



CITY OF CLAY, ALABAMA ORDINANCE 2012-04

ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION WARRANTS, SERIES 2012-A

WHEREAS, the City of Clay, a municipal corporation organized under the laws of the State of Alabama (the “Issuer”), desires to issue its General Obligation Warrants, Series 2012-A (the “Warrants”) for the purpose of (a) financing acquisition of land and a building for use as a municipal complex and related improvements thereto, (b) financing miscellaneous capital improvements (including capital improvements related to disaster recovery), and (c) paying the costs of issuing the Warrants, all as described more particularly in the Financing Agreement described below;

WHEREAS, the Warrants will be issued pursuant to a financing agreement (the “Financing Agreement”) between the Issuer and Branch Banking and Trust Company, a North Carolina banking corporation (the “Warrant holder”);

WHEREAS, the Warrants shall be general obligations of the Issuer;

WHEREAS, the Warrants will be sold to the Warrant holder on the terms and conditions contained in the Financing Agreement and in the proposal letter attached hereto as Exhibit A; and

WHEREAS, a copy of the proposed Financing Agreement (herein, together with the other documents contemplated by the Financing Agreement, collectively referred to as the “Financing Documents”) has been presented to, considered and approved by the City Council of the Issuer.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE ISSUER, as follows:

1. The City Council of the Issuer does hereby approve, authorize, ratify and confirm (a) the issuance of the Warrants in an amount up to \$1,022,000.00, (b) the execution and delivery of the Financing Documents by the parties to such instruments, and (c) the consummation of all other transactions described in the recitals to this ordinance and contemplated by the Financing Documents (the “Plan of Financing”).

2. The Mayor of the Issuer is hereby authorized and directed to execute and deliver the Financing Documents to which the Issuer will be a party in substantially the form presented to the City Council at this meeting with such changes or additions thereto or deletions therefrom as the officer executing the same shall approve, which approval shall be conclusively evidenced by his execution of such instruments. The City Clerk of the Issuer is hereby authorized and directed to affix the corporate seal of the Issuer to such instruments and to attest the same.

3. The Warrants shall be issued under and secured by the Financing Agreement as therein provided. The Warrants shall be in the form and shall contain the terms and provisions



CITY OF CLAY, ALABAMA ORDINANCE 2012-04 CONTINUED

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provided in the Financing Agreement. To the extent that the Financing Agreement provides alternative methods for execution of the Warrants, the officers of the Issuer executing the Warrants are hereby authorized to select the method of execution. The Mayor of the Issuer is hereby authorized and directed to execute the Warrants on behalf of the Issuer, and the City Clerk of the Issuer is hereby authorized and directed to affix the official corporate seal of the Issuer to the Warrants and to attest the same.

4. Each of the following persons is hereby authorized to act in the name and on behalf of the Issuer as an “Authorized Issuer Representative” for purposes of the Financing Agreement:

Name	Title or Office
Ed McGuffie	Mayor
Bobby Christmas	City Clerk

5. The officers of the Issuer and any person or persons designated and authorized by any officer of the Issuer to act in the name and on behalf of the Issuer, 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 Issuer such other acts, to pay or cause to be paid on behalf of the Issuer such related costs and expenses, and to execute and deliver or cause to be executed and delivered in the name and on behalf of the Issuer such other notices, requests, demands, directions, consents, approvals, orders, applications, certificates, agreements, further assurances, or other instruments or communications, under the corporate seal of the Issuer, or otherwise, as they or any of them may deem necessary, advisable, or appropriate in order to (a) complete the Plan of Financing, (b) carry into effect the intent of the provisions of this ordinance and the Financing Documents, and (c) demonstrate the validity of the Warrants, the absence of any pending or threatened litigation with respect to the Warrants, the Financing Documents and the Plan of Financing, and the exemption of interest on the Warrants from federal and State of Alabama income taxation.

6. Each act of any officer or officers of the Issuer or any person or persons designated and authorized to act by any officer of the Issuer, which act would have been authorized by the foregoing provisions of this ordinance except that such action was taken prior to the adoption of this ordinance, is hereby ratified, confirmed, approved and adopted.

ADOPTED THIS THE 19th Day of March 2012.

Ed McGuffie
Mayor

ATTEST:

Bobby Christmas
Clerk/Treasurer

EXHIBIT A

Proposal Letter

BB&T

BB&T Governmental Finance

5130 Parkway Plaza Blvd.
Charlotte, N.C. 28217
(704) 954-1700
Fax (704) 954-1799

February 22, 2012

Louis Cardinal
Thomson Parish, Inc.
3500 Eastern Boulevard, Suite 210
Montgomery, AL 36116

RE: ~~Town~~ ^{City} of Clay, Alabama \$1,022,000 General Obligation Warrant

Dear Louis:

Branch Banking and Trust Company ("BB&T") is pleased to offer this proposal for the financing requested by the ~~Town~~ ^{City} of Clay (~~SPown~~ ^{City}).

- (1) **Project:** General Obligation Warrant
- (2) **Amount To Be Financed:** not to exceed \$1,022,000
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

Term	Rate
20 years	3.90%

Payments shall be annual principal and interest payments with the first being April, 2012.

The interest rate stated above is valid for a closing not later than March 22, 2012. A convenient date and time shall be mutually agreed upon for closing. Closing is contingent upon completing documentation acceptable to BB&T.

A portion of the financing proceeds shall be deposited on behalf of the ~~Town~~ ^{City} in a project fund account with Branch Banking & Trust. Earnings on the project fund shall accrue to the benefit of the ~~Town~~ ^{City} for use on Project costs or interest payments.

All applicable taxes, costs of counsel for the ~~Town~~ ^{City} and the bank, any other costs shall be the ~~Town's~~ ^{City's} responsibility. The cost of counsel to prepare documentation shall be \$10,000. The financing documents shall not allow prepayment of the Warrant before April 1, 2022. After April 1, 2022, prepayment of the Warrant will be allowed in whole on a regularly scheduled payment date at par with 30 days written notice. Underwriting premium to the bank is \$2,000. BB&T understands that the AMFund fee for this transaction is \$10,000 and will also be included in the amount funded.

The stated interest rate assumes that the ~~Town~~ ^{City} expects to borrow less than \$10,000,000 in calendar year 2012 and that the Town shall comply with IRS Code Sections 141, 148, 149(e) and Section

265(b)(3) according to Alabama State statutes. BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not a qualified tax-exempt financing.

(4) **Security:**

The financing shall be secured as a general obligation with the full faith and credit of the ~~Town~~ ^{City}

(5) **Financing Documents:**

It shall be the responsibility of BB&T to retain counsel to appropriately structure the General Obligation Warrant according to Alabama State statutes. BB&T shall not require the ~~Town~~ to provide an unqualified bond counsel opinion. The ~~Town~~ reserves the right to review the Warrant and it must be mutually accepted by BB&T and the ~~Town~~ ^{City}

BB&T appreciates the opportunity to provide this financing proposal and requests to be notified within ten days of this proposal should BB&T be the successful proposer.

BB&T shall have the right to cancel this offer by notifying the ~~Town~~ ^{City} of its election to do so (whether or not this offer has previously been accepted by the ~~Town~~) if at any time prior to the closing there is a material adverse change in the ~~Town's~~ financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the ~~Town~~ or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to BB&T. We reserve the right to negotiate and/or terminate our interest in this transaction should we be the successful proposer.

Please call me at (704) 954-1710 with your questions and comments. We look forward to hearing from you.

Sincerely,

BRANCH BANKING AND TRUST COMPANY

Veverly Hicks

Veverly C. Hicks
Vice President

Accepted this 6th day of MARCH, 2012 by the ~~Town~~ ^{City} of Clay, AL

By: *Ed McJurgie*

Title: MAYOR



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CERTIFICATION:

I, Bobby Christmas, as City Clerk of the City of Clay, Alabama, hereby certify that the above and foregoing copy of one (1) Ordinance is a true and correct copy of such Ordinance that was duly adopted by the City Council of the City of Clay, Alabama, on the 19th Day of March 2012, as same appears in the official records of said City.

Posted at City Hall, Chalkville Regions Bank, Seniors Centers, and the United States Post Office all being in the City of Clay this the 20th Day of March 2012.

Bobby Christmas
City Clerk