

EXCERPTS FROM THE MINUTES OF A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA HELD ON MAY 20, 2019

The City Council of the City of Daphne, Alabama met at the City Hall in the City of Daphne on Monday, May 20, 2019 at 6:30 p.m., Central Time. The following members of the City Council of the City of Daphne, Alabama were:

PRESENT

Tommie Conaway
Pat Rudicell
Joel Coleman
Doug Goodlin
Ron Scott
Robin LeJeune
Angie Phillips

ABSENT

Pat Rudicell acted as Chairman of the meeting and Jessica Linne, Assistant City Clerk, acted as Clerk of the meeting. The Chairman stated that due notice of the time, place and purpose of the meeting having been posted as required by law, and a quorum being present, the meeting was open for the transaction of business.

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The Chairman then stated that it would be appropriate to consider the issuance of \$9,515,000 in aggregate principal amount of the City's General Obligation Refunding and Improvement Warrants, Series 2019, for the purposes of refunding certain of the City's outstanding indebtedness, paying a portion of the costs of a certain capital improvement project and paying the expenses of issuing such Warrants. Upon motion duly made and seconded, and upon a roll call vote, the Council voted unanimously to suspend the rules in order to consider and vote on an ordinance to authorize such warrants. The following Ordinance was thereupon introduced by Council member Ron Scott:

ORDINANCE NO. 2019-26

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF
\$9,515,000 OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT
WARRANTS, SERIES 2019**

BE IT ORDAINED by the City Council of the City of Daphne, Alabama, as follows:

ARTICLE I

**DEFINITIONS, USE OF WORDS AND
PHRASES, AND FINDINGS BY THE CITY**

Section 1.1 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:

“Bank” means The Bank of New York Mellon Trust Company, N.A., in its role as Warrant Registrar and Paying Agent.

“Beneficial Owner” means the owner of a Warrant or portion thereof for federal tax purposes.

“Business Day” means any day other than a Saturday, Sunday or day on which banking institutions are required or authorized to close in the city in which the designated corporate trust agency office of the Bank is located, or on which the Federal Reserve Bank is closed.

“Capital Improvements” shall have the meaning given that term in Section 1.3(c) hereof, subject to being amended and supplemented as provided in Section 8.1 hereof.

“City” means the municipal corporation in the State of Alabama known as the City of Daphne, Alabama, as it now exists, and any political subdivision resulting from any merger or consolidation thereof with any other political subdivision.

“City Clerk” means the city clerk of the City, or any person acting in such capacity for purposes of the issuance of the Warrants.

“Code” means the Internal Revenue Code of 1986 as amended.

“Council” means the governing body of the City as from time to time constituted.

“Direct Participant” means securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations which participate in the Securities Depository with respect to the Warrants.

“Escrow Trustee” means The Bank of New York Mellon Trust Company, N.A., as escrow trustee for the Refunded 2012 Warrants under the terms of the Escrow Trust Agreement.

“Government Obligations” means direct obligations of the United States of America and obligations unconditionally guaranteed by the United States of America.

“Interest Payment Date” means, with respect to the Warrants, any February 1 or August 1, prior to payment thereof.

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

“Record Date” means, as to any Interest Payment Date, the January 15 or July 15 immediately preceding such Interest Payment Date.

“Refunded 2012 Warrants” shall have the meaning given such term in Section 2.1 hereof.

“Securities Depository” has the meaning given that term in Section 3.5 hereof.

“Series 2012 Warrants” means the City’s General Obligation Refunding and Improvement Warrants, Series 2012, dated April 1, 2012, originally issued in the principal amount of \$13,495,000.

“Supplemental Ordinance” means an ordinance duly adopted by the Council and specifying the particular terms of the Warrants.

“Treasurer” shall mean the treasurer or any assistant treasurer of the City.

“Warrant Authorizing Law” means Section 2, Chapter 47 of Title 11, Code of Alabama, 1975, as amended.

“Warrant Fund” means the special account created pursuant to Section 8.3 hereof.

“Warrant Holder” or **“Holder”** means the registered holder, from time to time, of any of the Warrants.

“Warrants,” unless otherwise indicated, means \$9,515,000 in aggregate principal amount of the City's General Obligation Refunding and Improvement Warrants, Series 2019, as more particularly described in Article II hereof and issued hereunder.

Section 1.2 Use of Words and Phrases. The following provisions shall be applied wherever appropriate herein:

Whenever used herein, any pronoun or pronouns shall be deemed to include both singular and plural and to cover all genders.

"Hereby", "herein", "hereinafter", "hereof", "hereunder" and other equivalent words refer to this Ordinance as a whole and not solely to any particular portion thereof in which any such word is used.

The definitions set forth in Section 1.1 hereof shall be deemed applicable whether the words defined are herein used in the singular or plural.

Section 1.3 Findings of Council. Having made due and proper investigation of the matters hereinafter referred to, the Council hereby finds and determines:

- (a) The City of Daphne, Alabama (the "City") has heretofore issued pursuant to an Ordinance adopted by the Council on April 2, 2012, (the "2012 Ordinance"), its General Obligation Refunding and Improvement Warrants, Series 2012, dated April 1, 2012, originally issued in the aggregate principal amount of \$13,495,000 with a current balance of \$10,285,000 (the "Series 2012 Warrants").
- (b) The City is not in default in the payment of the principal of and the interest on the Series 2012 Warrants or under the 2012 Ordinance.
- (c) The City has determined that it is necessary, advisable and in the public interest that it pay a portion of the costs of the construction, installation and equipping of a new fire station for the benefit of citizens of the City (the "Capital Improvements"). The City has determined that the Capital Improvements are expected to cost at least \$1,000,000.
- (d) Pursuant to the Warrant Authorizing Law the City is authorized to issue its warrants, in order to refund outstanding indebtedness of the City and to finance the Capital Improvements.
- (e) It is necessary, advisable and in the interest of the public that the City issue its General Obligation Refunding and Improvement Warrants, Series 2019 to refund a portion of the Series 2012 Warrants, to pay a portion of the costs of the Capital Improvements and to pay costs of issuance and sale of such Warrants.
- (f) Neither the City nor any "subordinate entity" or "on behalf of issuer", as such terms are used in Section 265(b) of the Internal Revenue Code of 1986, as amended, has issued in 2019, or expects to issue within the remainder of 2019, tax-exempt obligations in an amount in excess of \$10,000,000.

ARTICLE II

AUTHORIZATION, DESCRIPTION, EXECUTION, PAYMENT AND FORM OF THE WARRANTS

Section 2.1 Authorization of the Warrants. Pursuant to the applicable provisions of the constitution and laws of the State of Alabama, and for the purposes of refunding the Series 2012 Warrants maturing on February 1 in years 2022 through 2036, inclusive (the “Refunded 2012 Warrants”), financing a portion of the costs of the Capital Improvements and paying the costs of issuance thereof, there is hereby authorized to be issued by the City \$9,515,000 in aggregate principal amount of its General Obligation Refunding and Improvement Warrants, Series 2019.

Section 2.2 Description of the Warrants. The Warrants shall be issued only in fully registered form, without coupons, shall be issued in principal amounts of \$5,000 or any integral multiple thereof, and shall be numbered from R-1 upwards in the order of their issuance and delivery. The Warrants shall be dated the date of their initial issuance and delivery, shall bear interest from their date (or in the case of a Warrant registered in the name of a Holder on or after August 1, 2019, from the Interest Payment Date next preceding the date of such registration or, if the date of such registration is an Interest Payment Date, from the date of registration) at the rates shown below (calculated on the basis of a 360-day year of twelve 30-day months), payable on each February 1 and August 1 until payment of the principal amount thereof, beginning August 1, 2019, and shall mature on the dates and in the amounts as follows:

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
08/01/2019	\$105,000	3.000%
02/01/2022	520,000	3.000%
02/01/2023	540,000	3.000%
02/01/2024	555,000	3.000%
02/01/2025	570,000	4.000%
02/01/2026	590,000	4.000%
02/01/2027	615,000	4.000%
02/01/2028	635,000	4.000%
02/01/2029	675,000	4.000%
02/01/2030	690,000	4.000%
02/01/2031	720,000	4.000%
02/01/2032	745,000	4.000%
02/01/2033	610,000	3.000%
02/01/2034	630,000	3.000%
02/01/2035	645,000	3.000%
02/01/2036	670,000	3.000%

Section 2.3 Execution of the Warrants. The Warrants shall be executed in the name of the City by the manual or facsimile signatures of the Mayor of the City and its City Clerk inscribed or

printed or otherwise reproduced thereon (it being herein provided that a condition to the validity of each Warrant is the manual execution on behalf of the Bank of the Registration Certificate endorsed on each Warrant). The Warrants shall be registered by the Treasurer of the City, in the records maintained by the Treasurer, as a claim against the City and the Warrant Fund, which registration shall be made simultaneously as to all the Warrants. The certificate of registration on each of the Warrants shall be executed by the manual or facsimile signature of the Treasurer of the City. The official seal of the City shall be impressed or printed or otherwise reproduced thereon and shall be attested by the aforementioned signature of the City Clerk. The said officers are hereby directed to cause the Warrants to be executed, sealed and registered in the manner provided by this section. Anything herein to the contrary notwithstanding, any assistant city clerk shall be empowered to execute any Warrant in the absence or unavailability of the City Clerk and any assistant treasurer of the City shall be empowered to execute any Warrant in the absence or unavailability of the Treasurer.

Section 2.4 Places and Medium of Payment of the Warrants. Principal of and interest on the Warrants shall be payable in lawful money of the United States of America. The principal of the Warrants shall be payable at the designated corporate trust agency office of the Bank, upon presentation and surrender of the Warrants as the same become due and payable. Interest on the Warrants shall be payable by check or draft mailed by the Bank to the lawful holders of the Warrants at the address shown on the registry books of the Bank pertaining to the Warrants as of the Record Date and shall be deemed timely made if so mailed on the Interest Payment Date (or if such Interest Payment Date is not a Business Day, on the Business Day next following such Interest Payment Date).

Section 2.5 Forms of the Warrants and Related Certificates. The Warrants, the certificate of registration thereof, the registration thereof as a claim against the Warrant Fund, and the form of assignment thereof shall be in substantially the following forms, with appropriate changes therein to conform to the applicable provisions hereof.

(Form of Warrant)

[FORM OF CAPTION FOR WARRANTS HELD IN BOOK ENTRY FORM]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R- _____

\$ _____

UNITED STATES OF AMERICA
STATE OF ALABAMA
CITY OF DAPHNE
GENERAL OBLIGATION REFUNDING
AND IMPROVEMENT WARRANT
SERIES 2019

MATURITY DATE

CUSIP NUMBER

INTEREST RATE

THE CITY OF DAPHNE, ALABAMA, a municipal corporation in the State of Alabama (the "City"), for value received, hereby acknowledges that it is indebted in the principal sum of

_____ DOLLARS

and hereby directs the Treasurer of the City to pay such principal sum to

or registered assigns, on the maturity date specified above or such earlier date as this Warrant may be called for redemption, and to pay (but solely out of the Warrant Fund) interest on such principal sum from the date hereof (or in the case of a Warrant registered in the name of the registered Holder hereof on or after August 1, 2019, as evidenced by the Certificate of Registration attached hereto, from the Interest Payment Date next preceding the date of such registration or, if the date of such

registration is an Interest Payment Date, from the date of registration), until such principal sum shall become due and payable, at the per annum rate of interest specified above. Interest shall be payable on February 1 and August 1 in each year, beginning August 1, 2019 (each such date herein called an "Interest Payment Date"), and shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest shall be payable on overdue principal (and premium, if any) on this Warrant and (to the extent legally enforceable) on any overdue installment of interest on this Warrant at the rate borne hereby.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Authorizing Ordinance hereinafter described, be paid to the person in whose name this Warrant is registered at the close of business on the 15th day of the month next preceding such Interest Payment Date.

The Warrants are being issued by means of a book-entry system with no physical distribution of warrant certificates to be made except as provided in the Authorizing Ordinance (as hereinafter defined). One warrant certificate, in the aggregate principal amount of each maturity of the Warrants, registered in the name of Cede & Co. as nominee of the DTC, is being issued and required to be deposited with DTC (or an authorized banking institution acceptable to DTC) and immobilized in its custody. The book-entry system will evidence ownership of the Warrants, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal, interest and any redemption premium payments to beneficial owners of the Warrants by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The City will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, and to participants or persons acting through such participants. While Cede & Co. is the registered owner of this Warrant, notwithstanding the provisions hereinabove contained, payments of principal, interest and any redemption premium on this Warrant will be made in accordance with the existing arrangements between the Paying Agent and DTC.

Subject to the foregoing paragraph, payment of interest on this Warrant due on each Interest Payment Date shall be made by check or draft mailed by the Paying Agent to the person entitled thereto at his address appearing in the Warrant Register maintained with respect to the Warrants. Such payments of interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if such Interest Payment Date is not a business day, on the business day next following such Interest Payment Date). Payment of the principal of (and premium, if any, on) this Warrant and payment of accrued interest on this Warrant due upon redemption shall be made only upon surrender of this Warrant at the designated corporate trust agency office of the hereinafter described Bank. Upon the terms and conditions provided in the Authorizing Ordinance, the Holder of any Warrant or Warrants in an aggregate principal amount of not less than \$500,000 may request that payment of interest on such Warrant or Warrants be made by wire transfer to an account of such Holder maintained at a bank in the continental United States or by any other method providing for same-day funds that is acceptable to the Bank. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This Warrant is one of the duly authorized issue of warrants of the City, aggregating \$9,515,000 in principal amount, entitled "General Obligation Refunding and Improvement Warrants, Series 2019" (the "Warrants") and issued under and pursuant to an ordinance duly adopted by the governing body of the City on May 20, 2019 (the "Authorizing Ordinance") and the constitution and laws of the State of Alabama, including particularly Section 2, Chapter 47, of Title 11 of the Code of Alabama, 1975, as amended. Capitalized terms not otherwise defined herein shall have the meanings assigned in the Authorizing Ordinance.

The Authorizing Ordinance provides that The Bank of New York Mellon Trust Company, N.A. (the "Bank"), will serve as Paying Agent and Registrar with respect to the Warrants unless and until a successor is appointed pursuant to the terms and conditions of the Authorizing Ordinance. For purposes of this Warrant and the Authorizing Ordinance, the principal office of the Bank shall mean the office where the Bank maintains its designated corporate trust agency office in Birmingham, Alabama or at such other location as shall be designated by the Bank by written notice to the City and the Holders of the Warrants.

The indebtedness evidenced by the Warrants is a general obligation of the City for the payment of which the full faith and credit of the City have been irrevocably pledged, pro rata and without preference or priority of one Warrant over another.

Pursuant to the Authorizing Ordinance, the City has established a special fund for the payment of debt service on the Warrants (the "Warrant Fund") that will be held by the Bank. The City has obligated itself to pay or cause to be paid into the Warrant Fund from the taxes, revenues or other funds of the City sums sufficient to provide for the payment of debt service on the Warrants as the same becomes due and payable.

Optional Redemption. The Series 2019 Warrants maturing on or after February 1, 2030 will be subject to redemption prior to their maturity, at the option of the City, in whole or in part, on February 1, 2029 and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof and if less than all of the Series 2019 Warrants are to be redeemed, those maturities or portions thereof to be called for redemption shall be selected by the City in its discretion, and if less than all the Series 2019 Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), at and for a redemption price equal to 100% of the principal amount of each Series 2019 Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.

Mandatory Redemption. The Series 2019 Warrants are not subject to mandatory redemption.

Written notice of the call for redemption of this Warrant (or portion of the principal thereof) shall be forwarded by registered or certified mail to the registered owner hereof, not less than thirty (30) or more than sixty (60) days prior to the date fixed for redemption. In the event that less than all the outstanding principal of this Warrant is to be redeemed, the registered Holder hereof shall surrender this Warrant to the Bank in exchange for a new Warrant of like tenor herewith except in a principal amount equal to the unredeemed portion hereof. Upon the giving of notice of redemption

in accordance with the provisions of the Authorizing Ordinance, the Warrants (or principal portions thereof) so called for redemption and prepayment shall become due and payable on the date specified in such notice, anything herein or in the Authorizing Ordinance to the contrary notwithstanding, and the Holders thereof shall then and there surrender them for payment, and all future interest on the Warrants (or principal portion thereof) so called for prepayment shall cease to accrue after the date specified in such notice, whether or not the Warrants are so presented.

This Warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the Bank, as Registrar and Transfer Agent of the City, and only upon surrender of this Warrant to such Registrar for cancellation, and upon any such transfer a new Warrant of like tenor herewith will be issued to the transferee in exchange therefor, all as more particularly described in the Authorizing Ordinance. Each Holder hereof, by receiving or accepting this Warrant, shall consent and agree and shall be estopped to deny that this Warrant may be transferred only in accordance with the provisions of the Authorizing Ordinance. Provision is also made in the Authorizing Ordinance for the exchange of Warrants for a like aggregate principal amount and in authorized denominations, all upon the terms and subject to the conditions set forth in the Authorizing Ordinance.

The Registrar shall not be required to transfer or exchange this Warrant during the period of fifteen (15) days next preceding any interest payment date; and, in the event that this Warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Registrar shall not be required to register or transfer this Warrant during the period of forty-five (45) days next preceding the date fixed for such redemption and prepayment.

Registration, transfer and exchange of Warrants, other than to replace mutilated, lost, stolen or destroyed Warrants, shall be without expense to the Holder or transferee, but the Holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange.

It has been ascertained and found, and it is hereby certified and recited, that all conditions, actions and things required by the constitution and laws of Alabama to exist, be performed or happen precedent to or in the issuance of this Warrant and the creation of the indebtedness evidenced and ordered paid hereby exist, have been performed and have happened, that such indebtedness has been registered as a claim against the Warrant Fund and is lawfully due without condition, and that the indebtedness evidenced and ordered paid by this Warrant, together with all other indebtedness of the City, was when incurred and is now within every debt and other limit prescribed by the constitution and laws of Alabama.

Unless the Registration Certificate hereon has been executed by the Bank, as Registrar for the Warrants, by manual signature, this Warrant shall not be entitled to any benefit under the Authorizing Ordinance or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the City has caused this Warrant to be executed in its behalf by the Mayor and by the City Clerk of the City, each of whom have caused their signatures to be hereunto imprinted, has caused the official seal of the City to be imprinted hereon, and has caused this Warrant to be dated May ___, 2019.

CITY OF DAPHNE, ALABAMA

(SEAL)

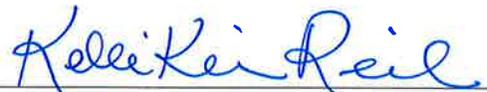
By 
Its Mayor

ATTEST:

By 
City Clerk

(Form of Registration as Claim against Warrant Fund)

I hereby certify that this Warrant has been registered by me as a claim against the Warrant Fund referred to in this Warrant.


Treasurer of the City of Daphne, Alabama