintained for that purpose by the City. The person in whose name this Warrant is registered shall be deemed and regarded as the absolute owner hereof for all purposes and payment of the principal of and interest on this Warrant shall be made only to or upon the order of the registered owner hereof or its legal representative, and neither the City nor any agent of the City shall be affected by any notice to the contrary. Payment of principal of and interest on this Warrant shall be valid and effectual to satisfy and discharge the liability of the City upon this Warrant to the extent of the amounts so paid.

This Warrant may be transferred only upon written request of the registered owner or its legal representative addressed to the City, such transfer to be recorded on said book of registration and endorsed hereon by the City. Upon presentation to the City for transfer, this Warrant must be accompanied by a written instrument or instruments of transfer satisfactory to the City, duly executed by the registered owner or its attorney duly authorized in writing, and the City shall endorse on the schedule attached hereto for such purpose the principal amount of this Warrant unpaid and the interest accrued hereon to the date of transfer. No charge shall be made

for the privilege of transfer, but the registered owner of this Warrant requesting any such transfer shall pay any tax or other governmental charge required to be paid with respect thereto.

It is hereby recited, certified and declared that the indebtedness evidenced and ordered paid by this Warrant is lawfully due without condition, abatement or offset of any description and that all acts, conditions and things required by the Constitution and laws of the State of Alabama to happen, exist and be performed precedent to and in the execution, registration and issuance of this Warrant and the adoption of the Authorizing Proceedings have happened, do exist and have been performed in time, form and manner as so required.

IN WITNESS WHEREOF, the City, acting by and through its governing body, has caused this Warrant to be executed in its name and on its behalf by its Mayor and its municipal seal to be hereunto affixed and attested by its City Clerk, and has caused this Warrant to be dated November 12, 2020.

CITY OF GULF SHORES

SEAL

By

Its Mayor

Attest: _____
City Clerk

CERTIFICATE

I, Wanda Parris, MMC, City Clerk of the City of Gulf Shores, Alabama, do hereby certify that the foregoing is a true and correct copy of Ordinance No. (prepared by City Clerk), which Ordinance was duly and legally adopted at a regular meeting of the City Council on November 9, 2020 and the same was duly published as required by law.

City Clerk