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**STATE OF ALABAMA
COUNTY OF COVINGTON**

**ANDALUSIA CITY HALL
ANDALUSIA, ALABAMA
MAY 24, 2010**

SPECIAL COUNCIL MEETING

PRESENT:

Earl V. Johnson, Mayor
Will Sconiers, Councilmember
Kenneth C. Mount, Councilmember
Hazel Griffin, Councilmember
Terry Powell, Councilmember
Mark Christensen, City Attorney

ABSENT:

Jason Jewell, Councilmember

Mayor Johnson called the meeting to order and led the prayer and Pledge of Allegiance to the flag.

**COUNCIL ADOPTS RESOLUTION NO. 2010 – 14, APPROVING LEASE
AGREEMENTS RELATED TO ISSUANCE OF SERIES 2010 BONDS:**

Mayor Johnson presented Resolution No. 2010 – 14, approving lease agreements related to issuance of Series 2010 Bonds.

**THE CITY OF ANDALUSIA
ANDALUSIA, ALABAMA**

RESOLUTION NO. 2010 – 14

**Resolution Approving Lease Agreements
Related to Issuance of Series 2010-A Bonds, Series 2010-B Bonds and Series 2010-C
Bonds
by The Industrial Development Board of the City of Andalusia**

BE IT RESOLVED AND ORDERED by the City Council (the “Council”) of the City of Andalusia (herein called the “City”) as follows

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Section 1. Findings. The Council hereby makes the following findings and determinations:

(a) The City believes that the development of (i) an industrial and related development on property located within the corporate limits of the City in the City's Industrial Park and located at 210 Progress Drive (the "2010-A Project"); (ii) renovations to existing real property known generically as the "Alatex Property" and located at Manhattan Drive (the "Series 2010-B Project"); and (iii) the purchase of additional real property at the City's Industrial Park (the "Series 2010-C Project") (the Series 2010-A Project, the Series 2010-B Project and the Series 2010-C Project are herein collectively referred to as the "Projects") will promote local economic and industrial development, promote trade and commerce in the City, increase tax revenues for the City, and will also provide for the renewal and development of portions of the City within the vicinity of the Project;

(b) In order to provide financing for the Projects in a manner that will not cause any indebtedness to be chargeable against the City's constitutional debt limit, the Council has requested that The Industrial Development Board of the City of Andalusia, a public corporation organized under the laws of the State of Alabama (the "Board"), to issue (i) \$5,600,000 aggregate principal amount of its Industrial Development Revenue Bonds, Series 2010-A (the "Series 2010-A Bonds") for the purpose of (a) financing the construction and improvement of the Series 2010-A Project and (b) paying the costs of issuing the Series 2010-A Bonds including the premium on the Bond Insurance Policy referred to below; (ii) \$1,075,000 aggregate principal amount of its Recovery Zone Facility Bonds, Series 2010-B (the "Series 2010-B Bonds") for the purpose of (a) financing the construction and improvement of the Series 2010-B Project and (b) paying the costs of issuing the Series 2010-B Bonds including the premium on the Bond Insurance Policy referred to below; and (iii) \$1,100,000 aggregate principal amount of its Taxable Lease Revenue Bonds, Series 2010-C (the "Series 2010-C Bonds") for the purpose of (a) financing the construction and improvement of the Series 2010-C Project and (b) paying the costs of issuing the Series 2010-C Bonds including the premium on the Bond Insurance Policy referred to below (the Series 2010-A Bonds, the Series 2010-B Bonds and the Series 2010-C Bonds are herein collectively referred to as the "Bonds");

(c) The Bonds will be issued pursuant to three separate Trust Indentures, each dated as of June 1, 2010 between the Board and Regions Bank, as Trustee. The Board will use the proceeds of the Bonds to acquire and construct the Projects and will lease each Project to the City pursuant to three separate Lease Agreements, each dated as of June 1, 2010 (the "Lease Agreements"). The Series 2010-A Project will be further subleased to SaeHaeSung Alabama Corp. pursuant to a Sublease Agreement dated as of June 1, 2010 (the "Sublease"). The obligations of the City under the three Lease Agreements constitutes economic incentives being offered in connection with the financing of the Projects pursuant to Amendment 725 of the Constitution of Alabama of 1901 (the "Local Economic

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Development Amendment”). Notice of the proposed adoption of this resolution was published in the *Andalusia Star News* on May 15, 2010, at least seven days prior to the date of this meeting of the Council, as required pursuant to the Local Economic Development Amendment.

(d) Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy (the “Bond Insurance Policy”) to be issued by Assured Guaranty Corp. simultaneously with the issuance of the Bonds;

(e) The Bonds shall be limited obligations of the Board payable solely out of (a) payments by the City pursuant to the respective Lease Agreements and (b) any other revenues, rentals or receipts derived by the Board from the leasing or sale of the Projects. The obligations of the City pursuant to the Lease Agreements shall be general obligations of the City, for which its full faith and credit are pledged. The City hereby determines and concludes that the total amount of all obligations of the City incurred pursuant to the Local Economic Development Amendment, including those approved hereunder, do not, in the aggregate, exceed 50% of the assessed value of real property in the City;

(f) A preliminary official statement (the “Preliminary Official Statement”, together with the Indenture, and Lease Agreement (the “Financing Documents”) describing the terms and conditions of the Bonds and the related financing documents has been prepared for distribution to the purchasers of the Bonds; and

(g) A copy of each of the proposed Lease Agreements has been presented to, considered and approved by the Council, which constitutes the governing body of the City.

Section 2. Approval of Plan of Financing. The Council does hereby approve, authorize, ratify and confirm (a) the issuance by the Board of the Bonds, (b) the execution and delivery of the Financing Documents to which the City will be a party, (c) the conveyance by deed of any real property to the Board necessary in order to consummate the transactions contemplated by the issuance of the Bonds, (d) the distribution of the Preliminary Official Statement to prospective purchasers of the Bonds, and (e) the consummation of all other transactions described in Section 1 to this resolution and contemplated by the Financing Documents (the “Plan of Financing”).

Section 3. Authorization of Lease Agreements and Sublease. The Mayor of the City is hereby authorized and directed to execute and deliver the Lease Agreements in substantially the form presented to the 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 is hereby authorized and directed to affix the official seal of the City to such instruments and to attest the same. The Mayor of the City is hereby authorized and directed to execute and deliver the Sublease in substantially the form

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presented to the 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 is hereby authorized and directed to affix the official seal of the City to such instrument and to attest the same.

Section 4. General Authorization. The members of the Council and all other officers of the Council and of the City are hereby authorized and directed to 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 official seal of the City, or otherwise, as they or any of them may deem necessary, advisable, or appropriate in order to (a) complete the Plan of Financing and (b) carry into effect the intent of the provisions of this resolution and the Financing Documents. The actions authorized hereunder are pursuant to and in furtherance of the Local Economic Development Amendment.

Section 5. Ratification. Each act of any officer or officers of the City or any person or persons designated and authorized to act by any officer of the City, which act would have been authorized by the foregoing provisions of this resolution except that such action was taken prior to the adoption of this resolution, is hereby ratified, confirmed, approved and adopted.

ADOPTED AND APPROVED this 24th day of May, 2010.

THE CITY OF ANDALUSIA, ALABAMA

Earl V. Johnson, Mayor

[S E A L]

ATTEST:

John M. Thompson, City Clerk - Treasurer

Councilmember Powell moved to approve Resolution No. 2010 - 14.
Councilmember Griffin seconded the motion which passed unanimously.

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ADJOURNMENT:

With no further business, Mayor Johnson called the meeting adjourned.

THE CITY OF ANDALUSIA, ALABAMA

BY: _____
Earl V. Johnson, Mayor

ATTEST:

John M. Thompson, City Clerk – Treasurer