

ORDINANCE NO. 2021-25

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 SOFR Rate**" means the variable annual interest rate equal to the sum obtained by adding (i) SOFR and (ii) the Margin.

"**Bank**" means Regions Bank, Birmingham.

"**Margin**" means two and twenty-five one hundredths of one percent (2.25%).

"**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 November 1, 2021.

"**Prime Rate**" means, for any day, a rate per annum equal to the Bank's announced Prime Rate, and shall change effective on the date any change in the Bank's Prime Rate is publicly announced as being effective; provided however, if such rates are at any time less than zero percent (0%), then such rate shall be deemed to be zero percent (0%).

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

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

"**SOFR**" means, with respect to any U.S. Government Securities Business Day, a rate per annum equal to the secured overnight financing rate for such U.S. Government Securities Business Day, as such rate appears on the SOFR Administrator's Website on the immediately succeeding U.S. Government

Securities Business Day as quoted by Bloomberg Finance L.P., or any quoting service or commonly available source utilized by the Bank; provided that if SOFR would be less than zero percent (0%), then SOFR shall be deemed to be zero percent (0%).

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"U.S. Government Securities Business Day" means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"Warrant," without other qualifying words, means the Taxable General Obligation Line of Credit Warrant, Series 2021, 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 of that certain line of credit authorized in Ordinance No. 2019-17 approved by the Council on September 19, 2019; 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 2021, 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 November 1, 2021, 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. In the event the Bank determines in its sole discretion that the Bank cannot make, fund, or maintain a loan based upon SOFR, due to illegality or the inability to ascertain or determine said rate on the basis provided for herein, and for any length of time (whether by virtue of a temporary unavailability or the cessation of the rate) then the Bank will have no obligation to make, fund or maintain a loan based on SOFR. Upon the date of such determination, the interest rate shall convert to the Prime Rate, subject to any Minimum Rate which shall continue to apply, and shall be the governing interest rate for any fundings or advances requested by the City and any outstanding balance and, thereafter, the interest rate on the Warrant shall adjust simultaneously with any fluctuation in the Prime Rate. The Bank shall provide notice of any action taken pursuant to the terms of this section in a commercially

reasonable time and manner. In the event the Bank determines that the circumstances giving rise to the application by the Bank of this section have ended, the interest rate will revert to the then current Adjusted SOFR Rate and the Bank shall provide notice in a commercially reasonable time and manner.

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 2021

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, 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 the date that is twenty-four (24) months after the date hereof, 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 November 1, 2021, and on the first day of each month thereafter to and including September, 2023, the interest on the principal amount outstanding hereunder shall be due and payable; and on the date that is twenty-four (24) months after the date hereof, 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.

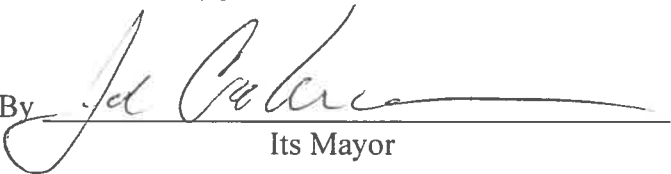
It is hereby certified and recited that the indebtedness evidenced and ordered paid by this Warrant is lawfully due without condition, abatement or offset of any description; that this Warrant has been registered in the manner provided by law; that all conditions, actions and things required by the constitution 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.

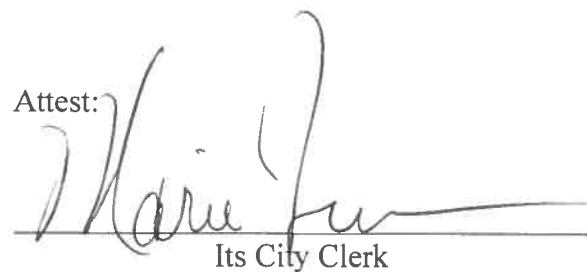
This Warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the City and only upon surrender of this Warrant to the City for cancellation, and upon any such transfer a new Warrant of like tenor hereof will be issued to the transferee in exchange 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 _____, ____.

CITY OF PINSON

By  Its Mayor

Attest:  Its City Clerk

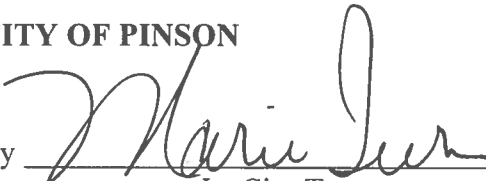
Registration Certificate

Date of Registration: October ____, 2021

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

Assignment

For value received _____ hereby sell(s), assign(s) and transfer(s) unto _____ the within Warrant and hereby irrevocably constitute(s) and appoint(s) _____, attorney, with full power of substitution in the premises, to transfer this Warrant on the books of the City.

Dated this _____ day of _____, 20____.

NOTE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Warrant in every particular, without alteration, enlargement or change whatsoever.

Signature guaranteed:

(Bank, Trust Company or Firm)*

By _____
(Authorized Officer)

Its Medallion Number: _____

*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

Section 7. Execution and Registration of Warrant.

(a) **Execution of Warrant by City.** The Warrant shall be executed on behalf of the City by the Mayor and attested by the City Clerk, and the seal of the City shall be impressed on the Warrant. Signatures on the Warrant by persons who are officers of the City at the times such signatures were written shall continue to be effective although such persons cease to be such officers prior to the delivery of the Warrant, whether initially issued or exchanged for the Warrant initially issued.

(b) **Registration Certificate on Warrant.** A Registration Certificate by the City Treasurer, in substantially the form hereinabove recited, duly executed by the City Treasurer, shall be endorsed on the Warrant and shall be essential to its validity.

Section 8. Registration and Transfer of Warrant. The Warrant shall be registered as to both principal and interest, and shall be transferable only on the registry books of the City. The City Treasurer shall keep at her office proper registry and transfer books in which she will note the registration and transfer of the Warrant, all in the manner and to the extent hereinafter specified.

No transfer of the Warrant shall be valid hereunder except upon presentation and surrender of the Warrant at the office of the City Treasurer with written power to transfer signed by the registered owner thereof in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the City Treasurer, whereupon the City shall execute, and the City Treasurer shall register and deliver to the transferee, a new Warrant, registered in the name of such transferee and of like tenor as that presented for transfer. The person in whose name a Warrant is registered on the books of the City shall be the sole person to whom or on whose order payments on account of the principal thereof and of the interest and premium, if any, thereon may be made. Each Holder of the Warrant, by receiving or accepting such Warrant, shall consent and agree and shall be estopped to deny that, insofar as the City is concerned, the Warrant may be transferred only in accordance with the provisions of this Ordinance.

Each transferee of the Warrant takes it subject to all payments of principal and interest in fact made with respect thereto.

Section 9. Expenses of Registration and Transfer. Any registration or transfer of the Warrant shall be made without charge to the Holder thereof, except that (a) the Holder requesting any such registration or transfer shall pay all taxes and other governmental charges required to be paid in connection with such registration or transfer and (b) the Holder shall pay any expenses incurred in connection with the replacement of a mutilated, lost, stolen or destroyed Warrant in accordance with Section 11 hereof.

Section 10. Persons Deemed Owners of Warrant. The City may deem and treat the person in whose name the Warrant is registered as the absolute owner thereof for all purposes; it shall not be affected by notice to the contrary; and all payments by it to the person in whose name the Warrant is so registered, shall to the extent thereof fully discharge and satisfy all liability for the same.

Section 11. Replacement of Mutilated, Lost, Stolen or Destroyed Warrant. In the event the Warrant is mutilated, lost, stolen or destroyed, the City may execute and the City shall thereupon register and deliver a new Warrant of like tenor as that mutilated, lost, stolen or destroyed; provided that (a) in the case of any such mutilated Warrant, such Warrant is first surrendered to the City, and (b) in the case of any such lost, stolen or destroyed Warrant, there is first furnished to the City evidence of such loss, theft or destruction satisfactory to it, together with indemnity satisfactory to the City. The City may charge the Holder with the expense of issuing any such new Warrant.

Section 12. Sale of Warrant. The Warrant is hereby awarded and sold to the Purchaser, at and for a purchase price equal to its face value (\$500,000).

Section 13. Authorization of Related Documents and Actions. The Mayor and all other officers of the City are hereby authorized and directed to execute, seal, attest and deliver such other documents and certificates and to take such other actions on behalf of the City as may be necessary to consummate the sale and issuance of the Warrant and to carry out fully the transactions contemplated by this Ordinance.

Section 14. Use of Proceeds from Sale of Warrant. The entire principal proceeds of the Warrant shall be paid to the City and applied for the purposes for which the Warrant has been authorized to be issued. The Mayor and the City Treasurer are hereby authorized and directed to pay, out of other funds of the City, all expenses incurred by the City in connection with the issuance of the Warrant which are not paid out of the proceeds of the Warrant, including, without limitation, legal fees and the commitment fee of the Purchaser.

Section 15. Escrow for Warrant. In addition to all other circumstances under which the Warrant is to be deemed paid, the Warrant shall be considered as fully paid if there shall be filed with the City Clerk and the Purchaser a trust agreement between the City and a banking corporation or national banking association making provision for the retirement of the Warrant by creating for that purpose an irrevocable trust fund sufficient to provide for payment and retirement of the Warrant (including payment of the principal and interest that will mature thereon until and on the dates they are retired, as such principal and interest become due and payable), by payment at their respective maturities which said trust fund shall consist of (a) United States Securities which are not subject to redemption prior to their respective maturities at the option of the issuer and which, if the principal thereof and the interest thereon are paid at their respective maturities, will produce funds sufficient so to provide for payment and retirement of the Warrant, or (b) both cash and such United States Securities which together will produce funds sufficient for such purpose, or (c) cash sufficient for such purpose.

Section 16. Covenants.

(a) **Annual Audit.** The City will cause a copy of its annual audit for each fiscal year to be furnished to the Purchaser within thirty (30) days of the date such audit is furnished to the City, but in any event, within two hundred ten (210) days after the end of such fiscal year.

(b) **Inspection of Books and Records of the City.** The City will permit the Holder or the agent or attorney of the Holder duly appointed and authorized in writing, to examine and

inspect, at any reasonable time and with reasonable notice, the books and records of the City and it will permit photographs, copies or transcripts thereof to be made by any such person or persons at all reasonable times.

(c) **Maintenance of Authorizations of Governmental Authorities.** The City will maintain all material authorizations by governmental authorities for the lawful conduct of its governmental functions and operations.

(d) **Maintenance of Insurance.** The City will take out and maintain in effect, insurance on its properties and assets and against such risks, as is customary for a municipality in Alabama of like size and character as the City.

Section 17. Events of Default and Remedies.

(a) **Events of Default.** Any of the following shall constitute an event of default hereunder:

(i) failure by the City to pay the principal or interest on the Warrant when due;

(ii) default by the City in the payment of any other material indebtedness for borrowed money or under any instrument securing such payment and the continuance thereof until the expiration of any applicable grace period if as a result of such default, the maturity of such other indebtedness is accelerated;

(iii) failure by the City to perform any of the agreements or covenants on its part herein contained (other than its agreement to pay the principal or and the interest on the Warrant) which failure shall have continued for a period of not less than thirty (30) days after written notice of such failure has been given to the City by the Holder;

(iv) the determination by a court having jurisdiction that the City is insolvent or bankrupt, the filing by the City of a petition under Chapter 9 (or any successor provision) of the United States Bankruptcy Code, or the commencement of a case with respect to the City thereunder, or any petition for the rearrangement or readjustment of the obligations of the City under any provisions of the bankruptcy laws of the United States.

(b) **Remedies on Default.** Upon the occurrence of an event of default hereunder, the Holder shall have the following rights and remedies:

(i) The Holder may by written notice to the City declare the principal or and the interest on the Warrant forthwith due and payable and such principal and interest shall thereupon become immediately due and payable, anything herein or in the Warrant to the contrary notwithstanding.

(ii) The Holder shall have no obligation to make any advances of principal to the City.

(iii) The Holder may pursue any rights or remedies available against the City at law or in equity, including, without limitation, the right of specific enforcement and the power of mandamus.

Section 18. Creation of Contract. The provisions of this Ordinance shall constitute a contract between the City and each Holder of the Warrant.

Section 19. Provisions of Ordinance Severable. The provisions of this Ordinance are hereby declared to be severable. In the event any provision hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this Ordinance.

ADOPTED and APPROVED this 7th day of October, 2021.

/s/ Joe Cochran

Mayor

ATTEST:

/s/ Marie Turner

City Clerk

The Mayor asked that unanimous consent be given for immediate consideration of and action on said ordinance, and upon the said same being put to vote, the following vote was recorded:

YEAS:

Mayor Joe Cochran
Councilmembers: John Churchwell
Glenda Kirkland
Robbie Roberts
Dawn Tanner
Brad Walker

NAYS:

None

The Mayor thereupon declared that unanimous consent for immediate consideration of and action on said ordinance had been unanimously carried. Upon a roll call vote, the said Ordinance was thereupon unanimously adopted by the Mayor and City Council. The Mayor then announced that the motion for adoption of said ordinance had been unanimously carried.

* * *

Upon motion duly made, seconded and unanimously approved, the meeting was adjourned.

/s/ Joe Cochran

Mayor of the
City of Pinson

Attest:

/s/ Marie Turner

City Clerk of the
City of Pinson