
**EXCERPTS FROM THE MINUTES OF A REGULAR MEETING OF
THE CITY COUNCIL OF THE CITY OF DECATUR**

The City Council of the City of Decatur met in regular public session in the Council Chambers on the First Floor of the City Hall Tower, 402 Lee Street, N.E., Decatur, Alabama, at 6:00 p.m. on August 6, 2012. The meeting was called to order by the Mayor. The roll was called with the following results:

Present: Billy Jackson
Roger Anders
Gary Hammon, Council President
Charles Kirby
Greg Reeves

Absent: None

The Council President stated that a quorum was present and that the meeting was open for the transaction of business.

* * *

Councilmember _____ moved for unanimous consent of those present to suspend the rules of procedure to allow for the immediate consideration of the following ordinance:

* * *

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE, EXECUTION, DELIVERY AND PAYMENT OF AN \$2,750,000 GENERAL OBLIGATION WARRANT, SERIES 2012-D, DATED THE DATE OF DELIVERY, TO PNC BANK, NATIONAL ASSOCIATION

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DECATUR, ALABAMA (the “City”) as follows:

Section 1. Findings and Representations.

The City, by and through the City Council, its governing body, does hereby find and determine and represent and warrant as follows:

(a) The City has found and determined that it is in the best public and financial interest of the City to borrow \$2,750,000 from PNC Bank, National Association (the “Bank”) in order to finance the costs of constructing and installing public park and recreation facilities at Point Mallard Park and such other related capital equipment and/or capital improvements as funds permit and are approved by the City Council.

(b) The indebtedness will be evidenced by a General Obligation Warrant, Series 2012-D, dated the date of delivery (the “Warrant”), which will be executed and delivered to the Bank on or about August 7, 2012.

(c) The net assessed valuation of the taxable property in the corporate limits of the City for the fiscal year ending September 30, 2011 is not less than \$541,000,000, and the total indebtedness of the City following the issuance of the Warrant chargeable against the debt limitation for the City prescribed by the Constitution of Alabama of 1901, as amended, will not be more than twenty percent of said assessed valuation.

Section 2. Authorization and Description of Warrant; Payments of Warrant.

(a) The City shall borrow \$2,750,000 for the purposes set forth in Section 1 hereof, and the City shall issue the Warrant therefor to the Bank.

(b) The Warrant shall (1) be dated the date of initial delivery and payment, (2) bear interest at a fixed per annum interest rate equal to 2.11%, (3) be payable in equal monthly installments of principal and interest based upon an assumed 20-year amortization, (4) with the outstanding balance to mature ten years from the date of delivery, (5) be pre-payable at any time prior to maturity, subject to the provisions of subsection (d) of this Section 2, and (6) be registered and transferred, all as provided therefor in the form of the Warrant in Section 4 herein.

(c) The principal of and interest on the Warrant shall be payable in lawful money of the United States of America, at the designated office of the registered owner thereof at par and without discount, exchange or deduction or charge therefor.

(d) Upon at least thirty (30) business days prior written notice to the Bank, the City has the right to prepay all or part of the outstanding principal of and interest on the Warrant. Notwithstanding anything contained herein to the contrary, upon any prepayment by or on behalf of the City (whether voluntary, on default or otherwise), the Bank may require, if it so elects, the City to pay the Bank as compensation for the costs of being prepaid an amount equal to the Cost of Prepayment. "Cost of Prepayment" means an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest period, minus (ii) the yield on the prepayment date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be prepaid, and (c) the number of years, including fractional years, from the prepayment date to the end of the applicable interest period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15 (519) "Selected Interest Rates." For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the prepayment date shall be deemed the discount rate. The Costs of Prepayment shall also apply to any payments made after acceleration of the maturity of this indebtedness.

Section 3. Single Advance.

The proceeds of the Warrant shall be advanced to the City on the delivery date and shall be applied for the purposes set forth in Section 1 hereof.

Section 4. Form of Warrant.

The Warrant shall be in substantially the following form:

**UNITED STATES OF AMERICA
STATE OF ALABAMA
CITY OF DECATUR
GENERAL OBLIGATION WARRANT
SERIES 2012-D**

No. R-1

\$2,750,000.00

THE CITY OF DECATUR, 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 and does hereby order and direct the Treasurer of the City to pay, solely out of the special warrant fund hereinafter described, to PNC Bank, National Association (herein called the "Payee"), its successors and assigns, the principal sum of

**TWO MILLION SEVEN-HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS
(\$2,750,000.00)**

and to pay from said special warrant fund, interest on the unpaid balance of said principal amount outstanding hereunder, from the date advanced until payment in full, at a fixed per annum rate of interest equal to 2.11% (computed on the basis of the actual number of days elapsed over a 360-day year), said principal and interest being payable in equal monthly installments based upon an assumed 20-year amortization beginning September 7, 2012, and continuing on the 7th day (or next business day) of each month thereafter through and including the final maturity of this Warrant on August 7, 2022, whereupon the outstanding principal balance hereof shall mature, provided that if at any time the interest on this Warrant is determined by the Internal Revenue Service to be includable in gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") as a result of an "Event of Taxability" as defined in the Authorizing Proceedings hereinafter referred to, (i) this obligation shall bear interest at the prime rate announced in *The Wall Street Journal* from the date such interest must be included in such gross income and (ii) the City will reimburse the Payee for all costs, expenses, penalties, attorneys' fees and all other losses incurred by the Payee as a result of such determination. If such determination is made, the difference between (1) the interest then due computed at the higher rate, and (2) the interest already paid at the lower rate, shall be paid, along with all such costs, expenses, penalties, attorneys' fees and all other said losses within thirty days after the date a written notice is mailed by the holder hereof to the City stating that such a determination has been made and stating the amount that is then due. The obligation to pay such additional interest and such other costs, expenses, penalties, attorneys' fees, and other losses shall survive the payment of the principal hereof.

Payment of the principal hereof and interest hereon shall be made at the designated office of the Payee or at such other place as shall be designated to the City in writing by the Payee, provided the final payment of principal of and interest on this Warrant shall be made only upon presentation and surrender of this Warrant to the City for cancellation.

Upon at least thirty (30) business days prior written notice to the Payee, the City has the right to prepay all or part of the outstanding principal of and interest on this Warrant. Notwithstanding anything contained herein to the contrary, upon any prepayment by or on behalf of the City (whether voluntary, on default or otherwise), the Payee may require, if it so elects, the City to pay the Payee as compensation for the costs of being prepaid an amount equal to the Cost of Prepayment. "Cost of Prepayment" means an amount equal to

the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the applicable interest period, of a U.S. Treasury obligation with a maturity similar to the applicable interest period, minus (ii) the yield on the prepayment date, of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the applicable interest period, and (b) the principal amount to be prepaid, and (c) the number of years, including fractional years, from the prepayment date to the end of the applicable interest period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15 (519) "Selected Interest Rates." For purposes of making present value calculations, the yield to maturity of a similar maturity U.S. Treasury obligation on the prepayment date shall be deemed the discount rate. The Costs of Prepayment shall also apply to any payments made after acceleration of the maturity of this Warrant.

This Warrant is issued pursuant to the Constitution and laws of the State of Alabama, including the provisions of Section 11-47-2 et seq. of the CODE OF ALABAMA 1975, as amended, and an ordinance and proceedings of the governing body of the City duly passed, held and conducted on August 6, 2012 (the "Authorizing Proceedings") for the purposes described in the Authorizing Proceedings.

The principal of and interest on this Warrant is a general obligation of the City and the full faith and credit of the City are pledged to the payment of the principal of and interest on the Warrant.

The City has established in the Authorizing Proceedings a special fund designated the "Series 2012-D General Obligation Warrant Fund" for the payment of the principal of and interest on the Warrant, and has obligated itself to pay or cause to be paid into said Fund from the taxes and revenues of the City sums sufficient to provide for the payment of the principal of and interest on this Warrant as the same matures and comes due.

This Warrant is recorded and registered as to principal and interest in the name of the owner on the book of registration maintained for that purpose by the City. The person in whose name this Warrant is registered shall be deemed and regarded as the absolute owner hereof for all purposes and payment of the principal of and interest on this Warrant shall be made only to or upon the order of the registered owner hereof or its legal representative, and neither the City nor any agent of the City shall be affected by any notice to the contrary. Payment of principal of and interest on this Warrant shall be valid and effectual to satisfy and discharge the liability of the City upon this Warrant to the extent of the amounts so paid.

This Warrant may be transferred only upon written request of the registered owner or its legal representative addressed to the City, such transfer to be recorded on said book of registration and endorsed hereon by the City. Upon presentation to the City for transfer, this Warrant must be accompanied by a written instrument or instruments of transfer satisfactory to the City, duly executed by the registered owner or its attorney duly authorized in writing, and the City shall endorse on the schedule attached hereto for such purpose the principal amount of this Warrant unpaid and the interest accrued hereon to the date of transfer. No charge shall be made for the privilege of transfer, but the registered owner of this Warrant requesting any such transfer shall pay any tax or other governmental charge required to be paid with respect thereto.

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 and 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 Authorizing Proceedings have happened, do exist and have been performed in time, form and manner as so required.

IN WITNESS WHEREOF, the City, acting by and through its governing body, has caused this Warrant to be executed in its name and on its behalf by its Mayor and its municipal seal to be hereunto affixed and attested by its City Clerk, and has caused this Warrant to be dated August ____, 2012.

CITY OF DECATUR

By: _____
Its Mayor

[S E A L]

Attest: _____
City Clerk

REGISTRATION CERTIFICATE

I hereby certify that this Warrant has been duly registered by me as a claim against the City of Decatur and the Series 2012-D Warrant Fund referred to herein.

City Clerk – Treasurer

REGISTRATION OF OWNERSHIP

This Warrant is recorded and registered on the registry books of the City of Decatur in the name of the last owner named below. The principal of and interest on this Warrant shall be payable only to or upon the order of such registered owner.

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Authorized Officer of City</u>
<u>August ____, 2012</u>	<u>PNC Bank, N.A.</u>	<u>Stacy A. Gilley, City Clerk</u>
_____	_____	_____

**ENDORSEMENT BY CITY OF UNPAID PRINCIPAL
AND ACCRUED INTEREST ON DATE OF TRANSFER**

Date of Transfer	Principal Unpaid	Accrued Interest on Date of Transfer	Signature of Authorized Officer of City
_____	_____	_____	_____
_____	_____	_____	_____

Section 5. Execution of the Warrant.

The Warrant shall be manually executed in the name and on behalf of the City by the Mayor and shall be manually attested by the City Clerk of the City, and the official seal of the City shall be manually imprinted thereon. The Registration Certificate shall be executed by the City Clerk, Treasurer. The Registration of Ownership of the Warrant shall be executed by the City Clerk of the City who shall make the endorsements provided at the time of any transfer. Said officers are hereby directed to so execute, attest and register the Warrant and to make the appropriate endorsements and notations, if any, thereon.

Section 6. General Obligation; Warrant Fund.

(a) The Warrant and the interest thereon shall constitute a general obligation debt of the City. The Warrant is an obligation of the City to which the general faith and credit of the City is pledged.

(b) To secure the payment of the principal of and interest on the Warrant and to secure for the benefit of the registered owner of the Warrant the faithful performance of all of the covenants and provisions contained herein, in the manner and to the extent so provided, the City (1) does hereby pledge unto the registered owner of the Warrant and its registered assigns the full faith and credit of the City, (2) does hereby create and establish a special fund designated the “Series 2012-D General Obligation Warrant Fund” (the “Warrant Fund”), which shall be held by the Bank, as custodian and paying agent of the Warrant and (3) does hereby covenant and agree to pay or cause to be paid into the Warrant Fund a sufficient amount of the revenues and taxes of the City.

(c) The City further covenants and agrees to collect or cause to be collected all taxes and revenues when due and to apply the same as provided for herein.

Section 7. Covenants With Respect to Federal Tax Exemption for Interest.

(a) The City recognizes and acknowledges that the Warrant is being sold on the basis that the interest payable on the Warrant is excludable from gross income of the registered owner thereof for federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). The City hereby covenants and agrees with the registered owner of the Warrant as follows:

(1) the proceeds of the Warrant will be used solely for the governmental purposes for which the Warrant was issued;

(2) 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, nor will any part of the proceeds of the Warrant be used to reimburse the City for expenditures made or incurred prior to the date of delivery of and payment for the Warrant;

(3) the payment of the principal of or interest on the Warrant will not be (under the terms of the Warrant or any underlying arrangements) directly or indirectly (i) secured in any way by any interest in property used or to be used for a “private business use” or by payments in respect of such property or (ii) 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;”

(4) the proceeds of the Warrant shall not be used or applied by the City, and the taxes or other revenues of the City shall not be accumulated in such a manner, and no investment thereof 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 Code and the regulations applicable thereunder;

(5) the City will comply with the requirements of Section 148(f) of the Code with respect to any required rebate to the United States; and

(6) 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, except as otherwise permitted in said Section.

(b) The City hereby further covenants and agrees with the registered owner of the Warrant that, to the extent permitted by law, it 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.

(c) A determination by the Internal Revenue Service that the interest on the Warrant shall be included in gross income for purposes of Federal income taxation under Section 103 of the Code (a “Determination of Taxability”) as a result of the failure of the City to satisfy or comply with the requirements of subsections (a) or (b) of this Section 7 shall constitute an “Event of Taxability”; provided, however, that no Event of taxability shall result from a change in the Internal Revenue Code or the regulations thereunder occurring after the date of issuance of the Warrant. Upon a Determination of Taxability, interest on the Warrant will accrue and be payable from the date that such interest must be included in gross income as specified in the Warrant.

(d) The City has not designated the Warrant as a “qualified tax-exempt obligation” for the purposes of Section 265(b)(3) of the Code.

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

Section 8. Issuance Expenses.

All fees and expenses of the Bank will be paid by the Bank, including fees for legal review in its behalf. The Bank will not be responsible for any other costs associated with the City to include its Bond Counsel and its financial advisor or other parties or activities in connection with this transaction; provided, however, that the City shall pay the reasonable fees and expenses for counsel preparing legal documents for this financing, not to exceed \$5,000.00.

Section 9. Expenses of Collection; Interest After Maturity.

The City covenants and agrees that, if the principal of and interest on the Warrant are not paid promptly as such principal and interest matures and comes due, it will pay to the registered owner of the Warrant or its registered assignees all expenses incident to the collection of any unpaid portion thereof, including a reasonable attorney's fee. To the extent permitted by applicable law, the Warrant and the interest thereon shall bear interest at the rate of 2.11% per annum from and after the maturity or due dates thereof, if not then paid.

Section 10. Authorization of Issuance of Warrant.

(a) The Mayor and the City Clerk, or either of them, are hereby authorized and directed to effect delivery of the Warrant to the Bank and in connection therewith to deliver such closing papers containing such representations as are required to demonstrate the legality and validity of the Warrant and the absence of pending or threatened litigation with respect thereto.

(b) The City Clerk of the City shall give a receipt to the said purchaser for the purchase price paid, and such receipt shall be full acquittal to the said purchaser and the said purchaser shall not be required to see to or be responsible for the application of the proceeds of the Warrant. Nevertheless, the proceeds of the Warrant shall be applied solely to the purposes herein referenced.

Section 11. Severability.

The provisions of this 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 Ordinance or of the Warrant, and this ordinance and the Warrant shall be construed and enforced as if such illegal or invalid provision had not been contained herein or therein.

Section 12. Repeal of Conflicting Provisions.

All ordinances, proceedings and orders or parts thereof in conflict with this ordinance are, to the extent of such conflict, hereby repealed.

Section 13. Provisions of Ordinance a Contract.

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

* * *

It was moved by _____ that all rules and regulations which, unless suspended, would prevent the immediate consideration and adoption of the said ordinance be suspended and that unanimous consent to the immediate consideration and adoption of the said ordinance be given. The motion was seconded by _____ and on roll call was unanimously adopted, those answering aye being:

Ayes: Billy Jackson
Roger Anders
Gary Hammon
Charles Kirby
Greg Reeves

Nays: None

The Council President declared the motion unanimously carried.

After said ordinance had been discussed and considered in full by the City Council, it was moved by _____ that said ordinance be now placed upon its final passage and adopted. The motion was seconded by _____. The question being put as to the adoption of said motion and the final passage and adoption of said ordinance, the roll was called with the following results:

Ayes: Billy Jackson
Roger Anders
Gary Hammon, Council President
Charles Kirby
Greg Reeves

Nays: None

The Council President thereupon declared said motion carried and the ordinance passed and adopted as introduced and read.

* * *

There being no further business to come before the meeting, it was moved and seconded that the meeting be adjourned. Motion carried.

Minutes Approved

Council President

[S E A L]

Attest: _____
City Clerk

STATE OF ALABAMA)
)
MORGAN COUNTY)

CERTIFICATE OF CITY CLERK

I, the undersigned, do hereby certify as follows: (1) I am the duly elected, qualified and City Clerk of the City of Decatur (the "City"), (2) as City Clerk of the City I have access to all original records of the City and I am duly authorized to make certified copies of its records on its behalf, (3) the above and foregoing pages constitute a complete, verbatim and compared copy of excerpts from the minutes of a regular meeting of the City Council of the City duly held on August 6, 2012, (4) the ordinance set forth in such excerpts is a complete, verbatim and compared copy of such ordinance as introduced and adopted by the City Council on such date, and (5) said ordinance is in full force and effect and has not been repealed, amended or changed.

IN WITNESS WHEREOF, I have hereunto set my hand as Clerk of the City of Decatur and have affixed the official seal of the City, this ____ day of August, 2012.

Clerk of the City of Decatur

[S E A L]