

ORDINANCE NO. 2024-49

AN ORDINANCE AUTHORIZING THE ISSUANCE
OF \$10,000,000 MAXIMUM PRINCIPAL AMOUNT
GENERAL OBLIGATION WARRANT, SERIES 2024

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOXLEY, ALABAMA, as follows:

Section 1. Definitions and Use of Phrases. 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 herein:

“**Bank**” means United Bank, Atmore, Alabama, and its successors and assigns.

“**Business Day**” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are required or authorized to close in Atmore, Alabama, where the office of the Bank is located.

“**Capital Improvements**” means the infrastructure improvements to the City’s municipal water system to be constructed by the City with proceeds of the Warrant.

“**Depository**” means United Bank, Atmore, Alabama, or its successors, the registered owner of the Warrant, so long as there is a single registered owner, and if there are more than one registered owner, the institution designated by the City.

“**Enabling Law**” means Ala. Code § 11-47-2 (1975).

“**Loan**” means the loan from the Bank to the City in the principal amount of the Warrant.

“**Principal Office of the Depository**” shall mean the office where the Depository maintains its office in Atmore, Alabama, or such other office as shall be designated by the Depository by written notice to the City and the holders of the Warrants.

“**Warrant**” means the City’s General Obligation Warrant, Series 2024, authorized pursuant to this Warrant Ordinance and to be dated the date of issuance.

“**Warrant Register**” shall mean the register or registers for the registration and transfer of Warrants maintained by the City pursuant to Section 7.

The definitions set forth in this section shall be deemed applicable whether the words defined are used herein 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 and Representations.

The City makes the following findings, representations and warranties as the basis for the undertakings on its part herein contained:

(1) The City finds it advantageous and in the public interest to undertake certain public works projects, which shall include the construction of infrastructure improvements to the City’s municipal water system (herein collectively called the “Capital Improvements”);

(2) Immediately after the issuance of the Warrant the total indebtedness of the City chargeable against the debt limitation for the City prescribed by the Constitution of the State of Alabama will not be more than 20% of the assessed valuation of taxable property within the corporate limits of the City for the last fiscal year (ended September 30, 2024).

(3) The Warrant will be issued initially to United Bank, Atmore, Alabama (the "Bank") as evidence of a loan (the "Loan") in the principal amount of the Warrant.

Section 3. Authorization and Description of Warrant.

(a) Pursuant to the applicable provisions of the laws of the State of Alabama, including particularly the Enabling Law, there is hereby authorized to be issued a "General Obligation Warrant, Series 2024" in the principal amount not to exceed \$10,000,000. The Warrant shall be dated the date of its initial issue, and shall be in registered form, without coupons. Payments of principal and interest on the Warrant shall be payable in the amounts and on the dates as set forth in the form of the Warrant.

(b) The principal of, premium, if any, and interest on the Warrant shall be payable in lawful money of the United States at par and without discount, exchange, deduction or charge therefor at the office of the Bank, United Bank, 200 East Nashville Avenue, Atmore, Alabama 36502, Attention: Chad Yarbrough, or such other address as shall be certified in writing to the City by the registered owner of the Warrant.

(c) Principal of the Warrant shall mature as set forth in the form of Warrant included in this Warrant Ordinance.

Section 4. Redemption of Warrant.

(a) The Warrant shall be optionally redeemable, in whole or in multiples of \$5,000, at the option of the City on any date at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the date fixed for redemption, without premium or penalty.

(b) Notice of any optional redemption shall be sent by United States registered or certified mail to the Bank not less than three (3) days prior to the date fixed for redemption. If any principal portion so redeemable shall have been called for redemption, interest thereon shall cease to accrue from and after the date fixed for redemption unless a default shall be made in the payment of the redemption price thereof.

(c) The record of all redemptions or prepayments of principal of the Warrant shall be maintained by the Depository and the record of the Depository as to the then outstanding principal amount of the Warrant shall be binding and conclusive, the City, the Depository and the Bank, in the absence of manifest error. Any transferee of the Warrant shall be required to verify with the Depository the principal amount thereof then outstanding and unpaid.

(d) Principal redeemed pursuant to this Section shall be applied (i) as directed in writing by the City to the Depository prior to such redemption or (ii) in the absence of any such direction, to the last maturing principal.

Section 5. Form of the Warrant.

The form of the Warrant and the requisite certificates thereof shall be substantially as follows, with appropriate changes, variations and insertions as provided herein:

(Form of Warrant)

UNITED STATES OF AMERICA
STATE OF ALABAMA
CITY OF LOXLEY
GENERAL OBLIGATION WARRANT
SERIES 2024

The CITY OF LOXLEY, 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 UNITED BANK, Atmore, Alabama (the "Bank"), or registered assigns in the principal sum of

TEN MILLION DOLLARS AND NO/100s
(\$10,000,000.00)

or so much thereof as may be advanced hereunder as hereinafter provided, and hereby orders and directs the Treasurer of the City to pay to said payee or registered assigns solely from the Fund hereinafter designated said sum along with accrued interest as follows:

(a) Interest on this Warrant shall be paid on the first Business Day of each month starting on February 3, 2025, and shall accrue on the unpaid balance of said principal amount of this Warrant advanced from the date hereof through December 29, 2027, at a fixed rate equal to 5.829%.

(b) Beginning December 30, 2027, interest on this Warrant shall continue to be paid on the first Business Day of each month and shall continue to accrue on the unpaid principal of this Warrant at a fixed rate equal to 5.829% and the principal drawn on this Warrant shall be fully amortizing based on a thirty (30) year amortization payable on the first Business Day of each month starting February 1, 2028 for the period beginning December 30, 2027 and ending on December 30, 2054. Upon conversion to a thirty (30) year amortization, the Bank will provide a principal amortization schedule to the City reflecting a principal balloon payment due upon the maturity of the Warrant on December 30, 2054.

(c) On December 30, 2054, the entire outstanding principal amount of the Warrant along with accrued interest through such date shall be due.

Interest shall be computed on the basis of actual number of days elapsed over an assumed 360-day year (comprised of 12 months of 30 days each). The principal of and interest on this Warrant are payable in lawful money of the United States of America, at par and without deduction for exchange or costs of collection.

Payments shall be deemed timely made if received on the first Business Day of each month. All such payments shall be valid and effectual to satisfy and discharge the liability of the City upon this Warrant to the extent of the sum or sums so paid.

This Warrant is all of a duly authorized issue of the City designated General Obligation Warrant, Series 2024 (the "Warrant") limited to a principal amount of \$10,000,000, issued pursuant to the Constitution and laws of the State of Alabama, as amended, including the provisions of Section 11-47-2 of the Code of Alabama 1975, as amended, and an ordinance and proceedings of the City duly passed, held and conducted (the "Warrant Ordinance"). The indebtedness evidenced by the Warrant is a general

obligation of the City, and the full faith and credit of the City are hereby sacredly and irrevocably pledged to the punctual payment of the principal thereof and interest thereon.

This Warrant shall be subject to redemption, in whole or in multiples of \$5,000, at the option of the City on any date at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date fixed for redemption, without premium or penalty.

So long as United Bank is the registered owner of this Warrant, the record of all prepayments of principal of this Warrant, shall be maintained by the Depository and the record of the Depository as to the then outstanding principal amount of this Warrant shall be binding and conclusive on all parties, the City, the Depository and the holder of this Warrant, in the absence of manifest error.

Notice of any optional redemption shall be sent by United States registered or certified mail to the Bank not less than three (3) days prior to each proposed redemption date. Notice having been so given and payment of the redemption price having been duly made or provided, interest on the principal portion hereof so called for redemption shall cease to accrue from and after the date fixed for redemption unless default shall be made in the payment of the redemption price thereof.

The registered owner of this Warrant reserves the right to assign, transfer or convey this Warrant or any interest therein or portion thereof, but no such assignment, transfer or conveyance shall be effective as against the City, unless and until the registered owner hereof has delivered to the City written notice thereof that discloses the name and address of the assignee and such assignment, transfer or conveyance shall be made only to (i) an affiliate of the registered owner of this Warrant or (ii) banks, insurance companies or other financial institutions or their affiliates. Nothing in this Warrant shall limit the right of the registered owner hereof or its assignees to sell or assign participation interests in this Warrant to one or more entities listed in (i) or (ii).

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, that this Warrant has been registered in the manner provided by law, 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 Warrant Ordinance, do exist and have been performed as so required and that the principal amount of this Warrant, together with all other indebtedness of the City, are 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 in its name and on its behalf by its Mayor, and attested by its City Clerk, and its corporate seal to be affixed hereto, and has caused this Warrant to be dated December 30, 2024.

CITY OF LOXLEY

SEAL

By _____
Its Mayor

Attest: _____
City Clerk

AUTHENTICATION AND REGISTRATION DATE: December 30, 2024.

AUTHENTICATION AND REGISTRATION CERTIFICATE

This Warrant is hereby authenticated and has been registered by the City of Loxley on the registration books maintained with the Depository in the name of the above-named registered owner on the Authentication and Registration Date noted above.

United Bank

By _____
Its Authorized Officer

REGISTRATION CERTIFICATE

I hereby certify that this Warrant has been duly registered by me as a claim against the City of Loxley, in the State of Alabama.

City Clerk/Treasurer of the City of Loxley, Alabama

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please Print or Typewrite Name, Address and Social Security
Number or Taxpayer Identification Number of Transferee)

the within Warrant and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney

to transfer the within Warrant on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Warrant in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed By:

By _____
Title: _____

Section 6. Execution of the Warrant, Registration Certificate and Authentication and Registration Certificate.

The Warrant shall be executed in the name and on behalf of the City by the Mayor, and shall be attested by the City Clerk, and the official seal of the City shall be impressed thereon. The Warrant shall be registered by the Treasurer of the City, in the records maintained by the said Treasurer, as a claim against the City. The certificate of registration on the Warrant shall be executed by the Treasurer of the City. Said officers are hereby directed to so execute, attest and register the Warrant. In case any officer whose signature shall appear on the Warrant shall cease to be such officer before the authentication and delivery of the Warrant, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until authentication and delivery.

Section 7. Registration, Transfer and Exchange.

(a) The City shall cause to be kept at the designated office of the Depository a register (herein referred to as the "Warrant Register") in which, subject to such reasonable regulations as it may prescribe, the City shall provide for the registration of the Warrant and registration of transfers of the Warrant entitled to be registered or transferred as herein provided. The Depository is hereby

appointed "Warrant Registrar" for the purpose of registering the Warrant and transfers of the Warrant as herein provided.

(b) Upon surrender for transfer of any Warrant at the designated office of the Depository, the City shall execute, and the Depository shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Warrants of a like aggregate principal amount, of any authorized denominations and of the same maturity.

(c) At the option of the holders, Warrants may be exchanged for other Warrants of a like aggregate principal amount, of any authorized denominations and of the same maturity, upon surrender of the Warrants to be exchanged at the Principal Office of the Depository. Whenever any Warrants are so to be surrendered for exchange, the City shall execute, and the Depository shall authenticate and deliver, the Warrants which the Holder making the exchange is entitled to receive.

(d) All Warrants surrendered upon any exchange or transfer provided for in this ordinance shall be promptly cancelled by the Depository.

(e) All Warrants issued upon any transfer or exchange of Warrants shall be the valid obligations of the City and entitled to the same security and benefits under this ordinance as the Warrants surrendered upon such transfer or exchange.

(f) Every Warrant presented or surrendered for transfer or exchange shall (if so required by the City or the Depository) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the City and the Depository duly executed, by the Holder thereof or his attorney duly authorized in writing.

(g) No service charge shall be made for any transfer or exchange of Warrants, but the City may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Warrants.

(h) The City shall not be required to transfer or exchange any Warrant selected for redemption in whole or in part.

(i) The right to transfer any Warrant shall be subject to the limitations thereon provided in the form of such Warrant.

Section 8. Reserved.

Section 9. General Obligation.

The indebtedness evidenced and ordered paid by the Warrant shall be a general obligation of the City for the payment of debt service on which the full faith and credit of the City are hereby irrevocably pledged. The City hereby covenants and agrees to levy and collect taxes, to the maximum extent permitted by law, at such rate or rates as shall make available tax proceeds which, when added to the revenues of the City from other sources available for such purposes, will be sufficient to pay the reasonable expenses of carrying on the necessary governmental functions of the City and to pay debt service on the Warrant as the same shall become due and payable.

Section 10. Sale and Delivery of Warrant; Closing Papers.

The Warrant is hereby sold to United Bank, Atmore, Alabama, upon the payment to the City of the purchase price of the par value or principal amount of the Warrant.

The City Council has determined that the sale of the Warrant to such purchaser on such terms is most advantageous to the City. The Warrant shall be delivered to such purchaser in Atmore, Alabama, upon the payment to the City of the aforesaid purchase price. The officers of the City and any person or persons designated and authorized by any officer of the City to act in the name and on behalf of the City, or any one or more of them, are authorized to do and perform or cause to be done and performed in the name and on behalf of the City such other acts, to pay or cause to be paid on behalf of the City such related costs and expenses of issuing the Warrant, and to execute and deliver or cause to be executed and delivered in the name and on behalf of the City such other notices, requests, demands, directions, consents, approvals, orders, applications, certificates, agreements, further assurances, or other instruments or communications, under the seal of the City, or otherwise, as they or any of them may deem necessary, advisable, or appropriate in order to carry into effect the intent of the provisions of this Warrant Ordinance and to demonstrate the validity of the Warrant, the absence of any pending or threatened litigation with respect to the Warrant and the transactions contemplated by this Warrant Ordinance, and the exemption of interest on the Warrant from Federal and State of Alabama income taxation, including but not limited to the Non-Arbitrage Certificate of the City and IRS Form 8038-G with respect to the Warrant.

Section 11. Application of Proceeds.

The proceeds from the sale of the Warrant shall be used to finance the Capital Improvements and to pay costs of issuance. The actions by the City of incurring such indebtedness are hereby ratified and approved.

Section 12. Covenant With Respect to Tax Exemption for Interest.

The City hereby covenants and agrees with the registered owner from time to time of the Warrant that the proceeds of the Warrant shall not be used or applied by it, and the taxes or other revenues of the City shall not be accumulated in such a manner and no investment of any of the foregoing shall be made, as to cause the Warrant to be or become an "arbitrage bond", as that term is defined in Section 148 of the Internal Revenue Code of 1986 (the "Code").

With respect to the Code, the City does hereby make the following representations and covenants:

- (a) None of the proceeds of the Warrant will be applied for any "private business use" nor will any part of the proceeds of the Warrant be used (directly or indirectly) to make or finance loans to persons other than a governmental unit.
- (b) The payment of the principal of and interest on the Warrant is not (i) secured in any way by any property used or to be used for a "private business use" or by payments in respect of such property or (ii) to be derived from payments (whether or not to the City) in respect of property, or borrowed money, used or to be used for a "private business use."
- (c) To the extent permitted by law, the City will not take any action, or omit to take any action with respect to the Warrant that would cause the interest on the Warrant not to be and remain excludable from gross income pursuant to the provisions of Section 103 of the Code.
- (d) The City will make no use of the proceeds of the Warrant that would cause the Warrant to be or become an "arbitrage bond" under Section 148 of the Code.

(e) The City will comply with the requirements of Section 148(f) of the Code with respect to any required rebate to the United States.

(f) The City will make no use of the proceeds of the Warrant that would cause the Warrant to be “federally guaranteed” under Section 149(b) of the Code and the payment of the principal of and interest on the Warrant shall not be (directly or indirectly) “federally guaranteed” in whole or in part as described in said Section.

(g) The City hereby designates the Warrant as a “qualified tax-exempt obligation” for the purposes of paragraph (3) of subsection (b) of Section 265 of the Code. The City does hereby represent that neither it nor its “subordinate entities” or “on behalf of issuers” have issued in the aggregate more than \$10,000,000 of “qualified tax-exempt obligations” during this calendar year, and the City does hereby further represent that it reasonably anticipates that the amount of neither “qualified tax-exempt obligations” nor “tax-exempt obligations” which will be issued by the City, its “subordinate entities” or “on behalf of issuers” during this calendar year will exceed \$10,000,000.

The City Council acknowledges that it has been necessary for an investigation to be made of the records of the City as to the public corporations, districts, agencies, bureaus or commissions that may constitute “subordinate entities” or “on behalf of issuers” within the meaning of the Code. For purposes of this investigation, the City Clerk and Mayor have identified all of the above entities and concluded that the City (and its “subordinate entities” or “on behalf of issuers”) during the current calendar year has not issued, nor does it reasonably anticipate to issue, \$10,000,000 or more in tax-exempt debt or \$10,000,000 or more in debt designated under Section 265 of the Code.

The terms used in this Section in quotation marks shall have the definitions and meanings provided by the Code.

Section 13. Provisions of Warrant Ordinance a Contract.

The terms, provisions and conditions set forth in this Warrant Ordinance constitute a contract between the City and the Bank and shall remain in effect until the principal of and interest on the Warrant shall have been paid in full.

Section 14. Severability.

The provisions of this Warrant Ordinance are severable. In the event that any one or more of such provisions or the provisions of the Warrant shall, for any reason, be held illegal or invalid, such illegality or invalidity shall not affect the other provisions of this Warrant Ordinance or of the Warrant, and this

Warrant Ordinance and the Warrant shall be construed and enforced as if such illegal or invalid provision had not been contained herein or therein.

Adopted this 30th day of December, 2024.

SEAL





Mayor

Attest:




Melissa Lawrence
City Clerk/Treasurer

CERTIFICATION

I, Melissa Lawrence, City Clerk of the City of Loxley, Alabama hereby certify the above to be true and correct copy of an ordinance adopted by the City Council of the City of Loxley at a regular council meeting held on the 29th day of December 2024, as same appears in the minutes or record of said meeting.

I further certify that copies of the ordinance above were published by posting copies thereof in the Loxley Post Office, the Loxley City Hall, the Loxley Public Library, and the Loxley Police Station beginning January 7, 2025, and took effect five days thereafter.



Melissa Lawrence
City Clerk/Treasurer