

RESOLUTION  
NO. 2021-56

A RESOLUTION  
TO BE ENTITLED:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PENSACOLA, FLORIDA AUTHORIZING THE PURCHASE OF NATURAL GAS FROM THE BLACK BELT ENERGY GAS DISTRICT; APPROVING THE EXECUTION AND DELIVERY OF A GAS SUPPLY CONTRACT AND OTHER DOCUMENTS RELATING TO SAID PURCHASE; CONSENTING TO THE ASSIGNMENT OF CERTAIN OBLIGATIONS UNDER THE GAS SUPPLY CONTRACT IN CONNECTION WITH THE ISSUANCE OF BONDS BY THE BLACK BELT ENERGY GAS DISTRICT; PROVIDING FOR SEVERABILITY; PROVIDING AN EFFECTIVE DATE.

WHEREAS, The Black Belt Energy Gas District ("Black Belt") is an Alabama gas district, a public corporation organized by actions of its member municipalities pursuant to the provisions of the Alabama Gas Districts Act, § 11-50-390 et seq., Alabama Code (1975); and

WHEREAS, Black Belt was formed, among other reasons, to acquire secure, reliable and adequate long-term supplies of gas for resale to governmentally owned wholesale customers for ultimate delivery to the residential, commercial, institutional, and industrial consumers in their areas of service, both inside and outside the State of Alabama, and to achieve cost savings, economies of scale and reliability of supply; and

WHEREAS, Black Belt is planning projects to acquire long-term gas supplies from Aron Energy Prepay 6 L.L.C., a Delaware limited liability company organized by J. Aron & Company LLC, a New York limited liability company ("J. Aron") and a wholly-owned subsidiary of The Goldman Sachs Group, Inc. ("J. Aron"), or through other suppliers of prepaid natural gas to Black Belt (each a "Prepaid Supplier"); and

WHEREAS, Black Belt's purchases from a Prepaid Supplier will in all cases be made pursuant to a Prepaid Natural Gas Sales Contract and will be sized to meet a portion of the requirements of certain municipal gas systems, including, in certain circumstances, the City of Pensacola, Florida, d/b/a Pensacola Energy (the "Gas Purchaser"), and other public gas distribution systems that elect to participate (each, a "Project Participant") through a prepayment by Black Belt (each, a "Prepaid Project"); and

WHEREAS, Black Belt will issue Gas Project Revenue Bonds in one or more series (the "Bonds") to finance the acquisition of the gas supplies under each Prepaid Project; and

WHEREAS, Gas Purchaser is a municipal corporation and a political subdivision organized under the laws of the State of Florida; and

WHEREAS, Gas Purchaser has determined that it is in the best interest of its customers to be a Project Participant in one or more of the Prepaid Projects and thereby purchase gas from Black Belt to meet a portion of the requirements of Gas Purchaser, including to meet a portion of the requirements of one or more large volume industrial customers located in Gas Purchaser's service territory, pursuant to a natural gas sales contract to be entered into by Black Belt and Gas Purchaser (in each case, the "Gas Supply Contract"); and

WHEREAS, under the Gas Supply Contract, Gas Purchaser will agree to purchase from Black Belt the amounts of gas specified in the Gas Supply Contract, at the prices specified in the Gas Supply Contract, for a term specified in the Gas Supply Contract; and

WHEREAS, the Bonds will be issued pursuant to a Trust Indenture between Black Belt and a corporate trustee (the "Indenture") and will be purchased by the underwriters or original purchasers of the Bonds (the "Underwriters") pursuant to one or more bond purchase contracts or similar agreements; and

WHEREAS, Black Belt will pledge to the payment of the Bonds certain assets of Black Belt, including the Gas Supply Contract between Black Belt and Gas Purchaser; and

WHEREAS, Gas Purchaser shall have no financial liability with respect to the Bonds, and Gas Purchaser's only obligations relating to the Prepaid Project shall be those set forth in the Gas Supply Contract; and

WHEREAS, in order to authorize the purchase of natural gas from Black Belt and the execution of the Gas Supply Contract, to consent to the assignment of the Gas Supply Contract to secure the Bonds, to authorize the sale of the gas purchased from Black Belt, and to authorize and take such other necessary and appropriate action in furtherance of participation in the Prepaid Projects, the City Council of the City of Pensacola adopts this Resolution.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF PENSACOLA, FLORIDA (the "Governing Body"), as follows:

SECTION 1: The City of Pensacola, Florida, d/b/a Pensacola Energy ("Gas Purchaser") is authorized to enter into one or more Gas Supply Contracts with Black Belt, pursuant to which Gas Purchaser will purchase natural gas from Black Belt to meet a portion of the requirements of Gas Purchaser, including to meet a portion of the requirements of certain industrial customers. Any Gas Supply Contract shall (a) have a delivery period of not greater than 366 months, (b) shall be appropriately sized to meet a portion of Gas Purchaser's requirements or, in the event of a purchase for resale to one or more industrial customers, provide for the purchase by Gas Purchaser of not more than the expected annual average usage of the industrial customer (as expressed in MMBtu per day), and (c) provide for a projected minimum savings to Gas Purchaser (prior to

payment by the Gas Purchaser of the project administration fee as set forth in the Gas Supply Contract) through monthly and annual discounts of not less than: (i) \$0.35 per MMBtu gross to Gas Purchaser, or \$0.30 per MMBtu net to Gas Purchaser after payment of the project administration fee, for the Initial Discount Period and (ii) during any Reset Period following the Initial Discount Period \$0.20 per MMBtu gross to Gas Purchaser unless Gas Purchaser elects to purchase gas at a lesser discount during any Reset Period, as set forth in the Gas Supply Contract.

SECTION 2: The Gas Supply Contract shall be in substantially the form submitted and attached hereto as Exhibit A, which such form is hereby approved, to include such completions, deletions, insertions, revisions, and other changes as may be approved by the officers executing same with the advice of counsel, their execution to constitute conclusive evidence of their approval of any such changes.

SECTION 3: The Mayor of the City of Pensacola (the "Authorized Officer") is hereby authorized to execute and deliver the Gas Supply Contract and the City Clerk or other officer (the "Attesting Officer") is hereby authorized to attest the Gas Supply Contract.

SECTION 4: The officers, employees, and agents of Gas Purchaser are hereby authorized and directed to take such actions and do all things necessary to cause the purchase of said gas to take place, including the payment of all amounts required to be paid in order to purchase the gas in accordance with the Gas Supply Contract.

SECTION 5: The Governing Body consents to the assignment and pledge of all of Black Belt's right, title and interest under the Gas Supply Contract and the amounts payable thereunder, including the right to receive performance by Gas Purchaser of its obligations thereunder, to secure the payment of principal of and interest on the Bonds.

SECTION 6: The officers and employees of Gas Purchaser, as well as any other agent or representative of Gas Purchaser, are hereby authorized and directed to cooperate with and provide Black Belt, the underwriters of the Bonds, and their agents and representatives with such information relating to Gas Purchaser as may be necessary for use in the preparation and distribution of a preliminary official statement or other disclosure document used in connection with the sale of the Bonds. After the Bonds have been sold, any officer or employee of Gas Purchaser, or any agent or representative designated by Gas Purchaser, shall make such completions, deletions, insertions, revisions, and other changes in the preliminary official statement relating to Gas Purchaser not inconsistent with this Resolution as are necessary or desirable to complete it as a final official statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The Governing Body hereby covenants and agrees that Gas Purchaser will cooperate with Black Belt in the discharge of Black Belt's obligations to provide annual financial and operating information and notification as to material events with respect to Gas Purchaser as may be required by the Rule. Any officer or employee of Gas Purchaser, or such other agent or representative of Gas Purchaser as shall be appropriate, is hereby authorized and directed to provide such information as shall be

required for such compliance, and such officer or employee may execute a continuing disclosure undertaking with respect to the provision of such information if requested to do so by Black Belt and the underwriters of the Bonds.

SECTION 7: The Bonds are not obligations of Gas Purchaser but are limited obligations of Black Belt payable solely from the revenues and receipts pledged by Black Belt under the Indenture, including the revenues and receipts arising from the sale of gas to Project Participants, including Gas Purchaser. By consenting to the assignment of the Gas Supply Contract and agreeing to provide information for inclusion in the official statement, Gas Purchaser is not incurring any financial liability with respect to the Bonds.

SECTION 8: All acts and doings of the officers and employees of Gas Purchaser or any other agent or representative of Gas Purchaser which are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and delivery of and performance under the Gas Supply Contract, and in furtherance of the issuance and sale of the Bonds, shall be and the same hereby are in all respects approved and confirmed, including without limitation the execution and delivery by the officers of Gas Purchaser of all certificates and documents as they shall deem necessary in connection with the Gas Supply Contract and the Bonds.

SECTION 9: If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 10: This resolution shall become effective on the fifth business day after adoption, unless otherwise provided, pursuant to Section 4.03(d) of the City Charter of the City of Pensacola.

Adopted: \_\_\_\_\_

Approved: \_\_\_\_\_  
President of the City Council

Attest:

\_\_\_\_\_  
City Clerk