The Mayor and City Council (the "Governing Body") of the City of Bay St. Louis, Mississippi (the "City"), took up for consideration the matter of approving a Taxable Grant Anticipation Note (Non-Revolving Line of Credit), Series 2026, of said City. After a discussion of the subject, Council Member **SMITH** offered and moved for the adoption of the following resolution:

RESOLUTION DECLARING THE INTENTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF BAY ST. LOUIS, MISSISSIPPI (THE "CITY"), TO APPROVE A TAXABLE GRANT ANTICIPATION NOTE (NON-REVOLVING LINE OF CREDIT), SERIES 2026, OF THE CITY IN THE MAXIMUM PRINCIPAL AMOUNT OF $3,285,000 (THE "NOTE") TO PROVIDE FINANCING TO DEFRAY A PORTION OF THE COST OF THE STREETS PROJECT AND OTHER COSTS WITHIN THE CITY DESCRIBED IN THE FEDERAL EMERGENCY MANAGEMENT AGENCY PROJECT WORKSHEET NO. 00180(2) DATED FEBRUARY 18, 2025, AND A COMMITMENT FROM THE MISSISSIPPI EMERGENCY MANAGEMENT AGENCY, AND THE PAYMENT OF EXPENSES INCIDENTAL TO THE ISSUANCE OF THE NOTE; AUTHORIZING THE NEGOTIATED SALE OF SAID NOTE; PRESCRIBING THE FORM AND DETAILS OF SAID NOTE; PROVIDING CERTAIN COVENANTS OF SAID COUNTY IN CONNECTION WITH SAID NOTE AND DIRECTING THE PREPARATION, EXECUTION AND DELIVERY THEREOF; AND FOR OTHER RELATED MATTERS.

WHEREAS, the Governing Body of the City, acting for and on behalf of the City, hereby finds, determines, adjudicates and declares as follows:

1. On August 28, 2021, the City was struck by Hurricane Ida and resulting flooding and wind damage caused extensive damage throughout the City (together, the "Hurricane");

2. The Governor of the State of Mississippi (the "State") executed a proclamation dated August 28, 2021, declaring certain areas in the State, including the City, to be in a state of emergency as a result of the Hurricane;

3. On October 22, 2021, the President of the United States signed a major disaster declaration in connection with the Hurricane (the "Major Disaster Declaration"), which included the City;

4. As of the date hereof, the City has received a confirmed grant commitment from the Federal Emergency Management Agency ("FEMA"), Project Worksheet No. 00180(2), dated February 18, 2025, in the amount of $3,074,219.12 (the "FEMA Grant"), and a commitment from the Mississippi Emergency Management Agency ("MEMA") in the amount of $170,789.95 (the "MEMA Grant," and together with the FEMA Grant, the "Grant"), evidence of said commitments attached hereto as **EXHIBIT B** and **EXHIBIT C**, respectively, and made a part hereof, for the purpose of financing a portion of the costs incurred and to be incurred by the City as a result of the Hurricane, including, but not limited to, costs for the Bay St. Louis Streets Project described in the Grant (the "Hurricane Expenses").

5. The City is authorized by Section 21-33-326, Mississippi Code of 1972, as amended and/or supplemented from time to time (the "Act") to borrow money in anticipation of receipt of funds from a confirmed grant, such as the Grant, from the United States of America, the State of Mississippi, or agencies thereof, such as FEMA and MEMA, and may assign and pledge as security for such financing the proceeds of any such grant or loan.

6. The City desires to authorize the issuance, execution and delivery of a Taxable Grant Anticipation Note (Non-Revolving Line of Credit), Series 2026 in the principal amount of not to exceed $3,285,000 (the "Note") to provide interim financing in anticipation of the Grant for the purpose of funding a portion of the Hurricane Expenses.

7. The Grant does not require the bidding for financial services nor does the Act require the City to advertise and solicit bids for the financing and issuance of a grant anticipation note, and as such, the City has determined that it is in the best interest of the City not to advertise and solicit bids in order to save the City expenses and time.

8. It is in the best interest of the City to authorize Municipal Advisors of Mississippi, Inc., Gulfport, Mississippi, as financial advisor to the City (the "Financial Advisor"), to solicit requests for proposals from banks for the purchase of the Note and to negotiate with the lender thereof (the "Lender"), in order to obtain the best interest rate on the Note.

9. It is necessary and in the public interest to approve the Note to provide interim financing to repay the Hurricane Expenses and pay the costs incident to the issuance and sale of the Note (the "Project").

10. The Note will not exceed any constitutional or statutory limitation upon indebtedness that may be incurred by the City.

11. The Governing Body does now find, determine and adjudicate that the issuance of the Note is in the best interest of the City.

12. The City desires to authorize the law firm of Butler Snow LLP, Gulfport, Mississippi, as Special Counsel and counsel to the City (the "Special Counsel"), and the Financial Advisor to prepare and distribute such resolutions, certifications, and documents necessary to facilitate the issuance of the Note.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY, ACTING FOR AND ON BEHALF OF THE CITY, AS FOLLOWS:

SECTION 1. This Resolution is adopted by the Governing Body pursuant to the Act and all matters and things recited in the premises and preamble of this Resolution are found and determined to be true and accurate.

SECTION 2. The Governing Body hereby declares its intention to approve the Note in the total principal amount of not to exceed $3,285,000 for the purpose of financing the Project.

SECTION 3. The terms and conditions for the non-revolving line of credit secured by the Note and the form of the Note shall be in substantially the same form attached hereto as **EXHIBIT A,** and subject to the following terms:

(a) The Note will be delivered in a single denomination of not to exceed $3,285,000, will be numbered R-1 and will be issued in registered form;

(b) The Note will be dated the date of its delivery; will have a final maturity of not to exceed two (2) years from the date of issuance of the Note, but, however, prior to its maturity date, the City and the Lender may agree to extend the term of the Note for an additional one (1) year period as provided in the Note; the Note will bear interest from the date of each advance of principal on the Note, at the rate of interest specified in the Note, subject to the limitation that the Note shall not bear a greater overall maximum interest rate to maturity than eleven percent (11%) per annum as allowed by Section 75-17-107, Mississippi Code of 1972, as amended and supplemented; and interest on the Note will be computed on the basis of actual days elapsed and a 360-day year;

(c) At the option of the City, all or a portion of the principal amount of the Note may be advanced periodically, from time to time; provided, however, that the total aggregate principal amount of all advances shall not exceed the principal amount of the Note. The Lender shall have no obligation to make any further advances under the Note in the event that an event of default shall have occurred and be continuing;

(d) The Lender shall make a notation of the date and amount of each advance on the grid attached to the Note, but the failure of the Lender to make such a notation on the Note shall not affect the obligation of the City to repay such principal advance pursuant to the terms and provisions of the Note;

(e) Payments on the Note will be made from time to time as follows: (a) for principal and interest, upon receipt by the City of the proceeds of the Grant, (b) for any accrued and unpaid interest, on each one (1) year anniversary date of the Note, and (c) for all unpaid principal and interest still due and owing, on the final maturity date of the Note. Payments received by the Lender shall first be applied to accrued interest and then to principal;

(f) Principal and interest on the Note will be payable by check or draft of the City by the Clerk of the City (the "City Clerk"), acting as paying and transfer agent for the Note (the "Paying and Transfer Agent"), payable to the Lender at its office in Gulfport, Mississippi, in lawful money of the United States of America, in funds immediately available to the Lender as the Lender may from time to time direct; and

(g) The Note will be subject to redemption prior to maturity, at the option of the City, in whole or in part, on any date, at the principal amount thereof to be redeemed together with accrued interest to the date fixed for redemption and without premium.

SECTION 4. The Mayor is hereby authorized and directed to negotiate with one or more Lender(s) for the placement of the Note, and to make the final determinations, in consultation with the Financial Advisor, in connection with the Note not inconsistent with the requirements of this resolution including, but not limited to, the choice of the Lender, the final principal amount of the Note not to exceed $3,285,000, the maturity schedule relating to the Note, the redemption terms of the Note, the dated date and payment dates of the Note, the interest rate or rates to be borne by the Note, and the price to be paid for the Note, subject to the provisions of the Act and this resolution. The Mayor and the City Clerk are hereby fully authorized to execute, with the advice of the Financial Advisor, a term sheet from the Lender for the placement of the Note, and to approve all applicable and necessary changes to the documents approved hereby or otherwise related to such changes, the execution of said documents being conclusive evidence of such approval, and no further action shall be required of the Governing Body to approve such changes.

SECTION 5. The Governing Body hereby authorizes and directs the Mayor and the City Clerk to approve the payment of costs incidental to the issuance of the Note, including the payment of legal fees, if any, which may be paid from proceeds of the Note, and the City Clerk is to pay such costs pursuant to a requisition executed by the Mayor without further action of the Governing Body.

SECTION 6. The City shall maintain with a qualified depository thereof a special fund hereby created in the name of the City designated as the Series 2026 Grant Note Fund (the "Note Fund") for the payment of the principal of and interest on the Note. There shall be deposited into the Note Fund (a) as and when received, the proceeds of the Grant, and (b) on or before fifteen (15) days prior to the anniversary date of the Note, the City shall transfer from legally available funds, to the extent there are no other funds in the Note Fund, an amount necessary to pay the accrued and unpaid interest on said anniversary date along with principal if it is the final maturity date. As long as any principal of and interest on the Note remains outstanding, the City Clerk is hereby irrevocably authorized and directed to withdraw from the Note Fund sufficient monies to make payments of principal of and interest on the Note from time to time as follows: (a) for principal and interest, upon receipt by the City of the proceeds of the Grant, (b) for any accrued and unpaid interest, on each one (1) year anniversary date of the Note, and (c) for all unpaid principal and interest still due and owing, on the final maturity date of the Note.

SECTION 7. Under existing law, interest on the Note shall be treated as includable in the gross income of the holder thereof for federal income tax purposes. Under the Act, the Note is exempt from present taxes imposed by the State and any municipality, county, or other political subdivision of the State, except for inheritance, estate, and transfer taxes.

SECTION 8. The principal amount of the Note is being issued to a single Lender who has knowledge and experience in financial and business matters making it capable of evaluating the merits and risks of the prospective investment. The Note shall be sold to the Lender without a view for distributing said Note. The Lender shall be required to execute a certification at closing to the effect that the Note is being purchased for the account of the Lender without the intent to distribute (the "Certificate"). Based on the foregoing, the Note will be exempt from the continuing disclosure requirements of SEC Rule 15c2-12. The Note may only be transferred upon compliance by the Lender with the terms and provisions of this Resolution; specifically, the Lender must obtain from the assignee or transferee thereof and deliver to the City on or before the effective date assignment or transfer, a document satisfactory to the City and Special Counsel similar in form and substance to the Certificate provided by the Lender at the initial closing of the Note.

SECTION 9. The Authorized Officers are, and each of them acting alone is, hereby authorized and directed for and on behalf of the Governing Body to take any and all such actions as may be required by the Governing Body, to carry out and to give effect to the aforesaid note authorized pursuant to this Resolution and to execute all papers, documents and certificates that may be required to effectuate the purposes of this Resolution.

SECTION 10. The decisions and determinations made by the Mayor, the City Clerk, Special Counsel, and the Financial Advisor relating to the Note, and the actions taken by them in connection with the placement of the Note are hereby approved and ratified by the Governing Body.

SECTION 11. Except as otherwise expressly provided herein, nothing in this resolution, express or implied, is intended or shall be construed to confer upon any person or firm or corporation other than the City, the holder of the Note issued under the provisions of this resolution, the Governing Body and the Paying and Transfer Agent, any right, remedy, or claim, legal or equitable, under and by reason of this resolution or any of the provisions hereof. This resolution and all of its provisions are intended to be and shall be for the sole and exclusive benefit of the City, the Governing Body and the holder from time to time of the Note issued under the provisions of this resolution.

SECTION 12. All covenants, stipulations, obligations, and agreements of the City contained in this resolution, shall be binding upon the City, and, except as otherwise provided in this resolution, all rights, powers, and privileges conferred and duties and liabilities imposed upon the City by the provisions of this resolution, shall be exercised or performed by the City. No stipulation, obligation or agreement herein contained or any other document necessary to conclude the sale and issuance of the Note shall be deemed to be a stipulation, obligation or agreement of any officer, agent or employee of the City, including the Governing Body, in his or her individual capacity, and no such officer, agent or employee shall be personally liable on the Note or be subject to personal liability or accountability by reason of the sale and issuance thereof.

SECTION 13. In the event any scrivener's errors shall be discovered in this resolution after the adoption hereof but prior to the issuance of the Note, the Governing Body hereby authorizes and directs that each such scrivener's error shall be corrected in all multiple counterparts of this resolution prior to the issuance of the Note.

SECTION 14. If any one or more of the provisions of this resolution shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any of the other provisions of this resolution, but this resolution shall be construed and enforced as if such illegal or invalid provision or provisions had not been contained herein.

SECTION 15. All orders, resolutions, or proceedings of the Governing Body in conflict with the provisions of this Resolution shall be and are hereby repealed, rescinded, and set aside, but only to the extent of such conflict. For cause, this Resolution shall become effective immediately upon the adoption thereof.

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Council Member **DESALVO** seconded the motion to adopt the foregoing resolution, and the question being put to a roll call vote, the result was as follows:

Council Member Jordan Bradford	voted: AYE
Council Member Nancy Moynan	voted: AYE
Council Member Phalba Holmes	voted: AYE
Council Member Kyle Lewis	voted: AYE
Council Member Linda Kay Davis	voted: AYE
Council Member Josh DeSalvo	voted: AYE
Council Member Larry Smith	voted: AYE

The motion having received the affirmative vote of a majority of the members of the Governing Body present, being a quorum of said Governing Body, the Mayor declared the motion carried and the resolution adopted this 7th day of July, 2026.

CERTIFICATION

I, Caitlin Bourgeois, Clerk of Council for the City of Bay Saint Louis, Mississippi, do hereby certify that the foregoing Resolution was approved and adopted in the public meeting of the City Council held on July 7, 2026, a quorum being present, in the City Council Conference Chambers and to be recorded in the Minute Books, said Council being the duly elected, qualified, and acting governing body of Bay St. Louis.

Presented by me to the Mayor on this, the 7th day of July 2026.

Caitlin Bourgeois

Caitlin Bourgeois, Clerk of Council

Approved, and signed by me on this, the 7th day of July 2026.

Michael J. Favre, Mayor