

ORDINANCE NO. 2014-25

AN ORDINANCE TO PROVIDE FOR THE ISSUANCE OF
\$2,110,000 PRINCIPAL AMOUNT OF
GENERAL OBLIGATION WARRANTS, SERIES 2014,
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:

"**Authorized Denominations**" means the sum of \$5,000 or any integral multiple thereof.

"**Bank**" means Regions Bank, Birmingham, Alabama, in its capacity as registrar, transfer agent and paying agent with respect to the Warrants, and includes any successor Bank appointed pursuant to Section 19 hereof.

"**Business Day**" means any day other than a Saturday, a Sunday, a day on which the offices of the Bank are closed or a day on which the wire transfer system of the Federal Reserve System is not operational.

"**Callable Warrants**" means those of the Warrants having stated maturities on July 1, 2020, and thereafter.

"**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.

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

"**Code**" means the Internal Revenue Code of 1986, as amended, or any successor code thereto.

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

"**Eligible Certificate**" means an interest-bearing certificate of deposit issued by the Bank or any bank, savings and loan association or trust company organized under the laws of the United States of America or any state thereof that

is (to the extent not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation) collaterally secured by (a) a pledge of United States Securities (i) having at any date of calculation a market value (taking account of any accrued interest thereon) not less than the principal of and the accrued interest on the certificates of deposit secured thereby, (ii) deposited and pledged with any Federal Reserve Bank or with any bank or trust company organized under the laws of the United States or any state thereof, and having combined capital and surplus and undivided profits of not less than \$100,000,000, and (iii) for which a receipt signed by the bank or trust company having custody of such collateral securities and containing a sufficient description thereof has been furnished to the Bank, or (b) the SAFE Program.

"Eligible Investments" means (a) United States Securities or money market mutual funds which invest solely in United States Securities, (b) Eligible Certificates, and (c) bank, savings and loan association or trust company deposits (i) fully insured by the Federal Deposit Insurance Corporation or by the Federal Savings and Loan Insurance Corporation or (ii) covered by the SAFE Program.

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

"Improvements" means the improvements to be acquired and constructed out of the proceeds of the Warrants on certain land situated in the City and heretofore acquired by the City which is to be used as a public park.

"Interest Payment Date" means each January 1 and July 1, commencing January 1, 2015.

"Mayor" means the mayor of the City.

"Overdue Interest" means interest due but not paid on the Interest Payment Date on which such interest is required to be paid.

"Overdue Interest Payment Date" means the date fixed by the Bank, pursuant to the provisions of Section 14 hereof, for the payment of Overdue Interest.

"Record Date" means the June 15 or December 15, as the case may be, next preceding an Interest Payment Date.

"Redemption Date" means the date fixed for redemption of any of the Callable Warrants pursuant to the provisions of Section 4 hereof.

"Redemption Price" means the price at which the Callable Warrants may be redeemed.

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

"SAFE Program" means the program for securing public deposits created in the Security for Alabama Funds Enhancement Act, Chapter 14A of Title 41 of the Code of Alabama 1975, as amended.

"Series 2007 Warrant" means the City's General Obligation Warrant, Series 2007, dated November 14, 2007, which is presently outstanding in the aggregate principal amount of \$457,627.

"Term Warrants Due 2017" means those of the Warrants having a stated maturity in 2017.

"Term Warrants Due 2020" means those of the Warrants having a stated maturity in 2020.

"Term Warrants Due 2022" means those of the Warrants having a stated maturity in 2022.

"Term Warrants Due 2024" means those of the Warrants having a stated maturity in 2024.

"Term Warrants Due 2026" means those of the Warrants having a stated maturity in 2026.

"Term Warrants Due 2028" means those of the Warrants having a stated maturity in 2028.

"Term Warrants Due 2030" means those of the Warrants having a stated maturity in 2030.

"Term Warrants Due 2032" means those of the Warrants having a stated maturity in 2032.

"Term Warrants Due 2034" means those of the Warrants having a stated maturity in 2034.

"Term Warrants" means the Term Warrants Due 2017, the Term Warrants Due 2020, the Term Warrants Due 2022, the Term Warrants Due 2024, the Term Warrants Due 2026, the Term Warrants Due 2028, the Term Warrants Due 2030, the Term Warrants Due 2032 and the Term Warrants Due 2034.

"Underwriter" means Joe Jolly & Co., Inc.

"United States Securities" means any securities that are direct obligations of the United States of America and any securities with respect to which payment of the principal thereof and the interest thereon is unconditionally guaranteed by the said United States.

"Warrant Fund" means the special fund of the City created in Section 6 hereof.

"Warrants," without other qualifying words, means the City's General Obligation Warrants, Series 2014, 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) In order to finance the acquisition and renovation of the City Hall, the City has heretofore issued the Series 2007 Warrant;

(b) It is necessary and desirable and in the best interests of the City and in the public interest that the City retire the Series 2007 Warrant;

(c) It is necessary and desirable and in the best interests of the City and the public interest that the City acquire and construct the Improvements; and

(d) It is necessary and desirable and in the best interests of the City and in the public interest that the City issue, on its full faith and credit, the Warrants hereinafter authorized to be issued for the purpose of (i) paying all or a portion of the cost of retiring the Series 2007 Warrant; (ii) paying the costs of acquiring and constructing the Improvements and (iii) paying the costs of issuing the Warrants.

Section 3. Authorization of the Warrants.

(a) Principal Amount, Maturities and Interest Rates. Pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Sections 11-47-2 and 11-81-4 of the Code of Alabama of 1975, as amended, and for the purposes hereinabove stated, there are hereby authorized to be issued by the City \$2,110,000 aggregate principal amount of General Obligation Warrants, Series 2014, of the City. The Warrants shall be issued as fully registered warrants without coupons, shall be dated July 1, 2014, shall mature and become payable on July 1 in the years and in the amounts and shall bear interest at the per annum rates of interest as follows:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2015	\$ 85,000	2.000%	2026	\$210,000	2.750%
2017	170,000	2.000	2028	225,000	3.000
2020	275,000	2.000	2030	235,000	3.125
2022	190,000	2.250	2032	255,000	3.300
2024	200,000	2.500	2034	265,000	3.500

The Warrants shall be initially issued in the Authorized Denominations and registered in the names of the Holders as shall, pursuant to the provisions of Section 26 hereof, be designated by the purchaser thereof from the City.

(b) **Place and Manner of Payment.** The principal of and the premium, if any, on the Warrants shall be payable at the principal corporate trust office in the City of Birmingham, Alabama, of the Bank, upon presentation and surrender of the Warrants as the same become due and payable. Except as provided in Section 14 hereof, interest on the Warrants shall be payable by check or draft mailed by the Bank to the registered Holders of the Warrants at the addresses shown on the registry books of the Bank pertaining to the Warrants as of the close of business on the Record Date next preceding the Interest Payment Date. Payment of such interest shall be deemed to have been timely made if such check or draft is mailed by the Bank on the due date of such interest (or, if such due date is not a business day, on the business day immediately following such due date). Notwithstanding the foregoing, the registered Holder of not less than \$500,000 in aggregate principal amount of the Warrants may make arrangements with the Bank for the payment of the principal of and the interest and premium, if any, on such Warrants by wire transfer. The Bank shall cause all payments of the principal of and the interest and premium, if any, on the Warrants to be accompanied by CUSIP numbers with appropriate dollar amounts for each CUSIP number.

(c) **Computation of Interest and Interest Payment Dates.** The Warrants shall bear interest from their date until their respective maturities at the per annum rates of interest set forth above (computed on the basis of a 360-day year of twelve consecutive 30-day months). Such interest shall be payable semiannually on each January 1 and July 1, commencing January 1, 2015, until and at the maturity of the Warrants. The Warrants shall bear interest after their respective maturities until paid at the per annum rates of interest set forth above.

(d) **Book-Entry Only System.** The Warrants shall be initially issued in book-entry only form, registered in the name of Cede & Co., the nominee of the Depository Trust company. So long as the said book-entry only system remains in effect, the provisions of this Ordinance, including the provisions governing the registration and exchange of Warrants, places and manner of payment of Warrants, requirements for presentment of Warrants and manner and effect of redemption of Warrants shall be subject to the standard procedures of the Depository Trust Company.

Section 4. Redemption Provisions.

(a) **Optional Redemption.** Those of the Warrants having a stated maturity in 2020 and thereafter shall be subject to redemption prior to their respective maturities, at the option of the City, as a whole or in part (but if in part, in multiples of \$5,000 with those of the maturities to be redeemed to be selected by the City in its discretion), on July 1, 2019, and on any date thereafter, at and for a Redemption Price for each Warrant (or portion thereof) redeemed, equal to the principal amount thereof, plus accrued interest thereon to the Redemption Date.

(b) **Mandatory Redemption.** (i) The Term Warrants Due 2017 shall be subject to redemption and prepayment prior to their maturity on July 1, 2016, in the following aggregate principal amount, at and for a Redemption Price, for each Term Warrant Due 2017 (or portion thereof) redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date:

Year (July 1)	Amount to be Redeemed
2016	\$85,000
2017	85,000 (maturity)

(ii) The Term Warrants Due 2020 shall be subject to redemption and prepayment prior to their maturity on July 1, 2018, and on each July 1 thereafter, in the following aggregate principal amounts, at and for a Redemption Price, for each Term Warrant Due 2020 (or portion thereof) redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date:

Year (July 1)	Amount to be Redeemed
2018	\$90,000
2019	90,000
2020	95,000 (maturity)

(iii) The Term Warrants Due 2022 shall be subject to redemption and prepayment prior to their maturity on July 1, 2021, in the following aggregate principal amount, at and for a Redemption Price, for each Term Warrant Due 2022 (or portion thereof) redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date:

Year (July 1)	Amount to be Redeemed
2021	\$95,000
2022	95,000 (maturity)

(iv) The Term Warrants Due 2024 shall be subject to redemption and prepayment prior to their maturity on July 1, 2023, in the following aggregate principal amount,

at and for a Redemption Price, for each Term Warrant Due 2024 (or portion thereof) redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date:

Year (July 1)	Amount to be Redeemed
2023	\$100,000
2024	100,000 (maturity)

(v) The Term Warrants Due 2026 shall be subject to redemption and prepayment prior to their maturity on July 1, 2025, in the following aggregate principal amount, at and for a Redemption Price, for each Term Warrant Due 2026 (or portion thereof) redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date:

Year (July 1)	Amount to be Redeemed
2025	\$105,000
2026	105,000 (maturity)

(vi) The Term Warrants Due 2028 shall be subject to redemption and prepayment prior to their maturity on July 1, 2027, in the following aggregate principal amount, at and for a Redemption Price, for each Term Warrant Due 2028 (or portion thereof) redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date:

Year (July 1)	Amount to be Redeemed
2027	\$110,000
2028	115,000 (maturity)

(vii) The Term Warrants Due 2030 shall be subject to redemption and prepayment prior to their maturity on July 1, 2029, in the following aggregate principal amount, at and for a Redemption Price, for each Term Warrant Due 2030 (or portion thereof) redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date:

Year (July 1)	Amount to be Redeemed
2029	\$115,000
2030	120,000 (maturity)

(viii) The Term Warrants Due 2032 shall be subject to redemption and prepayment prior to their maturity on July 1, 2031, in the following aggregate principal amount, at and for a Redemption Price, for each Term Warrant Due 2032 (or portion thereof) redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date:

Year (July 1)	Amount to be Redeemed
2031	\$125,000
2032	130,000 (maturity)

(ix) The Term Warrants Due 2034 shall be subject to redemption and prepayment prior to their maturity on July 1, 2033, in the following aggregate principal amount, at and for a Redemption Price, for each Term Warrant Due 2034 (or portion thereof) redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date:

Year (July 1)	Amount to be Redeemed
2033	\$130,000
2034	135,000 (maturity)

In the event that, pursuant to the provisions of Section 4(a) hereof, the City shall have redeemed Term Warrants of a particular maturity or shall have provided for a partial redemption of Term Warrants of a particular maturity in such a manner that, under the provisions of Section 28 hereof, such Term Warrants for the redemption of which provision is made are considered as fully paid, the City may, by written notice to the Bank, elect to apply all or any part (but only in integral multiples of \$5,000) of (A) the principal amount of such Term Warrants so redeemed or to be redeemed to the reduction of the principal amount of the Term Warrants of that maturity required to be redeemed pursuant to the provisions of this Section 4(b), on any July 1 coterminous with or subsequent to the date such optional redemption actually occurs. Such notice shall be deemed effective only if it is given prior to the giving of notice of redemption contrary to the provisions of such notice pursuant to the provisions of Section 4(d).

(a) **Partial Redemption.** In the event that less than all the principal of the Warrants of a single maturity is to be redeemed and prepaid, the Bank shall, by random selection, determine the Warrants, or portions thereof, of such maturity to be redeemed and prepaid.

(b) **Manner of Effecting Redemption.** Any such redemption or prepayment of the Warrants shall be effected in the following manner:

(i) **Call.** The City shall by Resolution call for redemption on a stated date when they are by their terms subject to redemption Callable Warrants (or principal portions thereof) and shall recite in said Resolution (A) that the City is not in default in the payment of the principal of or the interest or premium, if any, on any of the Warrants or (B) that all of the Warrants then outstanding are to be retired on the Redemption Date; provided, however, that no such Resolution shall be required in the case of any redemption of Warrants if the redemption is one that is required by the provisions of subsection (b) of this Section 4. A certified copy of any such Resolution shall be furnished to the Bank.

(ii) **Notice by Registered or Certified Mail.** The Bank (on behalf of the City) shall cause to be forwarded by United States Registered or Certified Mail to the registered Holder of each of the Warrants the principal of which is to be redeemed, in whole or in part, at the address of such registered Holder as such address appears on the registry books of the Bank pertaining to the registration of the Warrants, a notice, dated the date such notice is mailed by the Bank, stating the following: that Warrants (identified by the complete name and date of the Warrants) in certain specified principal amounts (or portions thereof) bearing stated numbers, CUSIP numbers, interest rates and maturity dates, have been called for redemption and will become due and payable at the Redemption Price or Redemption Prices on a specified Redemption Date, and that all interest thereon will cease after the Redemption Date. Such notice shall contain the name and telephone number of a contact person at the Bank to whom inquiries can be addressed and shall be so mailed not more than sixty (60) nor less than thirty (30) days prior to the Redemption Date, but Holders of any Warrants may waive the requirements of this subsection with respect to the Warrants held by them without affecting the validity of the call for redemption of any other Warrants. Such notice shall be sent again promptly to the Holder of any Warrant so called for redemption and not presented for payment within sixty (60) days following the Redemption Date.

(iii) **Notice to Rating Agencies and Others.** The Bank (on behalf of the City) shall cause to be forwarded to Standard & Poor's Corporation, *The Bond Buyer*, two national information services and any registered bond depository holding any of the Warrants, at their respective last known addresses, a copy of the text of the notice referred to in the preceding subsection (d)(ii) of this Section 4. The copy of the notice sent to each registered bond depository shall be sent by tested telex, facsimile, express mail or other express delivery service so that such registered bond depository will receive the copy of such notices at least two days prior to the date such notice is received by other Holders of the Warrants. The failure of the Bank to mail or cause to be mailed or transmit or cause to be transmitted a copy of any such notice to any or all said firms shall not invalidate any such redemption.

(iv) **Payment of Redemption Price.** The City shall make available at the Bank, on or prior to the Redemption Date, in immediately available funds, the total Redemption Price of the Warrants (or portions thereof) that are to be prepaid and redeemed on the Redemption Date.

The City and the Bank will, to the extent deemed by them to be practicable under the circumstances and to the extent permitted by law, comply with the standards set forth in the Securities and Exchange Commission's Exchange Act Release No. 23856 dated December 3, 1986, regarding redemption notices, but their failure to do so shall not invalidate the redemption of any Warrants with respect to which the other requirements of this Section 4 have been satisfied. Upon compliance with the foregoing requirements on its part contained in this subsection (d), and if the City is not on the Redemption Date in default in the payment of the principal of or the interest or premium, if any, on any of the Warrants, the Warrants (or principal

portions thereof) called for redemption shall become due and payable at the Redemption Price on the Redemption Date specified in such notice, anything herein or in the Warrants to the contrary notwithstanding, and the Holders thereof shall then and there surrender them for redemption; provided, however, that in the event that less than all of the outstanding principal of any Warrant is to be redeemed, the registered Holder thereof shall surrender the Warrant that is to be redeemed in part to the Bank in exchange, without expense to the Holder, for a new Warrant of like tenor except in a principal amount equal to the unredeemed portion of such Warrant. All future interest on the Warrants (or principal portions thereof) so called for redemption shall cease to accrue after the Redemption Date. Out of the moneys so deposited with it, the Bank shall make provision for payment of the Warrants (or principal portions thereof) so called for redemption at the Redemption Price and on the Redemption Date.

Section 5. General Obligation. The indebtedness evidenced and ordered paid by the Warrants 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. Warrant Fund.

(a) **Payments Therein and Use and Continuance Thereof.** There is hereby created a special fund to be designated "the City of Pinson 2014 Warrant Fund," for the purpose of providing for the payment of the principal of and interest and premium, if any, on the Warrants, at the respective maturities of said principal, interest and premium, if any, which special fund shall be maintained until the principal of and the interest and premium, if any, on the Warrants have been paid in full. Payments into the Warrant Fund shall be made as follows:

(i) there shall be paid into the Warrant Fund, simultaneously with the issuance of the Warrants and out of the proceeds derived from the sale thereof, that portion of said proceeds which may be referable to the accrued interest, if any; and;

(ii) on or before the second business day prior to January 1, 2015, and on or before the second business day prior to each July 1 and January 1 thereafter until and including the second business day prior to July, 2034, the City will pay into the Warrant Fund an amount equal to the sum of the interest and the principal, if any, that will mature on the Warrants or that is required to be redeemed pursuant to Section 4 hereof, on the then next succeeding Interest Payment Date; provided, that there shall be credited one time on the amount required by this subsection (a)(ii) to be paid into the Warrant Fund an amount equal to the amount paid therein, if any, pursuant to the provisions of subsection (a)(i) of this Section 6.

All moneys paid into the Warrant Fund shall be used only for payment of the principal of and the interest and premium, if any, on the Warrants, upon or after the respective maturities of such principal, interest and premium; provided, that, if at the final maturity of the Warrants, howsoever the same may mature, there shall be in the Warrant Fund moneys in excess of the amount required to retire the Warrants, then any such excess shall thereupon be returned to the

City. When the amount of money on deposit in the Warrant Fund equals or exceeds the aggregate of the principal and interest to their respective maturities on the Warrants at the time outstanding, no further payments need be made into the Warrant Fund except to make good the moneys paid therein which may become lost or which may not be immediately available for withdrawal under the provisions of this section.

(b) **Depository for Warrant Fund.** The City hereby designates the Bank as the depository for the Warrant Fund with respect to payment of principal of and the interest and premium, if any, on the Warrants. In the event that the Bank should at any time decline to act as such depository, or should resign as such depository, or should cease to be a member of the Federal Deposit Insurance Corporation (or any agency which may succeed to its duties), or should cease to be duly qualified and doing business within the State of Alabama, then the Council shall by Resolution designate a successor to such depository; provided, that, any such successor depository shall be and remain a member of the Federal Deposit Insurance Corporation (or of any agency which may succeed to its duties) and shall be and remain duly qualified and doing business in the State of Alabama.

(c) **Trust Nature of and Security for the Warrant Fund.** The Warrant Fund shall be and at all times remain public funds impressed with a trust for the purpose for which the Warrant Fund is herein created. Each depository for the Warrant Fund shall at all times keep the moneys on deposit with it in the Warrant Fund continuously secured for the benefit of the City and the Holders of the Warrants either

(i) by holding on deposit as collateral security, United States Securities or other marketable securities eligible as security for the deposit of trust funds under regulations of the Board of Governors of the Federal Reserve System, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the Warrant Fund, or

(ii) if the furnishing of security in the manner provided in the foregoing clause (i) of this sentence is not permitted by the then applicable law and regulations, then in such other manner as may be required or permitted by the applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of public funds;

provided, however, that it shall not be necessary for such depository so to secure any portion of the moneys on deposit in the Warrant Fund that may be insured by the Federal Deposit Insurance Corporation (or by any agency that may succeed to its duties) or any portion of the said moneys that may be invested pursuant to the provisions of subsection (d) of this Section 6.

(d) **Investment of Moneys in the Warrant Fund.** So long as the City shall not be in default hereunder it may, at any time and from time to time as it in its sole discretion shall deem advisable, cause to be invested in Eligible Investments any or all of the moneys in the Warrant Fund; provided, that, each such investment shall mature not later than the Interest Payment Date next following the date such investment is made. In the event of any such investment, the securities in which the investment is made shall become a part of the Warrant Fund and shall be held by the depository for the moneys so invested to the same extent as if they

were moneys on deposit in the Warrant Fund. The City may likewise at any time and from time to time cause any securities in which any such investment shall be made to be sold or otherwise converted into cash, whereupon the net proceeds derived from any such sale or conversion, after payment of all necessary expenses incident to such sale or conversion, shall become a part of the Warrant Fund. Each depository for the Warrant Fund shall be fully protected in making investments, sales, and conversions of any such securities upon direction given to it in a Resolution.

Section 7. Form of Warrants. The Warrants shall be in substantially the following form: