

**RESOLUTION
R197-10/11**

**RESOLUTION EXPRESSING OFFICIAL INTENT
TO ISSUE PENSION OBLIGATION BONDS**

WHEREAS, the City of Selma (the "City") is obligated to make certain payments (the "Annual Required Contribution") to the Employee Retirement System (the "Retirement System") which, together with employee contributions, are invested and used by the Retirement System to pay pension benefits for retired City employees;

WHEREAS, the Annual Required Contribution is paid in monthly installments and consists of two components: (1) the "Normal Cost", which are payments relating to pension benefits attributable to the City's current year payroll and (2) the "Unfunded Actuarial Accrued Liability", which are payments relating to actuarial accrued liability for future pension benefits not otherwise provided for by the payment of Normal Cost;

WHEREAS, the City has determined that its Unfunded Actuarial Accrued Liability has increased from \$2,747,679 as of September 30, 2004 to \$7,461,394 as of September 30, 2009;

WHEREAS, said increase in the City's Unfunded Actuarial Accrued Liability has occurred through no fault of the City but rather as a result of adjustments to actuarial assumptions made by the Retirement System as to the occurrence of future events affecting pension costs, such as investment rate, inflation rate, retirement rate, annual cost-of-living adjustments, post-retirement mortality and the like;

WHEREAS, the amortization of the City's Unfunded Actuarial Accrued Liability is calculated based on the rate of 8%, which has been determined by the Retirement System;

WHEREAS, the City has been advised by its financial advisor, Comer Capital Group, LLC, that it has an opportunity to issue taxable warrants (the "Warrants") in an aggregate principal amount sufficient to completely fund the City's unfunded liability as of the date of issuance and that the interest rate the Warrants can be expected to bear will be substantially less than 8%;

WHEREAS, the City has determined that it will realize substantial present value savings by issuing the Warrants to pay the City's current Unfunded Actuarial Accrued Liability and will be entitled to a rebate of all amounts previously paid by the City in respect of the Unfunded Actuarial Accrued Liability during the current fiscal year 2011;

WHEREAS, the City has determined that it is in the best interests of the City to take advantage of the current low interest rate environment by issuing the Warrants and fully funding the City's Unfunded Actuarial Accrued Liability, thus realizing present value interest savings.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SELMA, as follows:

1. The City does hereby declare its official intent to issue the Warrants in an aggregate principal amount sufficient to fully fund the City's Unfunded Actuarial Accrued Liability, provided that the present value savings produced by the issuance of the Warrants, as compared to the amortization of the Unfunded Actuarial Accrued Liability is not less than five percent (5%) of the total UAAL.
2. The City does hereby appoint Comer Capital Group, LLC as financial advisor; Maynard Cooper & Gale, P.C. as bond counsel; and Blaylock Robert Van, LLC as underwriter in connection with the issuance of the Warrants.

3. The City Council hereby authorizes and directs the Mayor and City Clerk to cause to be circulated, for and in the name of the City, a Preliminary Official Statement with respect to the Warrants in form satisfactory to said officers, and to take such other and additional actions as may be necessary and advisable to prepare for the issuance and sale of the Warrants, including the submission of such information and documentation to the Retirement System, rating agencies and bond insurance companies as shall be necessary to effectuate the intent of the provisions of this resolution.

**ADOPTED BY THE CITY COUNCIL OF THE CITY OF SELMA,
ALABAMA, on this the 12th day of April, 2011.**



COREY BOWIE, President Pro Tempore

ATTEST:



IVY S. HARRISON, City Clerk

APPROVED:



GEORGE P. EVANS, Mayor