

A G E N D A
RESCHEDULED REGULAR COUNCIL MEETING
CITY OF GULF SHORES, ALABAMA
DECEMBER 19, 2005

1. Call to Order
2. Invocation
3. Pledge of Allegiance
4. Roll Call
5. Approval of Minutes - Regular Meeting of December 12, 2005
6. Approval of Payroll and Expense Vouchers
7. Public Hearing
Petition of HSK Properties, LLC for Relocation of Portions of Right-of-Way
8. Hearing of Persons Not Listed on Formal Agenda
9. New Business
 - A. Ordinance - Approve Conveyance of Lot 8, Gulf Shores Business and Industrial Park
 - B. Ordinance - Approve Conveyance of Lot 9, Gulf Shores Business and Industrial Park
 - C. Ordinance - Approve Conveyance of Lot 16, Gulf Shores Business and Industrial Park
 - D. Ordinance - Assent to Annexation of Property - Sheldon Howard
 - E. Ordinance - Authorize Issuance, Execution, Sales and Delivery of \$2,000,000 Principal Amount General Obligation Note
10. Committee Reports
 - A. Garris
 - B. Doughty
 - C. Harris
 - D. Craft
 - E. Jones
11. Staff Reports
12. Adjourn

MINUTES OF A RESCHEDULED REGULAR MEETING
OF THE CITY COUNCIL OF THE CITY OF GULF SHORES, ALABAMA

The City Council of the City of Gulf Shores, Alabama, met in rescheduled regular public session at City Hall in the City of Gulf Shores, Alabama, at 5:00 o'clock P.M. on December 19, 2005, the regular time and place for holding such meeting.

The meeting was called to order by the Mayor, and the roll was called with the following results:

Present: Billy Duke, Mayor
Joe Garris

Carolyn Doughty
Philip Harris
Robert Craft
Stephen Jones

Absent: None

The Mayor stated that a quorum was present and that the meeting was open for the transaction of business. The City Council adopted a resolution at its November 14, 2005, changing the December 26, 2005 meeting to December 19, 2005 meeting and said agenda was forwarded by the City Clerk to the local newspaper. In addition, notice of said rescheduled regular meeting was posted at Gulf Shores City Hall on December 14, 2005 in a conspicuous place and remained so posted until said meeting.

The invocation was delivered by Fire Chief Tim Blakemore. The Pledge of Allegiance to the flag was led by Mayor Duke.

Councilman Jones moved to approve the minutes of the regular meeting of December 12, 2005, as presented; seconded by Councilman Harris; and the vote in favor of the motion was unanimous.

Councilman Jones moved to approve the payroll and expense vouchers in the amount of \$3,454,229.20; seconded by Councilman Garris; and the vote in favor of the motion was unanimous.

The City Clerk noted that the complete list of vouchers to be paid, as reflected on a computer printout, had been made a permanent record in the Clerk's office.

Mayor Duke stated that this was the time and place for the public hearing, as advertised, on the petition of HSK Properties, LLC for relocation of portions of the right-of-way on their properties. The Mayor advised that the petitioner has not submitted all the necessary paperwork, so this public hearing will be carried over to the Council Meeting of January 9, 2006.

Mayor Duke asked if there was anyone present who wished to address the Council but had been unable to get on the formal agenda. There was no response.

Councilmember Doughty moved for unanimous consent of the Council to suspend the rules of procedure to allow for the immediate consideration of the following Ordinance:

ORDINANCE NO. 1394

**AN ORDINANCE APPROVING THE CONVEYANCE
OF CERTAIN REAL PROPERTY TO THE
AIRPORT AUTHORITY OF THE CITY OF GULF SHORES**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GULF SHORES as follows:

Section 1. The City Council (the "Council") of the City of Gulf Shores (the "City"), upon evidence duly presented to and considered by it, has found and determined, and does hereby find, determine and declare as follows:

(a) Pursuant to Quitclaim Deed dated November 23, 1977 recorded in Book 528 at Page 381 et seq. in the Office of the Judge of Probate of Baldwin County, Alabama, the United States of America has conveyed certain properties and interests in properties more particularly described therein (the "Airport") to the State of Alabama, Department of Aeronautics,

(b) Pursuant to Quitclaim Deed dated October 17, 1983 recorded in Book 159 at Page 517 et seq. in said office the State of Alabama, Department of Aeronautics, has conveyed the Airport to the City of Gulf Shores without extension of credit, assumption or incurrence of pecuniary obligation, or payment of money or other thing of value by the City in connection therewith except for the payment

of certain amounts by the City in reimbursement to the Department of Aeronautics for capital improvements to the Airport consisting of air traffic control and air navigation facilities,

(c) Pursuant to Lease, Assignment and Operating Agreement dated as of July 1, 1988 recorded in Book 418 at Page 669 et seq. in said office (the "Lease") the City has leased the Airport and granted certain rights and privileges therein to The Airport Authority of the City of Gulf Shores (the "Authority"),

(d) That portion of the real property of the Airport described on Exhibit A hereto (the "Subject Real Property") is not now and will not be needed for the public purposes of the Airport and is not now and will not be needed for any other public or municipal purposes (within the meaning of Section 11-47-20 of the Code of Alabama 1975),

(e) It is necessary and desirable and in the public interest to release the Subject Real Property from the demise and provisions of the Lease and to convey the Subject Real Property to the Authority for use thereby for purposes set forth in Article 2 of Chapter 3 of Title 4 of the Code of Alabama 1975, pursuant to which the Authority was incorporated and now exists (as such law may be in effect from time to time), subject to existing encumbrances thereon and to all requirements with respect thereto of any federal or state governmental or regulatory body (including without limitation the Federal Aviation Administration) of competent jurisdiction.

Section 2. The Council does hereby approve, adopt, authorize, direct, ratify and confirm

(1) the release of the Subject Real Property from the Lease and the conveyance of the Subject Real Property to the Authority for use for purposes set forth in Article 2 of Chapter 3 of Title 4 of the Code of Alabama 1975 (as in effect from time to time) subject to existing encumbrances thereon and to all requirements with respect thereto of any federal or state governmental or regulatory body (including without limitation the Federal Aviation Administration) of competent jurisdiction, and

(2) the terms and provisions of and the transactions to be undertaken pursuant to, the following documents:

(a) Twenty-First Amendment of Lease, Assignment and Operating Agreement between the City and the Authority, with respect to the Subject Real Property, to be dated the date of execution and delivery thereof,

(b) Deed from the City to the Authority, with respect to the Subject Real Property, to be dated the date of execution and delivery thereof.

Section 3. The documents described in Section 2 of this Ordinance are approved in substantially the form and of substantially the content as presented to and considered by the Council, with such changes or additions thereto or deletions therefrom as the officer of the City executing such documents shall approve, which approval shall be conclusively evidenced by his executing the documents as hereinafter provided. Each of said documents shall be filed in the permanent records of the City.

Section 4. Pursuant to Section 11-47-20 of the Code of Alabama 1975 the Council does hereby direct the disposal of the Subject Real Property and direct the Mayor to make title thereto, in accordance with the foregoing sections of this Ordinance.

Section 5. The Mayor of the City is hereby authorized and directed to execute and deliver the Twenty-First Amendment of Lease, Assignment and Operating Agreement and the Deed referenced in Section 2 and the City Clerk is hereby authorized to affix the official corporate seal of the City to such documents and attest the same. Any prior execution and delivery of such documents is hereby ratified and confirmed.

Section 6. The Council does hereby approve, adopt, authorize, direct, ratify and confirm the making of all agreements with, and the delivery of all notifications and filings to, the Federal Aviation Administration and any other federal or state governmental or regulatory body which may be requested or required thereby in order to obtain such approvals and authorizations as may be required therefrom in order to fully comply with all laws, rules, regulations, orders or other authority of the Federal Aviation Administration or such other federal or state governmental or regulatory body in connection with the transfer of the Subject Real Property to the Authority.

Section 7. The officers of City are hereby authorized and directed to take all such actions and execute and deliver all such agreements, documents, instruments and notices as may be necessary or desirable to carry out the purposes of this Ordinance. All prior actions of any officers of the City with respect thereto are hereby ratified and confirmed.

Section 8. All ordinances, resolutions, orders, and any other proceedings of the City, in conflict or inconsistent with the provisions of this Ordinance, are, to the extent of such conflict or inconsistency, hereby repealed.

Section 9. This Ordinance shall take effect immediately upon adoption.

EXHIBIT A
TO
ORDINANCE
OF
THE CITY OF GULF SHORES

LOT 8, Gulf Shores Business and Industrial Park, Phase II, as recorded on Slides 1653A and 1653B in the Office of the Judge of Probate of Baldwin County, Alabama.

The motion for unanimous consent was seconded by Councilmember Jones and upon the question, the vote thereon was as follows:

Ayes: Billy Duke, Mayor
Joe Garris
Carolyn Doughty
Philip Harris
Robert Craft
Stephen Jones

Nays: None

Mayor Duke declared the motion carried and the rules suspended.

After said ordinance had been discussed and considered in full by the Council, Councilmember Jones then moved for the adoption of Ordinance No. 1394 and to waive the reading of said ordinance at length. The motion was seconded by Councilmember Garris. The motion was regularly put and, upon roll call, the vote thereon was as follows:

Ayes: Billy Duke, Mayor
Joe Garris
Carolyn Doughty
Philip Harris
Robert Craft
Stephen Jones

Nays: None

The Mayor thereupon declared said ordinance passed and adopted as introduced.

Councilmember Doughty moved for unanimous consent of the Council to suspend the rules of procedure to allow for the immediate consideration of the following Ordinance:

ORDINANCE NO. 1395

**AN ORDINANCE APPROVING THE CONVEYANCE
OF CERTAIN REAL PROPERTY TO THE
AIRPORT AUTHORITY OF THE CITY OF GULF SHORES**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GULF SHORES as follows:

Section 1. The City Council (the "Council") of the City of Gulf Shores (the "City"), upon evidence duly presented to and considered by it, has found and determined, and does hereby find, determine and declare as follows:

(a) Pursuant to Quitclaim Deed dated November 23, 1977 recorded in Book 528 at Page 381 et seq. in the Office of the Judge of Probate of Baldwin County, Alabama, the United States of America has conveyed certain properties and interests in properties more particularly described therein (the "Airport") to the State of Alabama, Department of Aeronautics,

(b) Pursuant to Quitclaim Deed dated October 17, 1983 recorded in Book 159 at Page 517 et seq. in said office the State of Alabama, Department of Aeronautics, has conveyed the Airport to the City of Gulf Shores without extension of credit, assumption or incurrence of pecuniary obligation, or payment of money or other thing of value by the City in connection therewith except for the payment of certain amounts by the City in reimbursement to the Department of Aeronautics for capital improvements to the Airport consisting of air traffic control and air navigation facilities,

(c) Pursuant to Lease, Assignment and Operating Agreement dated as of July 1, 1988 recorded in Book 418 at Page 669 et seq. in said office (the "Lease") the City has leased the Airport and granted certain rights and privileges therein to The Airport Authority of the City of Gulf Shores (the "Authority"),

(d) That portion of the real property of the Airport described on Exhibit A hereto (the "Subject Real Property") is not now and will not be needed for the public purposes of the Airport and is not now and will not be needed for any other public or municipal purposes (within the meaning of Section 11-47-20 of the Code of Alabama 1975),

(e) It is necessary and desirable and in the public interest to release the Subject Real Property from the demise and provisions of the Lease and to convey the Subject Real Property to the Authority for use thereby for purposes set forth in Article 2 of Chapter 3 of Title 4 of the Code of Alabama 1975, pursuant to which the Authority was incorporated and now exists (as such law may be in effect from time to time), subject to existing encumbrances thereon and to all requirements with respect thereto of any federal or state governmental or regulatory body (including without limitation the Federal Aviation Administration) of competent jurisdiction.

Section 2. The Council does hereby approve, adopt, authorize, direct, ratify and confirm

(1) the release of the Subject Real Property from the Lease and the conveyance of the Subject Real Property to the Authority for use for purposes set forth in Article 2 of Chapter 3 of Title 4 of the Code of Alabama 1975 (as in effect from time to time) subject to existing encumbrances thereon and to all requirements with respect thereto of any federal or state governmental or regulatory body (including without limitation the Federal Aviation Administration) of competent jurisdiction, and

(2) the terms and provisions of and the transactions to be undertaken pursuant to, the following documents:

(a) Twenty-Second Amendment of Lease, Assignment and Operating Agreement between the City and the Authority, with respect to the Subject Real Property, to be dated the date of execution and delivery thereof,

(b) Deed from the City to the Authority, with respect to the Subject Real Property, to be dated the date of execution and delivery thereof.

Section 3. The documents described in Section 2 of this Ordinance are approved in substantially the form and of substantially the content as presented to and considered by the Council, with such changes or additions thereto or deletions therefrom as the officer of the City executing such documents shall approve, which approval shall be conclusively evidenced by his executing the documents as hereinafter provided. Each of said documents shall be filed in the permanent records of the City.

Section 4. Pursuant to Section 11-47-20 of the Code of Alabama 1975 the Council does hereby direct the disposal of the Subject Real Property and direct the Mayor to make title thereto, in accordance with the foregoing sections of this Ordinance.

Section 5. The Mayor of the City is hereby authorized and directed to execute and deliver the Twenty-Second Amendment of Lease, Assignment and Operating Agreement and the Deed referenced in Section 2 and the City Clerk is hereby authorized to affix the official corporate seal of the City to such

documents and attest the same. Any prior execution and delivery of such documents is hereby ratified and confirmed.

Section 6. The Council does hereby approve, adopt, authorize, direct, ratify and confirm the making of all agreements with, and the delivery of all notifications and filings to, the Federal Aviation Administration and any other federal or state governmental or regulatory body which may be requested or required thereby in order to obtain such approvals and authorizations as may be required therefrom in order to fully comply with all laws, rules, regulations, orders or other authority of the Federal Aviation Administration or such other federal or state governmental or regulatory body in connection with the transfer of the Subject Real Property to the Authority.

Section 7. The officers of City are hereby authorized and directed to take all such actions and execute and deliver all such agreements, documents, instruments and notices as may be necessary or desirable to carry out the purposes of this Ordinance. All prior actions of any officers of the City with respect thereto are hereby ratified and confirmed.

Section 8. All ordinances, resolutions, orders, and any other proceedings of the City, in conflict or inconsistent with the provisions of this Ordinance, are, to the extent of such conflict or inconsistency, hereby repealed.

Section 9. This Ordinance shall take effect immediately upon adoption.

EXHIBIT A
TO
ORDINANCE
OF
THE CITY OF GULF SHORES

LOT 9, Gulf Shores Business and Industrial Park, Phase II, as recorded on Slides 1653A and 1653B in the Office of the Judge of Probate of Baldwin County, Alabama.

The motion for unanimous consent was seconded by Councilmember Jones and upon the question, the vote thereon was as follows:

Ayes: Billy Duke, Mayor
Joe Garris
Carolyn Doughty
Philip Harris
Robert Craft
Stephen Jones

Nays: None

Mayor Duke declared the motion carried and the rules suspended.

After said ordinance had been discussed and considered in full by the Council, Councilmember Harris then moved for the adoption of Ordinance No. 1395 and to waive the reading of said ordinance at length. The motion was seconded by Councilmember Jones. The motion was regularly put and, upon roll call, the vote thereon was as follows:

Ayes: Billy Duke, Mayor
Joe Garris
Carolyn Doughty
Philip Harris
Robert Craft
Stephen Jones

Nays: None

The Mayor thereupon declared said ordinance passed and adopted as introduced.

Councilmember Jones moved for unanimous consent of the Council to suspend the rules of procedure to allow for the immediate consideration of the following Ordinance:

ORDINANCE NO. 1396

**AN ORDINANCE APPROVING THE CONVEYANCE
OF CERTAIN REAL PROPERTY TO THE
AIRPORT AUTHORITY OF THE CITY OF GULF SHORES**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GULF SHORES as follows:

Section 1. The City Council (the "Council") of the City of Gulf Shores (the "City"), upon evidence duly presented to and considered by it, has found and determined, and does hereby find, determine and declare as follows:

(a) Pursuant to Quitclaim Deed dated November 23, 1977 recorded in Book 528 at Page 381 et seq. in the Office of the Judge of Probate of Baldwin County, Alabama, the United States of America has conveyed certain properties and interests in properties more particularly described therein (the "Airport") to the State of Alabama, Department of Aeronautics,

(b) Pursuant to Quitclaim Deed dated October 17, 1983 recorded in Book 159 at Page 517 et seq. in said office the State of Alabama, Department of Aeronautics, has conveyed the Airport to the City of Gulf Shores without extension of credit, assumption or incurrence of pecuniary obligation, or payment of money or other thing of value by the City in connection therewith except for the payment of certain amounts by the City in reimbursement to the Department of Aeronautics for capital improvements to the Airport consisting of air traffic control and air navigation facilities,

(c) Pursuant to Lease, Assignment and Operating Agreement dated as of July 1, 1988 recorded in Book 418 at Page 669 et seq. in said office (the "Lease") the City has leased the Airport and granted certain rights and privileges therein to The Airport Authority of the City of Gulf Shores (the "Authority"),

(d) That portion of the real property of the Airport described on Exhibit A hereto (the "Subject Real Property") is not now and will not be needed for the public purposes of the Airport and is not now and will not be needed for any other public or municipal purposes (within the meaning of Section 11-47-20 of the Code of Alabama 1975),

(e) It is necessary and desirable and in the public interest to release the Subject Real Property from the demise and provisions of the Lease and to convey the Subject Real Property to the Authority for use thereby for purposes set forth in Article 2 of Chapter 3 of Title 4 of the Code of Alabama 1975, pursuant to which the Authority was incorporated and now exists (as such law may be in effect from time to time), subject to existing encumbrances thereon and to all requirements with respect thereto of any federal or state governmental or regulatory body (including without limitation the Federal Aviation Administration) of competent jurisdiction.

Section 2. The Council does hereby approve, adopt, authorize, direct, ratify and confirm

(1) the release of the Subject Real Property from the Lease and the conveyance of the Subject Real Property to the Authority for use for purposes set forth in Article 2 of Chapter 3 of Title 4 of the Code of Alabama 1975 (as in effect from time to time) subject to existing encumbrances thereon and to all requirements with respect thereto of any federal or state governmental or regulatory body (including without limitation the Federal Aviation Administration) of competent jurisdiction, and

(2) the terms and provisions of and the transactions to be undertaken pursuant to, the following documents:

(a) Twenty-Third Amendment of Lease, Assignment and Operating Agreement between the City and the Authority, with respect to the Subject Real Property, to be dated the date of execution and delivery thereof,

(b) Deed from the City to the Authority, with respect to the Subject Real Property, to be dated the date of execution and delivery thereof.

Section 3. The documents described in Section 2 of this Ordinance are approved in substantially the form and of substantially the content as presented to and considered by the Council, with such changes or additions thereto or deletions therefrom as the officer of the City executing such documents shall approve,

which approval shall be conclusively evidenced by his executing the documents as hereinafter provided. Each of said documents shall be filed in the permanent records of the City.

Section 4. Pursuant to Section 11-47-20 of the Code of Alabama 1975 the Council does hereby direct the disposal of the Subject Real Property and direct the Mayor to make title thereto, in accordance with the foregoing sections of this Ordinance.

Section 5. The Mayor of the City is hereby authorized and directed to execute and deliver the Twenty-Third Amendment of Lease, Assignment and Operating Agreement and the Deed referenced in Section 2 and the City Clerk is hereby authorized to affix the official corporate seal of the City to such documents and attest the same. Any prior execution and delivery of such documents is hereby ratified and confirmed.

Section 6. The Council does hereby approve, adopt, authorize, direct, ratify and confirm the making of all agreements with, and the delivery of all notifications and filings to, the Federal Aviation Administration and any other federal or state governmental or regulatory body which may be requested or required thereby in order to obtain such approvals and authorizations as may be required therefrom in order to fully comply with all laws, rules, regulations, orders or other authority of the Federal Aviation Administration or such other federal or state governmental or regulatory body in connection with the transfer of the Subject Real Property to the Authority.

Section 7. The officers of City are hereby authorized and directed to take all such actions and execute and deliver all such agreements, documents, instruments and notices as may be necessary or desirable to carry out the purposes of this Ordinance. All prior actions of any officers of the City with respect thereto are hereby ratified and confirmed.

Section 8. All ordinances, resolutions, orders, and any other proceedings of the City, in conflict or inconsistent with the provisions of this Ordinance, are, to the extent of such conflict or inconsistency, hereby repealed.

Section 9. This Ordinance shall take effect immediately upon adoption.

EXHIBIT A

TO
ORDINANCE
OF
THE CITY OF GULF SHORES

LOT 16, Gulf Shores Business and Industrial Park, Phase II, as recorded on Slides 1653A and 1653B in the Office of the Judge of Probate of Baldwin County, Alabama.

The motion for unanimous consent was seconded by Councilmember Doughty and upon the question, the vote thereon was as follows:

Ayes: Billy Duke, Mayor
Joe Garris
Carolyn Doughty
Philip Harris
Robert Craft
Stephen Jones

Nays: None

Mayor Duke declared the motion carried and the rules suspended.

After said ordinance had been discussed and considered in full by the Council, Councilmember Jones then moved for the adoption of Ordinance No. 1396 and to waive the reading of said ordinance at length. The motion was seconded by Councilmember Harris. The motion was regularly put and, upon roll call, the vote thereon was as follows:

Ayes: Billy Duke, Mayor
Joe Garris
Carolyn Doughty
Philip Harris
Robert Craft

Stephen Jones

Nays: None

The Mayor thereupon declared said ordinance passed and adopted as introduced.

Councilman Jones moved for unanimous consent of the Council to suspend the rules of procedure to allow for the immediate consideration of the following Ordinance:

ORDINANCE NO. 1397

**AN ORDINANCE ASSENTING TO THE ANNEXATION
OF CERTAIN PROPERTY DESCRIBED HEREIN TO
THE CITY OF GULF SHORES, ALABAMA, AND
EXTENDING THE CORPORATE LIMITS OF THE CITY
TO INCLUDE SUCH PROPERTY**

WHEREAS, on the 12th day of December, 2005, Sheldon K. Howard, being the owner of all the real property hereinafter described, did file with the City Clerk a petition asking that the said tracts or parcels of land be annexed to and become a part of the City of Gulf Shores; and

WHEREAS, said petition did contain the signatures of all of the owners of the described territory and a map of said property showing its relationship to the corporate limits of the City of Gulf Shores; and

WHEREAS, the governing body did determine that it is in the public interest that said property be annexed to the City of Gulf Shores and it did further determine that all legal requirements for annexing said real property have been met pursuant to Sections 11-42-20 through 11-42-24, Code of Alabama, 1975;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GULF SHORES, ALABAMA, WHILE IN RESCHEDULED REGULAR SESSION ON DECEMBER 19, 2005, as follows:

Section 1. That the Council of the City of Gulf Shores, Alabama, finds and declares that it is in the best interest of the citizens of the City, and the citizens of the affected area, to bring the territory described in Section 2 of this ordinance into the City of Gulf Shores.

Section 2. That the boundary lines of the City of Gulf Shores, Alabama, be and the same are hereby altered or rearranged so as to include all of the territory heretofore encompassed by the corporate limits of the City of Gulf Shores, Alabama, and in addition thereto the following described territory, to-wit:

Situated in Baldwin County, Alabama, to-wit; 61-07-35-0-000-010.026 - 740'(S) x 350'(S); Irr from southwest corner of Section 35 run east 690'(S); thence north 1135'(S); thence east 30' to point of beginning; thence north 170'(S); thence west 30'; thence north 450'(S); thence southeasterly along a creek 740'(S); thence west 350'(S) to the point of beginning. 22131 Creek Road

Section 3. That this ordinance shall be published as provided by law, and a certified copy of same, together with a certified copy of the petition of the property owners, shall be filed with the Probate Judge of Baldwin County, Alabama.

Section 4. That the territory described in this ordinance shall become a part of the corporate limits of the City of Gulf Shores, Alabama, upon publication of this ordinance as set forth in Section 3, above.

The motion for unanimous consent was seconded by Councilman Garris; and upon the question, the vote thereon was as follows: Councilman Garris, "aye," Councilman Doughty, "aye," Councilman Harris, "aye," Councilman Craft, "aye," Councilman Jones, "aye," and Mayor Duke, "aye." Mayor Duke then declared the rules suspended.

Councilman Doughty then moved for the adoption of Ordinance No. 1397 and to waive the reading of said Ordinance at length. The motion for the adoption of Ordinance No. 1397 was seconded by Councilman Jones; was regularly put; was discussed and considered in full by the Council; and upon the question, the vote thereon was as follows: Councilman Garris, "aye," Councilman Doughty, "aye," Councilman Harris, "aye," Councilman Craft, "aye," Councilman Jones, "aye," and Mayor Duke, "aye." Whereupon, the Mayor declared Ordinance No. 1397 duly and legally adopted.

Councilmember Jones moved for unanimous consent of the Council to suspend the rules of procedure to allow for the immediate consideration of the following Ordinance:

ORDINANCE NO. 1398

AN ORDINANCE AUTHORIZING THE ISSUANCE, EXECUTION, SALE AND DELIVERY OF \$2,000,000 PRINCIPAL AMOUNT GENERAL OBLIGATION NOTE OF THE CITY OF GULF SHORES AND THE PAYMENT THEREOF

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GULF SHORES, ALABAMA (the "Municipality") as follows:

Section 1. Findings and Representations.

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

(a)It is necessary and desirable and in the public interest for the Municipality to issue its General Obligation Note, Series 2005, dated December 19, 2005, in the maximum aggregate principal amount of \$2,000,000, as authorized and described herein (the "Note").

(b)The Note shall be due and payable in less than one year and is made and delivered and amounts shall be borrowed thereunder in anticipation of the collection of taxes and moneys from the Federal Emergency Management Agency (FEMA) in connection with hurricane and flooding damage. The general revenues of the Municipality for the fiscal year ending September 30, 2005 were not less than \$21,205,183 and the principal amount of the Note will not be more than one-fourth of the general revenues of the Municipality for the fiscal year ending September 30, 2005.

(c)The population of the Municipality is 5,044 according to the 2000 United States Census of Population and Housing.

Section 2. Authorization and Description of Note; Payment of Note.

(a)The Municipality shall borrow the maximum amount of \$2,000,000 in such amounts and at such times as shall be necessary for the purposes set forth in Section 1 hereof, and the Municipality shall issue therefor its General Obligation Note, Series 2005 in the following principal amount, to the following financial institution to evidence a line of credit extended by such institution to the Municipality for such purposes:

<u>Note No.</u>	<u>Principal Amount</u>	<u>Institution</u>
R-1	\$2,000,000	Vision Bank

(b)The Note shall be dated the date of issuance; shall bear interest at the per annum rate; shall be payable in installments of principal and interest in such amounts, at such times and in such manner; shall be subject to redemption prior to maturity; and shall be registered and transferred; all as provided in the form of the Note in Section 4.

(c)The principal of and interest on the Note shall be payable in lawful money of the United States of America, at the principal office of the registered owner thereof (the “Noteholder”), in Gulf Shores, Alabama, at par and without discount, exchange or deduction or charge therefor. The Municipality hereby covenants and agrees to pay all bank charges for the Note. The initial Noteholder shall be Vision Bank, a state banking corporation, and all payments of principal and interest due Vision Bank while the Noteholder, shall be at its principal office in Gulf Shores, Alabama, or in such other location as it may direct.

Section 3. Authorizations of Advances and Payments.

(a)Any and all requests for advances under the Note shall be submitted to the Noteholder by the Municipality at least one (1) day prior to the requested delivery date of funds to be advanced. Any and all requests for advances under the Note are subject to the approval of the Noteholder and nothing herein contained shall obligate or require the Noteholder to make any advances on the Note.

(b)The Mayor is authorized and directed to request advances under the Note and make payments thereon at such times and in such amounts as he shall consider necessary or desirable to carry out the purposes of this ordinance.

(c)The proceeds of the Note may be used for general current liabilities of the Municipality.

Section 4. Form of Note.

The Note shall be in substantially the following form:

**UNITED STATES OF AMERICA
STATE OF ALABAMA

CITY OF GULF SHORES
GENERAL OBLIGATION NOTE
SERIES 2005**

No. R-1

\$2,000,000

The CITY OF GULF SHORES, a municipal corporation organized and existing under and by virtue of the laws of the State of Alabama (the “Municipality”), for value received, hereby promises to pay to

VISION BANK

(the “Noteholder”) or registered assigns the principal amount of

**TWO MILLION DOLLARS
(\$2,000,000)**

or so much thereof as many be advanced hereunder, as hereinafter provided, together with interest on the unpaid balance of said principal amount advanced and outstanding hereunder from time to time, from the date advanced until payment in full, at a per annum rate of interest (computed on the basis of the actual number of days elapsed over a 360-day year), equal to 3.65%. The principal of and interest on this note shall be payable on demand, but prior to any such demand being made, in installments as follows:

(a)On February 1, 2006 and continuing on the first day of each month thereafter, until and including September 1, 2006, the interest accrued on the outstanding principal balance of this note to each such date of payment; and

(b)On September 30, 2006, the entire outstanding principal balance of this note plus unpaid interest accrued to such date of payment;

provided that if the interest on this note is determined by the Noteholder, supported by an opinion of counsel, or 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”), then (1) this note shall bear interest at 6.00% per annum, from the date such interest must be included in such gross income, and (2) the Municipality will reimburse the Noteholder for all costs, expenses, penalties, attorneys’ fees and all other losses incurred by the Noteholder as a result of such determination and (3) the Noteholder shall then determine the amount necessary to be paid in equal monthly installments of principal and interest to fully amortize the principal amount of this note then outstanding over the then remaining term of this note. If either such determination is made, the difference

between (i) the interest then due computed at the higher rate, and (ii) 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 Noteholder hereof to the Municipality 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.

The Municipality may, on any date, pay in advance the entire unpaid principal balance of this note or any lesser portion or portions thereof by paying to the Noteholder the principal amount to be prepaid, plus interest accrued on such principal amount to the date of such prepayment, without premium or penalty.

This note is a revolving master note under a line of credit extended by the Noteholder to the Municipality, and it is contemplated that the proceeds of the loan evidenced hereby will be advanced by the Noteholder to the Municipality in installments, as requested by the Municipality on or before one (1) day prior thereto (as to amount and date) and agreed to by the Noteholder, and it is further contemplated that by reason of prepayments hereon there may be times when no indebtedness is owing hereunder; notwithstanding any such occurrence, this note shall remain valid and shall be in full force and effect as to each principal advance made hereunder subsequent to each such occurrence. Any repayments of principal on the revolving master note by the Municipality will reinstate, on a proportionate basis, the amount of principal otherwise allowable to be advanced pursuant to the Note. Each principal advance and each payment made on this note shall be reflected by the notations made by the Noteholder on its internal records (which may be kept by computer or by other means determined by the Noteholder) and the Noteholder is hereby authorized so to record thereon all such principal advances and payments. The unpaid principal amount of this note reflected on the internal records of the Noteholder (whether by computer or otherwise) shall be rebuttably presumptive evidence of the principal amount of this note outstanding and unpaid. No failure of the Noteholder so to record any advance or payment shall limit or otherwise affect the obligation of the Municipality hereunder with respect to any advance, and no payment of the principal by the Municipality shall be affected by the failure of the Noteholder so to record the same.

NOTHING HEREIN CONTAINED SHALL OBLIGATE OR REQUIRE THE NOTEHOLDER TO MAKE ANY ADVANCES HEREUNDER, AND ALL ADVANCES SHALL BE MADE AT THE OPTION OF THE NOTEHOLDER. THIS NOTE SHALL BE VALID AND ENFORCEABLE AS TO THE PRINCIPAL AMOUNT ADVANCED AT ANY TIME HEREUNDER, WHETHER OR NOT THE FULL FACE AMOUNT HEREOF IS ADVANCED.

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

This note is issued pursuant to the Constitution and laws of the state of Alabama, including without limitation the provisions of Section 11-47-2 of the CODE OF ALABAMA 1975, and an ordinance and proceedings of the governing body of the Municipality duly passed, held and conducted (the "Authorizing Proceedings"). The indebtedness evidenced by this note is a general obligation of the Municipality, and the full faith and credit of the Municipality are hereby sacredly and irrevocably pledged to the punctual payment of the principal hereof and interest hereon.

This note 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 Municipality. The person in whose name this note 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 note shall be made only to or upon the order of the registered owner hereof or his legal representative, and neither the Municipality nor any agent of the Municipality shall be affected by any notice to the contrary. Payment of principal of and interest on this note shall be valid and effectual to satisfy and discharge the liability of the Municipality upon this note to the extent of the amounts so paid.

This note may be transferred only upon written request of the registered owner or his legal representative addressed to the Municipality, such transfer to be recorded on said book of registration and endorsed hereon by the Municipality. Upon presentation to the Municipality for transfer, this note must be accompanied by a written instrument or instruments of transfer satisfactory to the Municipality, duly executed by the registered owner or his attorney duly authorized in writing, and the Municipality shall endorse on the schedule attached hereto for such purpose the principal amount of this note 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 note 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 note is lawfully due without condition, abatement or offset of any description, that this note has been registered in the manner provided by law, 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 note, and the adoption of the Authorizing Proceedings, have happened, do exist and have been performed as so required, and that the principal amount of this note is within every debt and other limit prescribed by the Constitution and laws of the state of Alabama.

IN WITNESS WHEREOF, the Municipality, acting by and through its governing body, has caused this note to be executed in its name and on its behalf by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this note to be dated December 19, 2005.

CITY OF GULF SHORES, ALABAMA

By _____
Mayor

SEAL

Attest: _____
City Clerk

REGISTRATION OF OWNERSHIP

This note is recorded and registered on the registry books of the City of Gulf Shores in the name of the last owner named below. The principal of and interest on this note 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 Municipality</u>
<u>December 19, 2005</u>	<u>Vision Bank</u>	_____
_____	_____	_____
_____	_____	_____

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

<u>Date of Transfer</u>	<u>Principal Unpaid</u>	<u>Interest on Date of Transfer</u>	<u>Accrued Signature of Authorized Officer of Municipality</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Section 5. Execution of the Note.

The Note shall be executed in the name and on behalf of the Municipality by the Mayor and shall be attested by the Clerk of the Municipality, and the official seal of the Municipality shall be imprinted thereon. The registration of ownership of the note shall be executed by the Treasurer of the Municipality, who shall also make the endorsements required at the time of any transfer of the Note. Said officers are hereby directed to so execute, attest and register the Note and to make the appropriate endorsements and notations thereon.

Section 6. Note is General Obligation.

The indebtedness evidenced and ordered paid by the Note shall be a general obligation of the Municipality for the punctual payment of the principal of and interest on which the full faith, credit and taxing power of the Municipality are hereby irrevocably pledged. The Municipality hereby represents that ad valorem taxes have been levied and hereby covenants and agrees that such taxes will be levied and collected, insofar as

such taxes may be permitted by the present or any future provisions of the Constitution of Alabama, on all taxable property in the Municipality, and applied to the maximum extent permitted by law to the payment of the principal of and interest on the Note as such principal matures and such interest comes due, in amounts sufficient for such purposes.

Section 7. Expenses of Collection; Interest After Maturity.

The Municipality covenants and agrees that, if the principal of and interest on the Note are not paid promptly as such principal and interest matures and comes due, it will pay to the registered owner of the Note or its registered assignees, all expenses incident to the collection of any unpaid portion thereof, including a reasonable attorney's fee. The Note and the interest thereon shall bear interest at the rate of 8% per annum from and after the maturity or due dates thereof, if not then paid.

Section 8. Covenants With Respect to Federal Tax Exemption for Interest.

(a)The Municipality recognizes and acknowledges that the Note is being sold on the basis that the interest payable on the Note 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 Municipality hereby covenants and agrees with the Noteholder that:

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

(2)none of the proceeds of the Note will be applied for any "private business use" nor will any part of the proceeds of the Note be used (directly or indirectly) to make or finance loans to persons other than a governmental unit;

(3)the payment of the principal of or interest on the Note will not be (under the terms of the Note 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 Municipality) in respect of property, or borrowed money, used or to be used for a "private business use";

(4)the proceeds of the Note shall not be used or applied by the Municipality, and the taxes or other revenues of the Municipality shall not be accumulated in such a manner, and no investment thereof shall be made, as to cause the Note to be or become an "arbitrage bond", as that term is defined in Section 148 of the Code;

(5)the Municipality 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 Municipality will make no use of the proceeds of the Note that would cause the Note to be "federally guaranteed" under Section 149(b) of the Code and the payment of the principal of and interest on the Note 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 Municipality hereby further covenants and agrees with the registered owner of the Note that, to the extent permitted by law, it will not take any action, or omit to take any action, with respect to the Note that would cause the interest on the Note not to be and remain excludable from gross income pursuant to the provisions of Section 103 of the Code.

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

Section 9. Authorization of Issuance of Note.

Note No. R-1 is hereby issued to Vision Bank as the initial Noteholder. The Mayor and the Clerk are hereby authorized and directed to effect delivery of the Note and in connection therewith deliver such closing papers containing such representations as are required to demonstrate the legality and validity of the Note, the absence of pending or threatened litigation with respect thereto, and the exemption of the interest on the Note from the federal income tax.

Section 10. Expenses of Issuance.

The Municipality hereby agrees to pay all expenses of issuance of the Note, including bond counsel fees.

Section 11. Severability.

The provisions of this resolution are severable. In the event that any one or more of such provisions or the provisions of the Note shall, for any reason, be held illegal or invalid, such illegality or invalidity shall not affect the other provisions of this resolution or of the Note, and this resolution and the Note 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, resolutions and orders or parts thereof in conflict with this resolution are, to the extent of such conflict, hereby repealed.

Section 13. Provisions of Resolution a Contract.

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

The motion for unanimous consent was seconded by Councilmember Garris and upon the question, the vote thereon was as follows:

Ayes: Billy Duke, Mayor
Joe Garris
Philip Harris
Robert Craft
Carolyn Doughty
Stephen Jones

Nays: None

Mayor Duke declared the motion carried and the rules suspended.

After said ordinance had been discussed and considered in full by the Council, Councilmember Doughty then moved for the adoption of Ordinance No. 1398 and to waive the reading of said ordinance at length. The motion was seconded by Councilmember Jones. The motion was regularly put and, upon roll call, the vote thereon was as follows:

Ayes: Billy Duke, Mayor
Joe Garris
Philip Harris
Robert Craft
Carolyn Doughty
Stephen Jones

Nays: None

The Mayor thereupon declared said ordinance passed and adopted as introduced.

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

George W. Duke, III, Mayor

(SEAL)

ATTEST:

Renee F. Moore, MMC, City Clerk