

# Ordinance No 54

## AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF A \$110,000 TOWN OF DAUPHIN ISLAND GENERAL OBLIGATION WARRANT

BE IT ORDAINED by the Town Council (the "Council") of the Town of Dauphin Island, Alabama (the "Town"), as follows:

Section 1. Findings. Having made due and proper investigation of the matters hereinafter referred to, the Town Council has ascertained and does hereby find and determine:

- (a) In order to provide financing for the purchase of an ambulance for use by the Town, it is necessary that the Town borrow the sum of \$110,000.
- (b) The Council has determined to borrow such funds from Regions Bank and to issue the Warrant hereinafter authorized as evidence of its obligation to such Bank.
- (c) Neither the Town nor any "subordinate entity," as such term is used in Section 265(b) of the Internal Revenue Code of 1986, as amended, has issued in 1998, or expects to issue within the remainder of 1998, tax-exempt obligations in an amount in excess of \$10,000,000.

Section 2. Authorization of Warrant. Pursuant to the applicable provisions of the constitution and laws of the State of Alabama, including particularly Section 11-47-2 of the Code of Alabama 1975, as amended, and for the purpose of providing the funds necessary to purchase an ambulance as previously authorized, to pay the costs of issuance thereof, and for no other purpose, there is hereby authorized to be issued by the Town its \$110,000 General Obligation Warrant (the "Warrant"). The Warrant shall be dated the date of its delivery and shall contain and be subject to the terms and conditions set forth in the form of Warrant attached hereto as Exhibit "A" and made a part hereof.

Section 3. Source of Payment. The indebtedness evidenced and ordered paid by the Warrant is and shall be a general obligation of the Town for payment of the principal of and the interest on which the full faith and credit of the Town are hereby irrevocably pledged. The Town further agrees that, so long as the Warrant remains outstanding and any portion thereof remains unpaid, and to the full extent of the Town's power to do so under the constitution and laws of the State of Alabama, the Town will continue to collect and enforce ad valorem taxes to the extent necessary to pay the principal of and interest on the Warrant.

Section 4. Creation of Warrant Fund. There is hereby created a special trust fund of the Town, the full name of which shall be "Town of Dauphin Island Warrant Fund, 1998." Regions Bank shall be and remain the Depository for the Warrant Fund. The monies in the Warrant Fund shall be used to pay the principal of and interest on the Warrant as the same shall become due and payable. There shall be paid into the Warrant Fund, on or before the last business day preceding any date on which a payment of principal of or interest on the Warrant is due, an amount which, when added to the amount then on deposit therein, will equal the principal of (if any) and interest on the Warrant coming due on such payment date.

All monies on deposit in the Warrant Fund shall be used for payment of the principal of and interest coming due on the Warrant.

The Warrant Fund shall be and at all times remain public funds impressed with a trust for the purpose for which the Warrant Fund is herein created. The Depository for the Warrant Fund shall at all times keep the monies on deposit with it in the Warrant Fund continuously secured for the benefit of the Town and the Holder of the Warrant.

Section 5. Designation of Warrant; Covenant as to Tax-Exempt Obligation. The Town hereby designates the Warrant as a qualified tax-exempt obligation for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, the Town acknowledges and agrees that the Warrant is to be issued in compliance with the conditions necessary for the interest income thereon to be exempt from federal income taxation pursuant to the relevant provisions of the Code and covenants and agrees that it will not in any way cause or permit the proceeds of the Warrant to be used in a manner which would cause the interest on the Warrant to lose the exemption from federal income taxation as provided under the Code and the applicable regulations thereunder and will comply with all applicable provisions of the Code (including, without limitation, the provisions relating to post-issuance actions affecting tax exemption) to the extent necessary for interest on the Warrant to be excludable from gross income of the holders thereof.

Section 6. Authorization. The Mayor and Clerk of the Town are hereby authorized and directed to execute and deliver the Warrant to Regions Bank upon receipt of the sum of \$110,000.

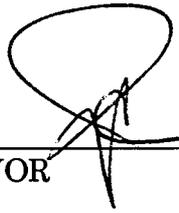
Section 7. Contractual Provisions. The provisions of this Ordinance shall constitute a contract between the Town and the Holder of the Warrant. Upon payment in full of the principal of and interest on the Warrant the obligations of the Town hereunder shall cease.

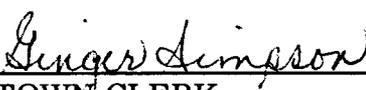
Section 8. Severability. The various provisions of this Ordinance are hereby declared to be severable. In the event any provisions hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this Ordinance.

The Chairman thereupon announced that the motion for the adoption of said Ordinance had been carried.

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There being no further business to come before the meeting the same was, on motion duly made and adopted, adjourned.

  
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MAYOR

  
\_\_\_\_\_  
TOWN CLERK