



**HAND ARENDALL
HARRISON SALE**

R. Preston Bolt, Jr.

pbolt@handfirm.com

DIRECT 251 694 6292 / FAX 251 544 1605

October 25, 2022

City of Madison
100 Hughes Rd.
Madison, Alabama 35758
Attn: Roger Bellomy, Finance Director

Re: General Obligation Economic Development Warrants

Dear Richard:

The purpose of this engagement letter is to set forth certain matters concerning the services to be performed by this firm as bond counsel in connection with the issuance of the above-referenced obligations (the "Warrants"). We understand that the Warrants are to be issued by City of Madison (the "City") for the purpose of financing "flyover ramps" for access to and from Interstate 565 at the Town Madison exit (the "Project"). The City may also elect to apply proceeds of the Warrants to prepay and redeem approximately \$40,000,000 in obligations of the Town Madison Cooperative District (the "Cooperative District") that were originally applied to finance various items of public infrastructure within or in support of the Town Madison development.

In this engagement, we expect to perform the following duties:

- (1) Subject to the completion of proceedings to our satisfaction, render our legal opinion (the "Opinion") regarding the validity and binding effect of the Warrants, the source of payment and security for the Warrants, and the excludability of interest on the Warrants from gross income for federal and State of Alabama income tax purposes.
- (2) Prepare and review documents necessary or appropriate to the authorization, issuance and delivery of the Warrants and coordinate the authorization and execution of such documents.
- (3) Assist the City in the preparation of an official statement or other offering document to be provided to potential purchasers of the Warrants.
- (4) Review legal issues relating to the structure of the Warrant issue.
- (5) Preparation and submission on behalf of the City of an Internal Revenue Service Form 8038.

- (6) Prepare a continuing disclosure undertaking and assist as requested in the preparation of an official statement of the City with respect to the Warrants.
- (7) Prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Warrants.

Our duties in this engagement are limited to those expressly set forth above or as are otherwise required in order to permit us to render our Opinion. In particular, we are not retained to provide continuing advice to the City or any other party concerning any actions necessary to assure that interest paid on the Warrants will continue to be excludable from gross income for federal income tax purposes. For example, our engagement does not include compliance with the rebate obligations with respect to the Warrants.

Our Opinion will be addressed to the City and will be delivered by us on the date the Warrants are exchanged for their purchase price (the Closing).

The Opinion will be based on facts and law existing as of its date. In rendering our Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the City with applicable laws relating to the Warrant. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Warrants and their security. We understand that you will direct members of your staff and other employees of the City to cooperate with us in this regard.

Our duties in this engagement are limited to those expressly set forth above. Among other things, our duties do not include:

- (a) Preparing requests for tax rulings from the Internal Revenue Service, or no action letters from the Securities and Exchange Commission.
- (b) Preparing blue sky or investment surveys with respect to the Warrants.
- (c) Drafting state constitutional or legislative amendments.
- (d) Making an investigation or expressing any view as to the creditworthiness of the City or the Warrants.
- (e) After Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.
- (f) Representing the City in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.
- (g) After Closing, providing continuing advice to the City or any other party concerning any actions necessary to assure that interest paid on the Warrants will continue to be excludable from gross income for federal income tax purposes (*e.g.* our engagement does not include rebate calculations for the Warrants).

(h) Addressing any other matter not specifically set forth above that is not required to render our Opinion.

Upon execution of this engagement letter, the City will be our client and an attorney-client relationship will exist between us. We assume that all other parties will retain such counsel as they deem necessary and appropriate to represent their interests in this transaction. We further assume that all other parties understand that in this transaction we represent only the City, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel are limited to those contracted for in this letter; the City's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the City will not affect, however, our responsibility to render an objective Opinion.

Our representation of the City and the attorney-client relationship created by this engagement letter will be concluded upon issuance of the Warrants.

CONFLICTS

As you are aware, our firm represents many political subdivisions, companies and individuals. It is possible that during the time that we are representing the City, one or more of our present or future clients will have transactions with the City. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Warrants, such as the trustee or paying agent or an investment banking firm participating in the financing. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the Warrants so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Warrants. Execution of this letter will signify the City's consent to our representation of other consistent with the circumstances described in this paragraph.

It is common practice in Warrant transactions for various parties to consult with bond counsel concerning document provisions, structural issues, common practices and tax or other legal questions affecting the financing. To the extent we are able to consult with other parties and their counsel without adversely affecting the interests of the City we shall do so. We will not, however, undertake to represent the interest of any other parties.

FEES AND OTHER MATTERS

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Warrant; (ii) the duties we will undertake pursuant to this engagement letter, including participation in the validation proceedings; (iii) the time we anticipate devoting to the financing; and (iv) the responsibilities we will assume in connection therewith, we estimate that our fee will be \$48,000. If the financing includes the Cooperative District obligations we expect that our fee will be \$70,000. In either case, our fee may vary: (a) if the principal amount of Warrants actually issued differs significantly from the amount stated above; (b) if material changes in the structure or schedule of the financing occur; (c) if an order validating the Warrants

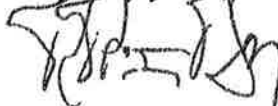
is appealed to the Alabama Supreme Court; or (d) if unusual or unforeseen circumstances arise which require a significant increase in our time or responsibility. In addition, and as you are aware, over the past fifteen months we have deferred billing on the Town Madison restructuring; the fees quoted above do not include those deferred fees. If, at any time, we believe that circumstances require an adjustment of our original fee estimate, we will advise you. Our fee will include charges made or incurred on your behalf, such as travel costs, photocopying, deliveries, filing fees, computer-assisted research. If we are asked to incur expenses that would not be covered by our fee, we will so advise you. Our fee is usually paid at the Closing, and we customarily do not submit any statement until the Closing unless there is a substantial delay in completing the financing.

If, for any reason, the financing represented by the Warrants are not consummated or is completed without the delivery of our Opinion as bond counsel, or our services are otherwise terminated, we will expect to be compensated at our normal hourly rates (currently ranging from \$175 to \$400.00 depending on personnel) for time actually spent on your behalf, plus client charges, as described above.

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. Our own files, including lawyer work product, pertaining to the transaction will be retained by us. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to dispose of any document or other materials retained by us in accordance with our document retention policy, a copy of which is attached hereto.

If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer, retaining the original for your files. We look forward to working with you.

Very truly yours,



R. Preston Bolt, Jr.
For the Firm

RPB/sc

Enclosure

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ACCEPTED AND APPROVED

CITY OF MADISON

By: _____

Its: _____

Date: _____



**Hand Arendall Harrison Sale LLC Client Document Retention and
Destruction Policy (as applied to financing transactions)**

It is the policy of Hand Arendall Harrison Sale LLC to maintain the content of your file in a confidential manner and, based upon your preferences and our legal and ethical obligations, to return your file to you - or portions of such file to which you are entitled - at the conclusion of any particular matter or case. In the case of files for financing transactions we will hold the file until its content is substantially and practically obsolete and its retention would serve no useful purpose.

You and Hand Arendall Harrison Sale LLC may agree in advance to the return, destruction or other disposition of your file. From time-to-time, a court order or confidentiality agreement with a third party may also dictate the return, destruction or other disposition of your file, and we will abide by such an order or agreement.

In the absence of such agreement with you, or any such court order or confidentiality agreement, Hand Arendall Harrison Sale LLC will take reasonable steps to provide you reasonable notice in advance of any proposed destruction of your file. If you object to our planned destruction of your file, you may request the file be returned to you.

It is important that following the conclusion of our representation that you keep Hand Arendall Harrison Sale LLC advised of any changes in your address so we can stay in touch regarding your file.