

**ORDINANCE NO. 2022-334**

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF  
\$[79,345,000] OF GENERAL OBLIGATION ECONOMIC DEVELOPMENT  
WARRANTS, SERIES 2022**

**BE IT ORDAINED** by the City Council of the City of Madison, Alabama, as follows:

**ARTICLE I**

**DEFINITIONS, USE OF WORDS AND  
PHRASES, AND FINDINGS BY THE CITY**

**Section 1.1 Definitions.** The following words and phrases and others evidently intended as the equivalent thereof shall, in the absence of clear implication herein otherwise, be given the following respective interpretations:

**“Bank”** means The Bank of New York Mellon Trust Company, N.A., in its role as Warrant Registrar and Paying Agent.

**“Beneficial Owner”** means the owner of a Warrant or portion thereof for federal tax purposes.

**“Business Day”** means any day other than a Saturday, Sunday or day on which banking institutions are required or authorized to close in the city in which the designated corporate trust agency office of the Bank is located, or on which the Federal Reserve Bank is closed.

**“Capital Improvement Account”** means the account designated as such and created pursuant to Section 8.1 hereof.

**“Capitalized Interest”** shall mean the portion of the proceeds of the Warrants deposited in the Warrant Fund and applied as provided in Section 8.2.

**“City”** means the municipal corporation in the State of Alabama known as the City of Madison, Alabama, as it now exists, and any political subdivision resulting from any merger or consolidation thereof with any other political subdivision.

**“City Clerk”** means the city clerk of the City, or any person acting in such capacity for purposes of the issuance of the Warrants.

**“Code”** means the Internal Revenue Code of 1986 as amended.

“**Cooperative District**” means the Town Madison Cooperative District, a public corporation created and existing pursuant to Chapter 99B of Title 11 of the Code of Alabama 1975.

“**Cooperative District Bond**” means Revenue Bond (Town Madison Project), Series 2022A issued by the Cooperative District pursuant to the District Indenture.

“**Council**” means the governing body of the City as from time to time constituted.

“**County Funding Agreement**” means the Funding Agreement, dated November 14, 2022, between Madison County and the Cooperative District.

“**Direct Participant**” means securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations which participate in the Securities Depository with respect to the Warrants.

“**District Indenture**” means the Trust Indenture, dated December [12], 2022, between the Cooperative District and Regions Bank, as trustee.

“**Economic Development Amendment**” means Amendment 772 to the Constitution of Alabama of 1901 (codified as Section 94.01 of the Official Recompilation of the Constitution of Alabama of 1901), as amended by the amendment proposed by Act No. 2022-286 adopted at the 2022 Regular Session of the Legislature of Alabama and ratified on November 8, 2022.

“**Economic Development Project**” shall have the meaning given that term in Section 1.3(d) hereof, subject to being amended and supplemented as provided in Section 8.1 hereof.

“**Government Obligations**” means direct obligations of the United States of America and obligations unconditionally guaranteed by the United States of America.

“**Interest Payment Date**” means, with respect to the Warrants, any June 1 or December 1, prior to payment thereof.

“**Overdue Interest**” means interest due but not paid on the Interest Payment Date on which such interest is required to be paid.

“**Record Date**” means, as to any Interest Payment Date, the May 15 or November 15 immediately preceding such Interest Payment Date.

“**Securities Depository**” has the meaning given that term in Section 3.5 hereof.

“**Treasurer**” shall mean the treasurer or any assistant treasurer of the City.

“**Warrant Authorizing Law**” means Section 2, Chapter 47 of Title 11, Code of Alabama, 1975, as amended.

“**Warrant Fund**” means the special account created pursuant to Section 8.3 hereof.

“**Warrant Holder**” or “**Holder**” means the registered holder, from time to time, of any of the Warrants.

“**Warrants,**” unless otherwise indicated, means \$[79,345,000] in aggregate principal amount of the City's General Obligation Economic Development Warrants, Series 2022, as more particularly described in Article II hereof and issued hereunder.

**Section 1.2 Use of Words and Phrases.** The following provisions shall be applied wherever appropriate herein:

Whenever used herein, any pronoun or pronouns shall be deemed to include both singular and plural and to cover all genders.

"Hereby", "herein", "hereinafter", "hereof", "hereunder" and other equivalent words refer to this Ordinance as a whole and not solely to any particular portion thereof in which any such word is used.

The definitions set forth in Section 1.1 hereof shall be deemed applicable whether the words defined are herein used in the singular or plural.

**Section 1.3 Findings of Council.** Having made due and proper investigation of the matters hereinafter referred to, the Council hereby finds and determines:

- (a) The City of Madison, Alabama (the “City”) has the following outstanding long-term general obligation indebtedness (not including economic development related indebtedness) (i) General Obligation Warrants, Series 2013, dated May 1, 2013; (ii) General Obligation Warrants, Series 2015-A and General Obligation Warrants, Series 2015-B, dated May 1, 2015; (iii) General Obligation School Warrants, Series 2016-A, dated March 31, 2016; (iv) General Obligation School Warrants, Series 2016-B, dated June 23, 2016; (v) General Obligation Warrants, Series 2016-C, dated October 11, 2016; (vi) Funding Agreement to the Madison City School Board for James Clemens High School with respect to the construction of James Clemens High School by the Madison City School Board with the proceeds of the Board’s \$36,000,000 principal amount Capital Outlay Pool Warrant, Series 2010-QSCB, dated September 8, 2010, payable to the Alabama Public School and College Authority; (vii) General Obligation Taxable Warrants, Series 2018, dated May 1, 2018; (viii) General Obligation Warrants, Series 2018-C, dated August 2, 2018; (ix) General Obligation School Warrants, Series 2018-D, dated November 6, 2018 and (x) Taxable General Obligation Warrants, Series 2020-A and Taxable General Obligation Schools Warrants Series 2020-B, dated July 21, 2020 (collectively, the “Outstanding General Obligations”).

- (b) In order to finance various items of public infrastructure as part of the Town Madison development, the Cooperative District has heretofore issued the Cooperative District Bond, in the principal amount of \$39,300,403, in substitution for its Special Project Tax Revenue Bond (Town Madison Project), Series 2014-B. The principal of and interest on the Cooperative District Bond are payable solely from and secured by a pledge of payments by the City to the District of certain “Net Project Tax Revenues” payable in accordance with a Funding Agreement, dated November 14, 2022 (the “Funding Agreement”), and a corresponding funding agreement by Madison County. The Funding Agreement includes an option on the part of the City to prepay its obligations thereunder upon payment to the Cooperative District of sufficient funds to prepay and redeem the Cooperative District Bond, whereupon the payment obligations of the County under the County Funding Agreement will be assigned to the City.
- (c) It is necessary, advisable and in the interest of the public that the City exercise its option to prepay and redeem the Cooperative District Bond in order to obtain an overall lower borrowing cost to the City and improve the City’s cash flow from the taxes pledged to secure the Cooperative District Bond and such prepayment and redemption will thereby serve a valid and sufficient public purpose notwithstanding any benefit to any private business or person.
- (d) In order to complete the needed infrastructure improvements to support the Town Madison development, it is also necessary, advisable and in the interest of the public that the City construct, install and equip two (2) flyover ramps for access to and from Interstate 565 at the Town Madison exit, for the benefit of the citizens of the City (the “Economic Development Project”). The City has determined that the Economic Development Project is expected to cost at least \$40,000,000.
- (e) The City expects that tax revenues from the Town Madison project, which currently are pledged to the payment of the Cooperative District Bond, will be sufficient to pay the principal and interest on the Warrants authorized herein. In order to better provide for the payment of such debt service it is necessary and appropriate that proceeds of the Warrants be applied to the payment of interest coming due on the Warrants during approximately the first twelve months following their issuance.
- (f) Pursuant to the Economic Development Amendment the City is authorized to grant public funds and things of value in aid of or to any individual, firm, corporation or business entity, public or private, for the purpose of promoting the economic and industrial development of the City and to become indebted and issue bonds, warrants, notes or other obligations to a principal amount not exceeding 50% of the assessed value of taxable property in the City.
- (g) Pursuant to the Economic Development Amendment and the Warrant Authorizing Law the City is authorized to issue its warrants in order to finance the Economic Development Project and to refinance the Cooperative District Bond.

- (h) The Economic Development Project will promote the economic and industrial development of the City by expanding of the tax base of the City, increasing employment opportunities, increasing tax revenues, including from sales and use, ad valorem, lodging and other excise and license taxes imposed by the City, and improving public infrastructure, and will thereby serve a valid and sufficient public purpose notwithstanding any benefit to any private business or person.
- (i) The City is not in default in the payment of the principal of and the interest on the Outstanding General Obligations.
- (j) It is necessary, advisable and in the interest of the public that the City issue its General Obligation Economic Development Warrants, Series 2022 to finance the Economic Development Project, prepay and redeem the outstanding principal and interest of the Cooperative District Bond, capitalize interest on such Warrants through December 1, 2023, and pay costs of issuance and sale of such Warrants.
- (k) Immediately after the issuance of the Warrants, the total indebtedness of the City issued under authority of the Economic Development Amendment will not be more than 50% of the assessed valuation of taxable property within the boundaries of the City for the last fiscal year (ended September 30, 2022).

## ARTICLE II

### AUTHORIZATION, DESCRIPTION, EXECUTION, PAYMENT AND FORM OF THE WARRANTS

**Section 2.1 Authorization of the Warrants.** Pursuant to the applicable provisions of the constitution and laws of the State of Alabama, and for the purposes of financing the costs of the Economic Development Project, prepaying the outstanding principal of and interest on the Cooperative District Bond, paying interest to come due thereon through December 1, 2023 and paying the costs of issuance thereof, there is hereby authorized to be issued by the City \$[79,345,000] in aggregate principal amount of its General Obligation Economic Development Warrants, Series 2022.

**Section 2.2 Description of the Warrants.** The Warrants shall be issued only in fully registered form, without coupons, shall be dated the date of their initial issuance and delivery, shall be issued in principal amounts of \$5,000 or any integral multiple thereof, and shall be numbered from R-1 upwards in the order of their issuance and delivery. The Warrants shall bear interest from their date (or in the case of a Warrant registered in the name of a Holder on or after the first Interest Payment Date, from the Interest Payment Date next preceding the date of such registration or, if the date of such registration is an Interest Payment Date, from the date of registration) at the rates shown below (calculated on the basis of a 360-day year of twelve 30-day months), payable on each June 1 and December 1 until payment of the principal amount thereof, beginning June 1, 2023, and shall mature on December 1 in the years and amounts as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
[2024]	\$ [1,690,000]	[4.00%]	[2.680%]
[2025]	\$ [1,760,000]	[4.00%]	[2.760%]
[2026]	\$ [1,830,000]	[4.00%]	[2.810%]
[2027]	\$ [1,915,000]	[5.00%]	[2.880%]
[2028]	\$ [2,015,000]	[5.00%]	[2.920%]
[2029]	\$ [2,115,000]	[5.00%]	[2.970%]
[2030]	\$ [2,225,000]	[5.00%]	[3.040%]
[2031]	\$ [2,340,000]	[5.00%]	[3.100%]
[2032]	\$ [2,460,000]	[5.00%]	[3.110%]
[2033]	\$ [2,585,000]	[5.00%]	[3.190%]
[2034]	\$ [2,815,000]	[5.00%]	[3.320%]
[2035]	\$ [2,855,000]	[5.00%]	[3.460%]
[2036]	\$ [3,005,000]	[5.00%]	[3.558%]
[2037]	\$ [3,115,000]	[5.00%]	[3.650%]
[2038]	\$ [3,320,000]	[5.00%]	[3.720%]
[2039]	\$ [3,490,000]	[5.00%]	[3.790%]
[2040]	\$ [3,670,000]	[5.00%]	[3.840%]
[2041]	\$ [3,855,000]	[5.00%]	[3.900%]
[2042]	\$ [4,055,000]	[5.00%]	[3.920%]
[2048]	\$[28,290,000]	[4.00%]	[4.290%]

**Section 2.3 Execution of the Warrants.** The Warrants shall be executed in the name of the City by the manual or facsimile signatures of the Mayor of the City and its City Clerk inscribed or printed or otherwise reproduced thereon (it being herein provided that a condition to the validity of each Warrant is the manual execution on behalf of the Bank of the Registration Certificate endorsed on each Warrant). The Warrants shall be registered by the Treasurer of the City, in the records maintained by the Treasurer, as a claim against the City and the Warrant Fund, which registration shall be made simultaneously as to all the Warrants. The certificate of registration on each of the Warrants shall be executed by the manual or facsimile signature of the Treasurer of the City. The official seal of the City shall be impressed or printed or otherwise reproduced thereon and shall be attested by the aforementioned signature of the City Clerk. The said officers are hereby directed to cause the Warrants to be executed, sealed and registered in the manner provided by this section. Anything herein to the contrary notwithstanding, any assistant city clerk shall be empowered to execute any Warrant in the absence or unavailability of the City Clerk and any assistant treasurer of the City shall be empowered to execute any Warrant in the absence or unavailability of the Treasurer.

**Section 2.4 Places and Medium of Payment of the Warrants.** Principal of and interest on the Warrants shall be payable in lawful money of the United States of America. The principal of the Warrants shall be payable at the designated corporate trust agency office of the Bank, upon

presentation and surrender of the Warrants as the same become due and payable. Interest on the Warrants shall be payable by check or draft mailed by the Bank to the lawful holders of the Warrants at the address shown on the registry books of the Bank pertaining to the Warrants as of the Record Date and shall be deemed timely made if so mailed on the Interest Payment Date (or if such Interest Payment Date is not a Business Day, on the Business Day next following such Interest Payment Date).

**Section 2.5 Forms of the Warrants and Related Certificates.** The Warrants, the certificate of registration thereof, the registration thereof as a claim against the Warrant Fund, and the form of assignment thereof shall be in substantially the following forms, with appropriate changes therein to conform to the applicable provisions hereof.

(Form of Warrant)

[FORM OF CAPTION FOR WARRANTS HELD IN BOOK ENTRY FORM]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-\_\_\_\_\_

\$\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF ALABAMA  
CITY OF MADISON  
GENERAL OBLIGATION ECONOMIC DEVELOPMENT WARRANT  
SERIES 2022

MATURITY DATE

CUSIP NUMBER

INTEREST RATE

THE CITY OF MADISON, ALABAMA, a municipal corporation in the State of Alabama (the "City"), for value received, hereby acknowledges that it is indebted in the principal sum of

\_\_\_\_\_ DOLLARS

and hereby directs the Treasurer of the City to pay such principal sum to

\_\_\_\_\_

or registered assigns, on the maturity date specified above or such earlier date as this Warrant may be called for redemption, and to pay (but solely out of the Warrant Fund) interest on such principal sum from the date hereof (or in the case of a Warrant registered in the name of the registered Holder hereof on or after June 1, 2023, as evidenced by the Certificate of Registration attached hereto, from the Interest Payment Date next preceding the date of such registration or, if the date of such registration is an Interest Payment Date, from the date of registration), until such principal sum shall become due and payable, at the per annum rate of interest specified above. Interest shall be payable on June 1 and December 1 in each year, beginning June 1, 2023 (each such date herein called an "Interest Payment Date"), and shall be computed on the basis of a 360-day year with 12



months of 30 days each. Interest shall be payable on overdue principal (and premium, if any) on this Warrant and (to the extent legally enforceable) on any overdue installment of interest on this Warrant at the rate borne hereby.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Authorizing Ordinance hereinafter described, be paid to the person in whose name this Warrant is registered at the close of business on the 15<sup>th</sup> day of the month next preceding such Interest Payment Date.

The Warrants are being issued by means of a book-entry system with no physical distribution of warrant certificates to be made except as provided in the Authorizing Ordinance (as hereinafter defined). One warrant certificate, in the aggregate principal amount of each maturity of the Warrants, registered in the name of Cede & Co. as nominee of the DTC, is being issued and required to be deposited with DTC (or an authorized banking institution acceptable to DTC) and immobilized in its custody. The book-entry system will evidence ownership of the Warrants, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal, interest and any redemption premium payments to beneficial owners of the Warrants by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The City will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, and to participants or persons acting through such participants. While Cede & Co. is the registered owner of this Warrant, notwithstanding the provisions hereinabove contained, payments of principal, interest and any redemption premium on this Warrant will be made in accordance with the existing arrangements between the Paying Agent and DTC.

Subject to the foregoing paragraph, payment of interest on this Warrant due on each Interest Payment Date shall be made by check or draft mailed by the Paying Agent to the person entitled thereto at his address appearing in the Warrant Register maintained with respect to the Warrants. Such payments of interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if such Interest Payment Date is not a business day, on the business day next following such Interest Payment Date). Payment of the principal of (and premium, if any, on) this Warrant and payment of accrued interest on this Warrant due upon redemption shall be made only upon surrender of this Warrant at the designated corporate trust agency office of the hereinafter described Bank. Upon the terms and conditions provided in the Authorizing Ordinance, the Holder of any Warrant or Warrants in an aggregate principal amount of not less than \$500,000 may request that payment of interest on such Warrant or Warrants be made by wire transfer to an account of such Holder maintained at a bank in the continental United States or by any other method providing for same-day funds that is acceptable to the Bank. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This Warrant is one of the duly authorized issue of warrants of the City, aggregating \$\_\_\_\_\_ in principal amount, entitled "General Obligation Economic Development Warrants, Series 2022" (the "Warrants") and issued under and pursuant to an ordinance duly

adopted by the governing body of the City on December 19, 2022 (the "Authorizing Ordinance") and the constitution and laws of the State of Alabama, including particularly Section 2, Chapter 47, of Title 11 of the Code of Alabama, 1975, as amended, and the amendment to the Constitution of Alabama proposed by Act No. 2004-94, adopted at the 2004 Regular Session of the Legislature of Alabama and ratified on November 2, 2004, as amended by the amendment to the Constitution of Alabama proposed by Act No. 2022-286, adopted at the 2022 Regular Session of the Legislature of Alabama and ratified on November 8, 2022, codified as Section 94.01 of the Official Recompilation of the Constitution of Alabama of 1901. Capitalized terms not otherwise defined herein shall have the meanings assigned in the Authorizing Ordinance.

The Authorizing Ordinance provides that The Bank of New York Mellon Trust Company, N.A. (the "Bank"), will serve as Paying Agent and Registrar with respect to the Warrants unless and until a successor is appointed pursuant to the terms and conditions of the Authorizing Ordinance. For purposes of this Warrant and the Authorizing Ordinance, the principal office of the Bank shall mean the office where the Bank maintains its designated corporate trust agency office.

The indebtedness evidenced by the Warrants is a general obligation of the City for the payment of which the full faith and credit of the City have been irrevocably pledged, pro rata and without preference or priority of one Warrant over another.

Pursuant to the Authorizing Ordinance, the City has established a special fund for the payment of debt service on the Warrants (the "Warrant Fund") that will be held by the Bank. The City has obligated itself to pay or cause to be paid into the Warrant Fund from the taxes, revenues or other funds of the City sums sufficient to provide for the payment of debt service on the Warrants as the same becomes due and payable.

*Optional Redemption.* The Warrants will be subject to redemption prior to their maturity, at the option of the City, in whole or in part, on \_\_\_\_\_ and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof and if less than all of the Warrants are to be redeemed, those maturities or portions thereof to be called for redemption shall be selected by the City in its discretion, and if less than all the Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), at and for a redemption price equal to 100% of the principal amount of each Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.

*Scheduled Mandatory Redemption.* The Warrants maturing on \_\_\_\_\_ (the "Term Warrants") will be subject to mandatory redemption prior to maturity on the dates and in the principal amounts shown below. Those of the Term Warrants (or portions thereof) to be so redeemed will be redeemed at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, with those to be redeemed to be selected by lot.

December 1 of the Year

Principal Amount Required to be Redeemed

In the absence of prior optional redemption, Term Warrants in the aggregate principal amount of \$\_\_\_\_\_ will remain to be paid at their stated maturity on \_\_\_\_\_.

Written notice of the call for redemption of this Warrant (or portion of the principal thereof) shall be forwarded by registered or certified mail to the registered owner hereof, not less than thirty (30) or more than sixty (60) days prior to the date fixed for redemption. In the event that less than all the outstanding principal of this Warrant is to be redeemed, the registered Holder hereof shall surrender this Warrant to the Bank in exchange for a new Warrant of like tenor herewith except in a principal amount equal to the unredeemed portion hereof. Upon the giving of notice of redemption in accordance with the provisions of the Authorizing Ordinance, the Warrants (or principal portions thereof) so called for redemption and prepayment shall become due and payable on the date specified in such notice, anything herein or in the Authorizing Ordinance to the contrary notwithstanding, and the Holders thereof shall then and there surrender them for payment, and all future interest on the Warrants (or principal portion thereof) so called for prepayment shall cease to accrue after the date specified in such notice, whether or not the Warrants are so presented.

This Warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the Bank, as Registrar and Paying Agent of the City, and only upon surrender of this Warrant to such Registrar for cancellation, and upon any such transfer a new Warrant of like tenor herewith will be issued to the transferee in exchange therefor, all as more particularly described in the Authorizing Ordinance. Each Holder hereof, by receiving or accepting this Warrant, shall consent and agree and shall be estopped to deny that this Warrant may be transferred only in accordance with the provisions of the Authorizing Ordinance. Provision is also made in the Authorizing Ordinance for the exchange of Warrants for a like aggregate principal amount and in authorized denominations, all upon the terms and subject to the conditions set forth in the Authorizing Ordinance.

The Registrar shall not be required to transfer or exchange this Warrant during the period of fifteen (15) days next preceding any interest payment date; and, in the event that this Warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Registrar shall not be required to register or transfer this Warrant during the period of forty-five (45) days next preceding the date fixed for such redemption and prepayment.

Registration, transfer and exchange of Warrants, other than to replace mutilated, lost, stolen or destroyed Warrants, shall be without expense to the Holder or transferee, but the Holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange.

It has been ascertained and found, and it is hereby certified and recited, that all conditions, actions and things required by the constitution and laws of Alabama to exist, be performed or happen precedent to or in the issuance of this Warrant and the creation of the indebtedness evidenced and ordered paid hereby exist, have been performed and have happened, that such indebtedness has been registered as a claim against the Warrant Fund and is lawfully due without condition, and that the indebtedness evidenced and ordered paid by this Warrant, together with all

other indebtedness of the City, was when incurred and is now within every debt and other limit prescribed by the constitution and laws of Alabama.

Unless the Registration Certificate hereon has been executed by the Bank, as Registrar for the Warrants, by manual signature, this Warrant shall not be entitled to any benefit under the Authorizing Ordinance or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the City has caused this Warrant to be executed in its behalf by the Mayor and by the City Clerk of the City, each of whom have caused their signatures to be hereunto imprinted, has caused the official seal of the City to be imprinted hereon, and has caused this Warrant to be dated December \_\_\_\_, 2022.

CITY OF MADISON, ALABAMA

(SEAL)

By \_\_\_\_\_

Its Mayor

ATTEST:

By \_\_\_\_\_

City Clerk

\* \* \* \* \*

[Form of Registration as Claim against Warrant Fund]

I hereby certify that this Warrant has been registered by me as a claim against the Warrant Fund referred to in this Warrant.

\_\_\_\_\_  
Treasurer of the City of Madison, Alabama

\* \* \* \* \*

[Form of Registration Certificate]

This Warrant was registered in the name of the above-registered owner on the date hereinafter set forth.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By \_\_\_\_\_  
Its Authorized Officer

DATE OF REGISTRATION: \_\_\_\_\_

The following abbreviations, when used in the inscription on this Warrant or in the assignment below, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - As tenants in common
- TEN ENT - As tenants by the entireties
- JT TEN - As joint tenants with right of survivorship  
and not as tenants in common and not as community  
property
- UNIF TRANS MIN  
ACT -

\_\_\_\_\_  
(Custodian) (Minor)  
under Uniform Transfer to Minors Act  
\_\_\_\_\_  
(State)

Additional abbreviations may be used although not in the above list.

(Form of Assignment)

For value received \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto \_\_\_\_\_ the within Warrant and hereby irrevocably constitute(s) and appoint(s), attorney, with full power of substitution in the premises, to transfer the Bond on the books of the within mentioned Bank.

Dated this the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

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NOTE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Warrant in every particular, without alteration, enlargement or change whatsoever.

Signature guaranteed:  
(Bank, Trust company or Firm)

By: \_\_\_\_\_  
(Authorized Officer)

Its Medallion Number \_\_\_\_\_  
Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP)

**ARTICLE III**  
**FURTHER PROVISIONS WITH RESPECT TO**  
**WARRANTS**

**Section 3.1 Home Office Payment Agreement.** Upon the written request of the Holder of any Warrant or Warrants in an aggregate principal amount of not less than \$500,000, the Bank will make payment of interest due on such Warrant or Warrants upon any Interest Payment Date by wire transfer to an account of such Holder maintained at a bank in the continental United States or by any other method providing for payment in same-day funds that is acceptable to the Bank, provided that payment of the principal of and redemption premium (if any) on such Warrant or Warrants shall be made only upon surrender of such Warrant or Warrants to the Bank, as Paying Agent.

**Section 3.2 Interest After Payment Due Date.** The Warrants, any premiums thereon and, to the extent legally enforceable, overdue installments of interest thereon, shall bear interest after the maturity dates thereof or such earlier date as they may be called for redemption, until paid or until money sufficient for the payment thereof shall have been deposited for that purpose with the Bank, at the respective rates borne thereby.

Any provision hereof to the contrary notwithstanding, Overdue Interest shall not be payable to the Warrant Holder solely by reason of such Warrant Holder having been the Holder on the Record Date next preceding the Interest Payment Date on which such interest became due and payable, but shall be payable by the Bank as follows:

- (a) Not less than ten (10) days following receipt by the Bank of immediately available funds in an amount sufficient to enable the Bank to pay all Overdue Interest, the Bank shall fix an Overdue Interest Payment Date for payment of such Overdue Interest, which date shall be not more than twenty (20) days following the expiration of the ten-day period after receipt of funds by the Bank;
- (b) Overdue Interest shall be paid by check or draft mailed by the Bank to the persons in whose names the Warrants were registered in the registry books of the Bank pertaining to the Warrants on the Overdue Interest Payment Date.

Payment of Overdue Interest in the manner herein prescribed to the persons in whose names the Warrants were registered on the Overdue Interest Payment Date shall fully discharge and satisfy all liability for the same.

**Section 3.3 Temporary Certificates.** Pending the preparation of definitive Warrants the City may execute, and upon request of the City, the Bank shall register and deliver, temporary certificates which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Warrants in lieu of which they are issued, but numbered from R-1 upwards, without other identification numbers, and with

such other appropriate insertions, omissions, substitutions and other variations as the officers executing such temporary certificates may determine, as evidenced by their execution of such temporary certificates.

Any such temporary certificates shall be executed by the manual signatures of the appropriate officers of the City as required in Article II of this Ordinance and be executed and attested by the City Clerk. All such temporary certificates shall have impressed thereon the seal of the City.

If temporary Warrants are issued, the City will cause definitive Warrants to be prepared without unreasonable delay. After the preparation of definitive Warrants, the temporary Warrants shall be exchangeable for definitive Warrants upon surrender of the temporary Warrants at the principal office of the Bank, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Warrants the City shall execute and the Bank shall authenticate and deliver in exchange therefor a like principal amount of definitive Warrants of like tenor, and in authorized denominations. Until so exchanged, temporary Warrants shall in all respects be entitled to the security and benefits of this Ordinance.

**Section 3.4 Payments Due on a Day Other Than a Business Day.** If any payment on the Warrants is due on a day which is not a Business Day, such payment shall be made on the first succeeding date which is a Business Day with the same effect as if made on the day such payment was due.

**Section 3.5 Book Entry System.** The City may from time to time enter into, and discontinue, an agreement with a “clearing agency” (securities depository) registered under Section 17A of the Securities Exchange Act of 1934, as amended (a “Securities Depository”), which is the owner of the Warrants, to establish procedures with respect to the Warrants, not inconsistent with the provisions of this Ordinance; provided, however, that any such agreement may provide:

- (a) that such Securities Depository is not required to present a Warrant to the Paying Agent in order to receive partial payment of principal;
- (b) that a legend shall appear on each Warrant so long as the Warrants are subject to such agreement; and
- (c) that different provisions for notice to such Securities Depository may be set forth therein.

So long as an agreement with a Securities Depository is in effect, the City, the Bank and any paying agent or bond registrar shall not have any responsibility or liability with respect to the payment of principal, purchase price, premium, if any, or interest on the Warrants to the Beneficial Owners or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or any payments made to such Beneficial Owners.



## ARTICLE IV

### GENERAL OBLIGATION; PROVISION FOR PAYMENT OF OBLIGATIONS

**Section 4.1 General Obligation.** The indebtedness evidenced by the Warrants is and shall be a general obligation of the City and the full faith and credit of the City are hereby irrevocably pledged to the payment of the principal thereof and interest thereon.

**Section 4.2 Continued Levy of Taxes; Maintenance of Warrant Fund.** The City agrees that, so long as the principal of or interest on any of the Warrants remains unpaid, the City will annually levy and collect taxes, insofar as such taxes may be permitted by the present or any future provisions of the Constitution of Alabama, in such amounts as may be necessary to provide for the payment of the principal of and interest on the Warrants. The City further agrees that so long as the principal of or interest on any of the Warrants remains unpaid it will deposit in the Warrant Fund with respect to such Warrants, not later than the 25th day of the month next preceding an Interest Payment Date, an amount which, when added to the amounts then on deposit in such Warrant Fund, will equal the principal, interest and redemption premium (if any) to come due with respect to the Warrants on such Interest Payment Date.

**Section 4.3 Provision for Payment.** (a) If the principal of and interest and redemption premium (if any) on the Warrants is paid in accordance with the terms thereof and this Ordinance, then all covenants, agreements and other obligations of the City to the Holders of such Warrants shall thereupon cease, terminate and become void and be discharged and satisfied. In the event the Warrants are so paid the Bank shall pay to the City any surplus remaining in the Warrant Fund.

(b) Warrants shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 4.3 if

- (1) the City and the Bank (or another bank acting as trustee) enter into an appropriate trust agreement under which there shall be deposited, for payment or redemption of such Warrants and for payment of the interest to accrue thereon until maturity or redemption, and any redemption premium thereon, Government Obligations and cash or any combination of cash and Government Obligations which, together with the income to be derived from such, will produce monies sufficient to provide for the payment, redemption and retirement of such Warrants as and when the same become due;
- (2) the City shall have adopted all necessary proceedings providing for the redemption of any such Warrants that are required to be redeemed prior to their respective maturities and shall have instructed the Bank or other trustee under the aforesaid trust

agreement to provide such notices of redemption as are required under this Ordinance;

- (3) the City and the Bank shall have been furnished with an opinion of nationally recognized bond counsel to the effect that the creation of any such trust will not result in subjecting to federal income taxation the interest on any of the Warrants that are to be paid in accordance with such trust; and
- (4) the City and the Bank shall have been furnished a certificate of a firm of certified public accountants satisfactory to the Bank stating that such trust will produce monies sufficient to provide for the full payment and retirement of such Warrants as and when the principal of and interest and redemption premium (if any) on such Warrants shall come due.

**Section 4.4. Retention of Moneys for Payment of Warrants.** The amounts held by the Bank for the payment of the principal of and interest on any Warrants due on any date shall, pending such payment, be held in trust by the Bank for the holders of the Warrants entitled thereto, and for the purposes of this Ordinance the principal of and interest on such Warrants shall no longer be considered to be unpaid. All liability of the City to the Holders of such Warrants and all rights of such Holders against the City under the Warrants or under this Ordinance shall thereupon cease and terminate, and the sole right of such Holders shall thereafter be against such funds. If any Warrant shall not be presented for payment within a period of five (5) years following the date when such Warrant becomes due, whether by maturity, redemption or otherwise, or if the check or draft providing for any payment of interest on any Warrant shall not have been negotiated within such period, the Bank shall return to the City any moneys theretofore held by it for payment of such Warrant or such interest, subject to applicable laws of escheat.

## ARTICLE V

### REDEMPTION PROVISIONS

#### **Section 5.1 Mandatory and Optional Redemption.**

- (a) [Scheduled Mandatory Redemption. The Warrants maturing on December 1, 2048 (the “*Term Warrants*”) will be subject to mandatory redemption prior to maturity on the dates and in the principal amounts shown below. Those of the Term Warrants (or portions thereof) to be so redeemed will be redeemed at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, with those to be redeemed to be selected by lot.

<u>December 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2043	\$4,215,000
2044	\$4,395,000
2045	\$4,580,000
2046	\$4,770,000
2047	\$4,975,000

In the absence of prior optional redemption, Term Warrants in the aggregate principal amount of \$5,215,000 will remain to be paid at their stated maturity on December 1, 2048.]

(b) **Optional Redemption.** The Warrants will be subject to redemption prior to their maturity, at the option of the City, in whole or in part, on December 1, [2032] and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof and if less than all of the Warrants are to be redeemed, those maturities or portions thereof to be called for redemption shall be selected by the City in its discretion, and if less than all the Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), at and for a redemption price equal to 100% of the principal amount of each Series 2022 Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.

**Section 5.2 Procedure for Redemption; Ordinance Authorizing Redemption.** Not more than sixty (60) or less than thirty (30) days prior to the Redemption Date, the City (or the Bank on behalf of the City) shall give, or cause to be given, written notice of such redemption and prepayment by United States mail, registered or certified, to the Holders of each of the Warrants to be redeemed, in whole or in part, at the address of such registered Holder as such address appears on the registry books of the Registrar, stating that the Warrants (or principal portions thereof) have been called for redemption and will become due and payable at the Redemption Price, on a specified Redemption Date and that all interest thereon will cease to accrue after the Redemption Date. The holders of any of the Warrants to be redeemed may waive the requirements for notice with respect to the Warrants held by them without affecting the validity of the call for redemption of any other Warrants. The City shall cause to be paid and made available at the office of the Bank, on or prior to the Redemption Date, the total Redemption Price of the Warrants (or portions thereof) so called for redemption on such date. Out of the moneys so deposited with it, the Bank shall make provision for payment of the Warrants (or principal portions thereof) so called for redemption at the Redemption Price and on the Redemption Date.

In addition to the foregoing notice, further notice shall be given by the City to all registered securities depositories and to one or more national information services that disseminate notices of redemption of obligations such as the Warrants. No defect in the further notice required in this paragraph, and no failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as described in the first paragraph of this Section 5.2.

Any optional redemption or prepayment of the Warrants or any portion thereof shall be effected upon a call by the City, as evidenced by a resolution of the Council, for redemption and prepayment of the Warrants to be so redeemed. Any such resolution pertaining to the Warrants shall state (i) that the City is not in default in the payment of the principal of or interest on any of the Warrants to be redeemed or (ii) that all of the Warrants then outstanding are to be retired on the Redemption Date.

**Section 5.3 Result of Redemption of Warrants.** Upon compliance with the requirements set forth in this Article V, and if the City is not on the Redemption Date in default in the payment of the principal of or interest on the Warrants, the Warrants (or principal portions thereof) called for redemption shall become due and payable at the Redemption Price and on the Redemption Date specified in the notice provided for in Section 5.2, and the Holders thereof shall then and there surrender them for redemption; provided, however, that in the event that less than all of the outstanding principal of any Warrant is to be redeemed, the registered Holder thereof shall surrender the Warrant that is to be prepaid in part to the Bank in exchange, without expense to the Holder, for a new Warrant of like tenor except in a principal amount equal to the unredeemed portion thereof. All future interest on the Warrants (or principal portions thereof) so called for redemption shall cease to accrue after the Redemption Date.

## ARTICLE VI

### REGISTRATION AND TRANSFER OF THE WARRANTS

**Section 6.1 Registration and Transfer of the Warrants.** The Warrants shall be registered as to both principal and interest. Each Warrant shall have endorsed thereon a registration certificate substantially in the form provided in Section 2.5 hereof, and a condition to the validity of each Warrant shall be the manual execution of such certificate on behalf of the Bank. The Bank is hereby appointed as the Registrar and Transfer Agent for the Warrants and shall be authorized to keep at its designated corporate trust agency office, proper registry books in which it shall register the Warrants, as to both principal and interest, noting the registry on the Warrants so presented. Such registration shall conclusively designate the Warrant Holder as the sole person to whom or on whose order the payment of the principal of and interest on the Warrants so registered may be made. After such registration no transfer of a Warrant so registered shall be valid unless it is presented at the said office with written power to transfer, properly stamped if required, in form and with guaranty of signature satisfactory to the Registrar, and such new registration noted thereon by the Registrar. The Registrar shall not be required to transfer or exchange such Warrant during the period of fifteen (15) days next preceding any interest payment date. If any Warrant shall be duly called for redemption pursuant to the provisions hereof, the Registrar shall not be required to transfer such Warrant during the period of sixty (60) days next preceding the date fixed for its redemption.

**Section 6.2 Exchange of Warrants.** Upon request of the Holder of any Warrant, the City shall execute, and the Bank shall register and deliver, upon surrender to the Bank of the Warrant or Warrants, in exchange therefor, a Warrant or Warrants of the same tenor in different authorized

principal amounts (of \$5,000 or integral multiples thereof), together aggregating the same principal amount as the then unpaid principal of the Warrant or Warrants so surrendered, all as may be requested by the persons surrendering such Warrant or Warrants.

**Section 6.3 Costs of Registration, Transfer and Exchange.** The registration, transfer and exchange of Warrants (other than pursuant to Section 6.5 hereof) shall be without expense to the Holder or transferee. In every case involving a transfer, registration or exchange, such Holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange.

**Section 6.4 Effect of Registration.** The City, the Registrar, and the Paying Agent may deem and treat the person in whose name a Warrant is registered on the books of the Registrar as the absolute owner thereof for all purposes; they shall not be affected by notice to the contrary; and all payments by any of them to the person in whose name a Warrant is registered shall, to the extent of such payment, fully discharge all liability thereof.

**Section 6.5 Replacement of Mutilated, Lost, Stolen or Destroyed Warrants.** In the event that any Warrant is mutilated, lost, stolen or destroyed, the City may execute and deliver a new Warrant of like tenor as that mutilated, lost, stolen or destroyed; provided, that (a) in the case of any such mutilated Warrant, such Warrant is first surrendered to the City and the Bank, and (b) in the case of any such lost, stolen or destroyed Warrant, there is first furnished to the City and the Bank evidence of such loss, theft or destruction satisfactory to each of them, together with indemnity satisfactory to each of them. The City may charge the Holder with the expense of issuing any such new Warrant.

**Section 6.6 Provisions with Respect to Bank.** (a) Appointment of Bank and Acceptance of Duties. The Bank is herein designated and appointed and shall act as registrar, transfer agent and payment agent with respect to the Warrants. By its acceptance of such duties hereunder, the Bank shall accept and agree to perform the duties required by this Ordinance, subject, however, to the following conditions:

- (i) The Bank shall undertake to perform such duties and only such duties as are specifically set forth in this Ordinance, and no implied covenants or obligations shall be read into this Ordinance against the Bank.
- (ii) In the absence of bad faith or negligence on its part, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Bank and conforming to the requirements of this Ordinance; provided, however, that in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Bank, the Bank shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Ordinance.
- (iii) The Bank shall not be answerable for other than its gross negligence or willful default and the Bank may act through its agents and attorneys with respect to any

of its duties hereunder.

- (iv) No provision of this Ordinance shall be construed to relieve the Bank from liability for its own gross negligence or willful misconduct, except that no provision of this Ordinance shall require the Bank to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.
  - (v) The Bank may consult counsel on any matters connected herewith and shall not be answerable for any action taken or failure to take any action in good faith on the advice of counsel, provided that its action or inaction is not contrary to any express provision hereof.
  - (vi) The Bank need not recognize a Holder of a Warrant as such without the satisfactory establishment of his title to such Warrant.
  - (vii) Any action taken by the Bank at the request of and with the consent of the Holder of a Warrant will bind all subsequent Holders of the same Warrant and any Warrant issued hereunder in lieu thereof.
  - (viii) The Bank may be a Holder or a pledgee of any of the Warrants as if not Bank hereunder.
  - (ix) The Bank shall not be liable for the proper application of any moneys other than those that may be paid to or deposited with it.
  - (x) The Bank shall not be liable to pay or allow interest on any moneys to be held by it under this Ordinance or otherwise to invest any such moneys, except as specifically required by this Ordinance or as may be required by law or other written agreement between the City and the Bank.
  - (xi) The Bank may make any investments permitted or required hereby through its own investment department, and any Eligible Investments issued or held by it hereunder shall be deemed investments and not deposits.
  - (xii) The Bank shall, upon reasonable written request, inform the City of the amount at the time on deposit in any of the special funds or accounts created hereunder.
  - (xiii) The recitals of fact herein and in the Warrants are statements by the City and not by the Bank, and the Bank is in no way responsible for the validity or security of the Warrants or the validity of the security afforded hereby.
- (b) Resignation by Bank. The Bank and any successor Bank may resign and be discharged from the duties under this Ordinance by causing written notice specifying the effective

date, postage prepaid, to the City and to every Holder of a Warrant. Unless the effective date of the Bank's resignation shall coincide with the appointment of a successor Bank by the Holders of the Warrants as herein provided, such date shall be at least sixty (60) days after the date on which notice to the City and the Holders of the Warrants shall have been mailed.

(c) Removal of Bank. The Bank may be removed upon thirty (30) days written notice delivered to the Bank and to the City and signed by the Holders of a majority in aggregate principal amount of the Warrants then outstanding.

(d) Appointment of Successor Bank; Interim Bank. In case the Bank shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, a successor may be appointed by Holders of a majority in aggregate principal amount of Warrants then outstanding through an instrument or concurrent instruments in writing signed by such Holders. In case of any such resignation or event which causes the Bank to be incapable of acting, the City, by an instrument signed by the Mayor, shall appoint an interim Bank to serve until a successor Bank shall be appointed by the Holders of a majority in aggregate principal amount of the Warrants, as provided above. Whenever necessary to avoid or fill a vacancy in the office of Bank, the City will appoint an interim Bank in order that there shall at all times be a Bank hereunder. Any interim Bank so appointed by the City shall immediately and without further act be superseded by the Bank appointed by the holders of the Warrants.

The City shall cause notice of the appointment of an interim Bank, in the event that such an appointment is made, to be forwarded by United States registered or certified mail, postage prepaid, to every Holder of a Warrant. When the appointment of a successor Bank, as selected by the Holders of a majority in principal amount of the Warrants then outstanding, becomes effective, the City shall also cause notice of that fact to be given in the manner provided above for the notice required to be given upon the appointment of an interim Bank. Every interim or successor Bank appointed pursuant to this Section shall be a trust company or bank which is qualified to perform all duties of the Bank under this Ordinance and which has, at the time of its acceptance of such appointment, capital, surplus and undivided profits of not less than \$25,000,000, if there be such an institution willing, qualified and able to accept appointment as Bank upon reasonable or customary terms.

(e) Concerning any Successor Bank. Every successor Bank shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting its appointment as Bank hereunder, and thereupon such successor Bank, without any further act, deed or conveyance, shall become fully vested with all the rights, powers and duties of its predecessor. Such predecessor shall nevertheless, on the written request of the City or such successor Bank, execute and deliver an instrument transferring to such successor Bank all rights, powers and interests of such predecessor hereunder; and every predecessor Bank shall deliver all securities and moneys held by it as Bank hereunder to its successor.

(f) Merger or Consolidation of Bank. Any corporation into which the bank may be

merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank, shall be the successor of the Bank hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case the registration certificates with respect to any Warrants shall have been executed by the Bank then in office, any successor by merger or consolidation to such Bank may adopt the registration of such Warrants and deliver such Warrants with the same effect as if such successor Bank had itself registered such Warrants.

(g) Compensation of Bank. Subject to the provisions of any separate agreement with the Bank, the City shall pay to the Bank from time to time reasonable compensation for all services rendered by it under this Ordinance, including its services as registrar and paying agent for the Warrants, and also all its reasonable expenses, charges, counsel fees, costs and expenses and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its duties hereunder.

## ARTICLE VII

### EXECUTION AND DELIVERY OF THE WARRANTS; USE OF PROCEEDS THEREFROM

**Section 7.1 Authority to Execute and Deliver the Warrants.** The Mayor of the City, the City Clerk and Treasurer are hereby authorized and directed to cause the Warrants to be executed, sealed, attested and registered as a claim against the City and the Warrant Fund as provided herein and delivered to the purchaser thereof upon payment to the City of the sale price therefor.

**Section 7.2 Application of Proceeds of Sale; Additional Sums.** The gross proceeds derived from the sale of the Warrants shall be paid to the Bank and shall be used solely for the following purposes:

- (a) The amount of \$[40,000,000.00] shall be paid directly to Regions Bank, as Trustee to be applied to the payment of the principal of and interest on the Cooperative District Bond;
- (b) The amount of \$[3,391,894.06], constituting Capitalized Interest, shall be deposited with The Bank of New York Mellon Trust Company, N.A., as depository, in the Warrant Fund and shall be applied to the payment of interest coming due on the Warrants on or before December 1, 2023, as provided in Section 8.2.
- (c) The remainder of the proceeds of the sale of the Warrants shall be paid by the Bank to Synovus Bank, as depository,



and deposited in the Capital Improvements Account and shall be applied for the purposes described in Section 8.1.

**ARTICLE VIII**

**CREATION OF CAPITAL IMPROVEMENT ACCOUNT, CAPITALIZED INTEREST ACCOUNT, AND WARRANT FUND; COVENANTS WITH RESPECT TO WARRANT PROCEEDS**

**Section 8.1 Capital Improvements Account.** There shall be created a special account the full name of which shall be the "City of Madison Improvements Account, 2022." The Capital Improvements Account shall be maintained as a separate account until the moneys in said account shall have been fully expended as hereinafter provided. Except as hereinafter provided, the City will apply the moneys in the Capital Improvements Account solely for payment of costs of issuance of the Warrants and costs of the construction and installation of the Economic Development Project described in Section 1.3(a) hereof. Synovus Bank, Birmingham, Alabama shall be the depository for the Capital Improvements Account.

The Mayor or any other person designated in writing by the Mayor are hereby authorized and directed to make withdrawals from the Capital Improvements Account for the purpose of paying the costs of the issuance of the Warrants and the costs of the Economic Development Project described in Section 1.3(d) hereof. The City shall have the right to supplement or revise the improvements comprising the Economic Development Project to be paid from proceeds of the Warrants by resolution or ordinance; provided, that no revisions or addition to the Economic Development Project as herein approved shall adversely affect either the status of the Economic Development Project as a permitted project under the Economic Development Amendment or the excludability of interest on the Warrant for federal income tax purposes.

**Section 8.2 Capitalized Interest.** There shall be deposited in the Warrant Fund the amount set forth in Section 7.2(b). The Bank shall apply the following amounts to the payment of interest on the Warrants coming due on the following Interest Payment Dates:

<b>Interest Payment Date</b>	<b>Amount of Capitalized Interest</b>
June 1, 2023	[\$1,558,437.81]
December 1, 2023	[\$1,833,456.25]

**Section 8.3 Warrant Fund.** There is hereby created a special account, the full name of which shall be the "City of Madison Warrant Fund, 2022." The Warrant Fund shall be maintained as a separate fund until payment in full of the principal of and interest on the Warrants. The Bank is hereby designated as the custodian of the Warrant Fund.

Not later than the 25th day of each May and November, commencing May, 2023, the City shall deposit into the Warrant Fund an amount equal to principal, if any, and interest that will come due with respect to the Warrants on the next succeeding Interest Payment Date; provided, that the amounts required to be deposited with respect to the payment of interest to come due on or prior to December 1, 2023 shall be adjusted to take into account the amounts of Capitalized Interest as provided in Section 8.2; and provided further, that any subsequent payments shall be adjusted to the extent appropriate to take into account any interest and investment earnings within the Warrant Fund, but the amount on deposit on the 25<sup>th</sup> day of the month preceding each Interest Payment Date shall in any event be equal to the amount of principal and interest to come due on such Interest Payment Date. Monies deposited in the Warrant Fund shall be used by the Bank for the payment of principal, interest and redemption premium (if any) on, the Warrants, and for no other purpose until the payment in full of the Warrants.

**Section 8.4 Investment of Moneys in Accounts.** Pending the expenditure of moneys in the Warrant Fund for any other purpose, the City shall have the privilege at any time and from time to time of investing and reinvesting, or causing to be invested and reinvested, all or part of the moneys at any time on deposit in such account, in Government Obligations or in money market funds consisting of Government Obligations. Pending the expenditure of moneys in the Capital Improvements Account (including the Capitalized Interest Account) for any other purpose, the City shall have the privilege at any time and from time to time of investing and reinvesting, or causing to be invested and reinvested, all or part of the moneys at any time on deposit in such account in Government Obligations, money market funds consisting of Government Obligations, or certificates of deposit issued by banks or trust companies having at the time of the deposit combined capital, surplus and undivided profits of not less than \$5,000,000.

The Bank is hereby directed to invest and reinvest such amounts promptly upon receipt of, and in accordance with, the written instructions of the City. The Bank may conclusively rely upon the City's written instructions as to both the suitability and legality of the directed investments. In the absence of written investment instructions from the City, the Bank shall not be responsible or liable for keeping the moneys held by it hereunder fully invested. The Bank shall not be liable for any losses from such directed investments.

**Section 8.5 Security for Funds.** Any money on deposit in any fund or account or held by the Bank pursuant to this Ordinance shall, unless invested as provided herein or secured by the Federal Deposit Insurance Corporation (or any successor agency of the United States of America) or under the State of Alabama Security for Alabama Funds Enhancement Program, be secured for the benefit of the City and the Holders by holding on deposit as collateral security direct obligations of the United States of America or securities designated by the Office of the Comptroller of the Currency in 12 CFR 9.10(b) as acceptable collateral for funds held by a national bank in a fiduciary account awaiting investment or distribution, having a market value (exclusive of accrued interest) not less than the amount of money being secured.

**Section 8.6 Covenants with Respect to Exemption of Interest from Federal Income Taxation; Non-Arbitrage Covenant.** The City acknowledges and agrees that the Warrants are to be issued in compliance with the conditions necessary for the interest income thereon to be

exempt from federal income taxation pursuant to the relevant provisions of the Code. The City hereby covenants and agrees as follows:

- (a) It will not use or apply the proceeds of the Warrants or direct the investment of moneys in any funds or accounts established or maintained with respect to the Warrants in such manner as to constitute any Warrant an "arbitrage bond" within the meaning of Section 148 of the Code;
- (b) It will make timely rebate payments to the United States of America with respect to any "excess" arbitrage profits as required by Section 148(f) of the Code;
- (c) It will maintain all records required by Section 148(f) of the Code and the applicable regulations thereunder and shall furnish such data or information regarding compliance with Section 148(f) of the Code as any Holder shall reasonably request in writing, which records shall be furnished to any Holder upon its request;
- (d) It will, within 60 days after a written request of the Bank therefor, furnish to the Bank and to any Holder a certificate by an independent certified public accountant or opinion of nationally recognized bond counsel stating that as of such date it had made all rebate payments to the United States of America necessary to prevent the Warrants from becoming "arbitrage bonds" under Section 148(f) of the Code;
- (e) It will comply with the terms of the City's Tax Certificate and Agreement with regard to use of proceeds of the Warrants in any private business use; payment of the Warrants shall not be secured by, or derived from, property used in a private business use; proceeds of the Warrants shall not be used to make or finance loans to persons other than governmental units; and proceeds of the Warrants shall not be used in any manner that would cause the Warrants to be or become private activity bonds, as defined in Section 141 of the Code;
- (f) It will not cause or permit the Warrants to be federally guaranteed, within the meaning of Section 149(b) of the Code; and
- (g) It will not in any other way cause or permit the proceeds of the Warrants to be used in a manner which would cause the interest on the Warrants to lose the exemption from federal income taxation as provided under the Code and the applicable regulations thereunder and will comply with all applicable provisions of the Code (including, without limitation, the provisions relating to

post-issuance actions affecting tax exemption) to the extent necessary for interest on the Warrants to be excludable from gross income of the holders thereof.

- (h) It has in place procedures providing for compliance with each of the matters described above and for keeping records with respect to such compliance.

## **ARTICLE IX**

### **APPROVAL OF OFFICIAL STATEMENT; AUTHORIZATION OF CONTINUING DISCLOSURE AGREEMENT; APPROVAL OF SALE; MISCELLANEOUS PROVISIONS**

**Section 9.1 Approval of Official Statement.** The Council hereby approves and ratifies the actions heretofore taken by the Underwriter in connection with the preparation and distribution of a Preliminary Official Statement respecting the Warrants, which form has heretofore been deemed final within the meaning of Securities and Exchange Commission Rule 15c2-12. The Council hereby approves and adopts the final Official Statement dated December \_\_\_\_, 2022 respecting the Warrants, the said final Official Statement to be in substantially the form presented to the meeting of the Council at which this Ordinance is adopted. The Council further authorizes the use and distribution of the said Official Statement by the Underwriter in connection with the reoffering of the Warrants. In evidence of the approval by the Council of the said Official Statement, the Mayor of the City is hereby authorized and directed to sign manually and deliver the said Official Statement, on behalf of the Council, with such changes and additions as the Mayor of the City shall deem necessary or desirable to consummate the sale and issuance of the Warrants, the determination of the definitive form of the said Official Statement by the Mayor of the City to be conclusively established by execution (which may be by facsimile signature) of such document.

**Section 9.2 Authorization of Continuing Disclosure Agreement.** Upon delivery of the Warrants to the purchaser thereof, the Mayor of the City is hereby authorized and directed to execute and deliver for and on behalf of the City the Continuing Disclosure Agreement in substantially the form presented at the meeting of the Council at which this Ordinance is adopted. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Ordinance, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered a default hereunder or with respect to the Warrants; provided, however, any Holder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section 9.2. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Warrants (including persons holding Warrants through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Warrants for federal income tax purposes.

**Section 9.3 Sale of Warrants; Approval of Warrant Purchase Agreement.** The Council does hereby ratify and approve (i) the sale of the Warrants to The Frazer Lanier Company, Incorporated (the “Underwriter”) at the purchase price of \$[83,724,500.70] (which takes into account net original issue [premium] of \$[4,776,225.70] and an Underwriters’ discount of \$[396,725.00], and (ii) the execution by the Mayor of the City of the Warrant Purchase Agreement, dated December \_\_\_, 2022, between the City and the Underwriter in accordance with Resolution \_\_\_\_\_ previously adopted by the Council.

**Section 9.4 County Funding Agreement.** The Mayor and other officers of the City are hereby authorized to execute such documents and take such other actions as shall be necessary and appropriate to secure to the City the payments required to be made under the County Funding Agreement, including without limitation execution of assignment documents or execution of a substitute funding agreement between the City and Madison County.

**Section 9.5 Further Acts.** From and after the execution and delivery of the documents hereinabove authorized, the proper officers, directors, agents and employees of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed and are further authorized to take any and all further actions and execute and deliver any and all other documents as may be necessary in the issuance of the Warrants and in the execution and delivery of the Official Statement or as contemplated by this Ordinance.

The Mayor of the City and City Clerk are authorized and directed to prepare and furnish to the purchasers of the Warrants, when the Warrants are issued, certified copies of all the proceedings and records of the Council relating to the Warrants, and such other affidavits and certificates as may be required to show the facts relating to the legality and marketability of the Warrants as such facts appear from the books and records in such officers' custody and control or as otherwise known to them.

**Section 9.6 Contractual Provisions.** The provisions of this Ordinance shall constitute a contract between the City and the Holders at any time of the Warrants. Upon payment in full of the principal of and interest on the Warrants the obligations of the City hereunder shall cease with respect thereto.

**Section 9.7 Warrants Payable at Par.** Each bank at which the Warrants may at any time be payable, by acceptance of its duties as Paying Agent therefor, shall be construed to have agreed thereby with the Holders of the Warrants that all remittances made by it on the Warrants shall be made in bankable funds at par and without deduction for exchange, fees or expenses.

**Section 9.8 Severability.** The various provisions of this Ordinance are hereby declared to be severable. In the event any provisions hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this Ordinance.

**Section 9.9 Repeal of Conflicting Provisions.** All resolutions, orders or parts thereof in conflict with this Ordinance are to the extent of such conflict are hereby repealed.

**READ, PASSED AND ADOPTED** this 19<sup>th</sup> day of December, 2022.

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*Ranae Bartlett, City Council President*  
**City of Madison, Alabama**

**ATTEST:**

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*Lisa D. Thomas, City Clerk-Treasurer*  
**City of Madison, Alabama**

**APPROVED** this \_\_\_\_ day of December, 2022.

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*Paul Finley, Mayor*  
**City of Madison, Alabama**