

ORDINANCE NO. 2021-024 - ADM

AN ORDINANCE
AUTHORIZING THE BORROWING OF \$2,450,000
AND THE ISSUANCE OF ONE
\$2,450,000 GENERAL OBLIGATION WARRANT
SERIES 2021
DATED SEPTEMBER 28, 2021

BE IT ORDAINED by the Mayor and City Council (herein together called the "Council") of the **CITY OF TRUSSVILLE, ALABAMA** (herein called the "City") as follows:

Section 1. Findings. The Council has found and ascertained and does hereby declare as follows:

(a) The City has determined it to be necessary, wise and in the public interest to acquire, renovate, and develop a new facility for police operations (the "Police Facility") within the City; and

(b) In order to finance the purchase of the Police Facility, the City has undertaken a competitive bid process to identify a lender to make a loan (the "Loan") to the City to pay the costs of the Police Facility and the costs of issuing the Warrant hereinafter described and authorized; and

(c) Synovus Bank, a Georgia state banking corporation, presented the bid that provided the lowest interest cost to the City and on terms that complied with the requirements of the City, and has agreed to make the Loan to, and acquire the Warrant from, the City under the terms and conditions hereinafter set forth.

Section 2. (a) Pursuant to the applicable provisions of the Constitution of Alabama of 1901, as amended, and the Code of Alabama 1975, as amended, including without limitation, Section 11-47-2 and Section 11-81-4 thereof, and for the purpose of providing funds to pay the cost of the Police Facility, the City is hereby authorized to borrow from Synovus Bank, a Georgia state banking corporation (herein called the "Lender") the sum of \$2,450,000, and, in evidence of the obligation of the City to repay the money so borrowed, is hereby authorized to issue and deliver to the Lender a \$2,450,000 General Obligation Warrant, Series 2021 (herein called the "Warrant"). The Warrant shall be dated September 29, 2021 (which shall be the date on which the loan evidenced thereby is made), shall be issued as a single fully registered warrant, shall be payable to the Lender, and shall bear interest at the rate of 1.43% per annum, computed on the basis of a 360-day year of twelve (12) consecutive thirty (30) day months. The principal of and interest on the Warrant shall be payable on October 15, 2021, and on the first day of each month thereafter through and including September 15, 2031 (each such date, a "Payment Date"), all in accordance with the amortization schedule attached hereto as Exhibit A. Matured but unpaid installments of principal of the Warrant shall bear interest after maturity at the rate of interest on the Warrant (said rate being 1.43% per annum, as aforesaid). In the event a Payment Date is not a Business Day, the interest and principal due on such Payment Date (whether due upon scheduled maturity or by optional redemption) shall be payable on the then next succeeding Business Day. As used herein, "Business Day" means each day other than a Saturday, a Sunday, or any holiday on which the Lender's offices in the City of Birmingham, Alabama are closed for business with the public. The City understands and acknowledges that the rate of interest charged on the Warrant is not necessarily the lowest rate charged by the Lender on its loans or other extensions of credit.

(b) Upon the occurrence of a Determination of Taxability, the interest rate on the Warrant shall be changed to the Taxable Rate effective as of the last Payment Date prior to such occurrence. In addition, if as a consequence of the occurrence of such a Determination of Taxability it shall be necessary for the holder of the Warrant to include any interest previously related to such Warrant in its gross income for federal income tax purposes, the City shall be required to pay on the first Payment Date following the occurrence of such Determination of Taxability such additional interest for the period during which such interest shall have been deemed subject to inclusion in the gross income of the said holder for federal income tax purposes in an amount equal to the difference between the interest which would have been paid at the Taxable Rate and the total amount of interest actually paid related to such Warrant for such

period. The term "Taxable Rate" shall mean the rate of 1.81% per annum, and the term "Determination of Taxability" shall mean a final decree or judgment of any federal court or a final, non-appealable action of the Internal Revenue Service or of the United States Treasury Department determining that any interest payable on the Warrant is includable in the gross income of a holder thereof, but only if such inclusion in gross income is the direct result of a failure by the City to comply with its covenants or agreements herein made (including, without limitation, the covenants in Section 13 hereof) or made in the Tax Compliance Agreement hereinafter described. No such decree, judgment, or action shall be considered final unless the City has been given written notice thereof and, if it is so desired by the City and is legally permissible, the City has been afforded a reasonable opportunity to contest the same, at its own expense, either directly or in the name of the holder of the Warrant and until the conclusion of any appellate review, if sought. A Determination of Taxability shall be deemed to occur on the date as of which interest on the Warrant is deemed includable in the gross income of the holder thereof.

Section 3. Optional Redemption Privilege. The City reserves and shall have the privilege of redeeming and paying, on October 1, 2026, and on any date thereafter, the principal of the Warrant at any time and from time to time, in whole or in part (but if in part, in multiples of \$5,000), without penalty or premium, upon not less than ten (10) Business Days' prior written notice to the Lender, at and for a price equal to the principal amount of the Warrant to be redeemed plus accrued interest thereon to the date set for redemption and payment. Any partial redemption of the outstanding principal amount of the Warrant shall be applied in inverse order of maturity.

Section 4. Execution of the Warrant; Registration. (a) The Warrant shall be executed and the corporate seal of the City shall be affixed thereto by the Mayor, and the City Clerk shall attest the same by affixing his signature thereto. The Warrant shall be registered in the records maintained by the City Treasurer as a claim against the City. Said officers are hereby authorized and directed so to execute and attest the Warrant, affix said seal thereto and make such registration.

(b) A registration certificate by the City, in substantially the form set forth in Section 6 hereof, duly executed by the manual signature of the City Clerk, shall be endorsed on the Warrant and shall be essential to its validity.

(c) The Warrant shall be registered as to both principal and interest in the name of the Lender and shall not be transferable except to an "accredited investor" as defined in the Securities and Exchange Act of 1933 (the "Securities Act") and the rules and regulations promulgated thereunder, or to a "qualified institutional buyer", as defined in the Securities Act and the rules and regulations promulgated thereunder, and only upon compliance with applicable State of Alabama and federal securities laws.

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 on which the full faith and credit of the City are hereby irrevocably pledged.

Section 6. Form of Warrant. The Warrant shall be in substantially the following form, with such changes therein as shall be necessary to comply with the provisions of this Ordinance:

(Form of Warrant)

THIS WARRANT MAY BE TRANSFERRED ONLY TO AN "ACCREDITED INVESTOR" AS DEFINED IN THE SECURITIES AND EXCHANGE ACT OF 1933 (THE "SECURITIES ACT") AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER, OR TO A "QUALIFIED INSTITUTIONAL BUYER", AS DEFINED IN THE SECURITIES ACT AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER, AND ONLY UPON COMPLIANCE WITH APPLICABLE STATE AND FEDERAL SECURITIES LAWS AND WITH THE ORDINANCE REFERRED TO HEREIN.

**UNITED STATES OF AMERICA
STATE OF ALABAMA**

CITY OF TRUSSVILLE

GENERAL OBLIGATION WARRANT

The City Treasurer of the **CITY OF TRUSSVILLE** (herein called the "City") a municipal corporation under the laws of the State of Alabama, is hereby ordered to pay to Synovus Bank, a Georgia state banking corporation (herein called the "Lender"), or its permitted assigns, the principal sum of

TWO MILLION FOUR HUNDRED FIFTY THOUSAND DOLLARS

with interest thereon from the date hereof until the maturity hereof as is hereinafter specified at the rate of 1.43% per annum computed on the basis of a 360-day year of twelve (12) consecutive thirty (30) day months. The principal hereof and interest hereon shall be payable on October 15, 2021, and on the first day of each calendar month thereafter through and including September 15, 2031 (each such date, herein called a "Payment Date"), all in accordance with the amortization schedule attached hereto as Appendix A. Matured but unpaid installments of principal of this warrant shall bear interest at the rate of interest hereof (said rate being 1.43% per annum as aforesaid). In the event a Payment Date is not a Business Day, the interest and principal (whether due upon scheduled maturity or by optional redemption) due on such Payment Date shall be payable on the then next succeeding Business Day. As used herein, "Business Day" means each day other than a Saturday, a Sunday, or any holiday on which Lender's offices in the City of Birmingham, Alabama, are closed for business with the public. The City understands and acknowledges that the rate of interest charged on this warrant is not necessarily the lowest rate charged by the Lender on its loans or other extensions of credit.

Upon the occurrence of a Determination of Taxability, the interest rate on this Warrant shall be changed to the Taxable Rate effective as of the last Payment Date prior to such occurrence. In addition, if as a consequence of the occurrence of such a Determination of Taxability it shall be necessary for the holder of this Warrant to include any interest previously related to this Warrant in its gross income for federal income tax purposes, then the City shall be required to pay on the first Payment Date following the occurrence of such Determination of Taxability such additional interest for the period during which such interest shall have been deemed subject to inclusion in the gross income of the said holder for federal income tax purposes in an amount equal to the difference between the interest which would have been paid at the Taxable Rate and the total amount of interest actually paid related to this Warrant for such period. The term "Taxable Rate" shall mean the rate of 1.81% per annum, and the term "Determination of Taxability" shall mean a final decree or judgment of any federal court or a final, non-appealable action of the Internal Revenue Service or of the United States Treasury Department determining that any interest payable on this Warrant is includable in the gross income of a holder thereof, but only if such inclusion in gross income is the direct result of a failure by the City to comply with its covenants or agreements made in the Ordinance (including, without limitation, the covenants in Section 13 thereof) or made in the Tax Compliance Agreement authorized in the Ordinance. No such decree, judgment, or action shall be considered final unless the City has been given written notice thereof and, if it is so desired by the City and is legally permissible, the City has been afforded a reasonable opportunity to contest the same, at its own expense, either directly or in the name of the holder of this Warrant and until the conclusion of any appellate review, if sought. A Determination of Taxability shall be deemed to occur on the date as of which interest on this Warrant is deemed includable in the gross income of the holder thereof.

The City reserves and shall have the privilege of redeeming and paying, at any time and from time to time, on October 1, 2026, and on any date thereafter, the principal hereof, in whole or in part (but if in part, in multiples of \$5,000), without penalty or premium, upon not less than ten (10) Business Days' prior written notice to the Lender, at and for a price equal to the principal amount hereof to be redeemed plus accrued interest thereon to the date set for redemption and payment. Any partial redemption of the outstanding principal amount of this warrant shall be applied in inverse order of maturity.

This warrant has been issued pursuant to the applicable provisions of the constitution and laws of the State of Alabama, including without limitation Section 11-47-2 and Section 11.81-4 of the Code of Alabama 1975, as amended, and a December 4, 2021 ordinance (herein called the "Ordinance") adopted by the governing body of the City to provide funds for the purposes for which the City is authorized to borrow money under said laws.

This warrant evidences a valid general obligation of the City for payment of the principal of and the interest on which the City has irrevocably pledged its full faith and credit.

It is hereby certified that the indebtedness evidenced hereby has been duly and legally incurred and will at the maturity hereof become lawfully due without condition, abatement or offset of any description; that all conditions, actions and things required by the constitution and laws of the State of Alabama to exist, be performed and happen precedent to and on the issuance of this warrant, exist, have been performed and have happened; and that the indebtedness evidenced by this warrant, together with all other indebtedness of the City, was at the time the same was incurred and is now within every debt and other limit prescribed by the constitution and laws of the State of Alabama.

IN WITNESS WHEREOF, the City has caused this warrant to be executed and its official seal to be hereunto affixed by the Mayor and has caused the same to be attested by its City Clerk, both of whom have hereunto subscribed their signatures and are hereunto duly authorized, and has caused this warrant to be dated September 29, 2021.

CITY OF TRUSSVILLE, ALABAMA

By:  _____
Mayor

Attest:  _____
City Clerk