

April 22, 2016

STATE OF ALABAMA,
LIMESTONE COUNTY,
CITY OF ATHENS.

MINUTES OF A SPECIAL MEETING OF THE CITY COUNCIL OF THE CITY OF ATHENS,
ALABAMA
APRIL 22, 2016

The City Council of the City of Athens, Alabama met in a special meeting at the Mayor's Conference Room at 1806 Wilkinson Street, Athens, Alabama 35611 on April 22, 2016, at 8:15 a.m., Central Time. The following members of the City Council of the City of Athens, Alabama were:

<u>PRESENT</u>	<u>ABSENT</u>
Chris Seibert	None
Harold Wales	
Joseph Cannon	
Wayne Harper	

Wayne Harper, President of the Athens City Council, acted as Chairman of the meeting and Annette Barnes, City Clerk, acted as Clerk of the meeting. Mr. Harper stated that a quorum was present and declared the meeting open for the transaction of business. A copy of the notice for the special meeting, as posted at City Hall, 1806 Wilkinson Street, Athens, Alabama 35611 on Wednesday, April 20, 2016, was presented and ordered attached to the minutes of the meeting.

Chris Seibert offered the invocation. There were no reports of officers, or petitions from the public.

The Chairman then stated that it would be appropriate to consider the issuance of \$54,125,000 in aggregate principal amount of the City's General Obligation School Improvement Warrants, Series 2016 (the "Series 2016 Warrants"), for the purposes of financing the costs of construction and equipping a new high school for the Athens City Schools and paying the expenses of issuing such Series 2016 Warrants.

The following ordinance was thereupon introduced in writing by Councilmember Harold Wales, who moved that the same be adopted and spread upon the minutes of this meeting:

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF
\$54,125,000 OF GENERAL OBLIGATION SCHOOL IMPROVEMENT WARRANTS, SERIES
2016

BE IT ORDAINED by the City Council of the City of Athens, 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 Regions Bank, in its role as Warrant Registrar and Paying Agent, or its successors or assigns in such roles.

“**Beneficial Owner**” means the owner of a Series 2016 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.

“**City**” means the municipal corporation in the State of Alabama known as the City of Athens, 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.

“**City School Board** ” means the Athens City Board of Education, created under Chapter 11 of Title 16 of The Code of Alabama 1975, or any successor entity under the laws of the State of Alabama.

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

“**Cooperative Funding Agreement**” means that certain Cooperative Funding Agreement, dated May 5, 2016 and between the City and City School Board.

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

“**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 Series 2016 Warrants.

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

“**Improvements**” shall have the meaning given that term in Section 1.3(a) hereof, subject to being amended and supplemented as provided in Section 8.2 hereof.

“**Improvements Fund Account**” means the account created pursuant to Section 8.2 hereof.

“**Interest Payment Date**” means, with respect to the Series 2016 Warrants, any April 1 or October 1, prior to payment thereof.

“**Issuance Expense Account**” means the account created pursuant to Section 8.1 hereof.

“**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 March 15 or September 15 immediately preceding such Interest Payment Date.

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

“**Series 2016 Warrants**” or “**Warrants,**” unless otherwise indicated, means the \$54,125,000 in aggregate principal amount of the City's General Obligation School Improvement Warrants, Series 2016, as more particularly described in Article II hereof and issued hereunder.

“**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.

“**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 Series 2016 Warrants.

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) Pursuant to the Warrant Authorizing Law the City is authorized to issue its warrants, in order to finance the costs of construction and equipping a new high school for the Athens City Schools, all for use and for the benefit of citizens of the City (the “Improvements”).
- (b) The Improvements to be financed with the proceeds of the Series 2016 Warrants consist of a new high school, which project is expected to have a cost of at least \$55,000,000. The school is expected to include approximately 265,000 square feet of space and is designed to provide facilities for 1,250 students.

- (c) The useful life of the Improvements is hereby estimated to be not less than 40 years.
- (d) The City School Board has agreed, pursuant to the Cooperative Funding Agreement, to make certain payments to provide additional security for, and a source of payment of the principal of and interest on, the Series 2016 Warrants.
- (e) It is necessary, advisable and in the interest of the public that the City issue the Series 2016 Warrants to finance the costs of the Improvements and to pay costs of issuance and sale of such Series 2016 Warrants.

ARTICLE II

AUTHORIZATION, DESCRIPTION,

EXECUTION, PAYMENT AND FORM OF THE SERIES 2016 WARRANTS

Section 2.1 Authorization of the Series 2016 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 construction and equipping of the Improvements and paying the costs of issuance thereof, there is hereby authorized to be issued by the City \$54,125,000 in aggregate principal amount of its General Obligation School Improvement Warrants, Series 2016.

Section 2.2 Description of the Series 2016 Warrants. The Series 2016 Warrants shall be issued only in fully registered form, without coupons, shall be dated May 5, 2016, 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 Series 2016 Warrants shall bear interest from date (or in the case of a Series 2016 Warrant registered in the name of a Holder on or after October 1, 2016, 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 April 1 and October 1 until payment of the principal amount thereof, beginning October 1, 2016, and shall mature on April 1 and in the amounts as follows:

<u>Year of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Year of Maturity</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 445,000	4.000%	2029	\$ 1,215,000	5.000%
2022	465,000	5.000	2030	1,525,000	5.000
2023	885,000	5.000	2031	1,600,000	4.000
2024	935,000	5.000	2032	1,660,000	4.000
2025	975,000	5.000	2033	1,730,000	3.000
2026	1,045,000	5.000	2036	6,270,000	3.000

2027	1,100,000	5.000	2039	8,800,000	3.250
2028	1,155,000	5.000	2046	24,320,000	3.500

Section 2.3 Execution of the Series 2016 Warrants. The Series 2016 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 Series 2016 Warrant is the manual execution on behalf of the Bank of the Registration Certificate endorsed on each Series 2016 Warrant). The Series 2016 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 Series 2016 Warrants. The certificate of registration on each of the Series 2016 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 Series 2016 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 Series 2016 Warrant in the absence or unavailability of the City Clerk and any assistant treasurer of the City shall be empowered to execute any Series 2016 Warrant in the absence or unavailability of the Treasurer.

Section 2.4 Places and Medium of Payment of the Series 2016 Warrants. Principal of and interest on the Series 2016 Warrants shall be payable in lawful money of the United States of America. The principal of the Series 2016 Warrants shall be payable at the designated corporate trust agency office of the Bank, upon presentation and surrender of the Series 2016 Warrants as the same become due and payable. Interest on the Series 2016 Warrants shall be payable by check or draft mailed by the Bank to the lawful holders of the Series 2016 Warrants at the address shown on the registry books of the Bank pertaining to the Series 2016 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 Series 2016 Warrants and Related Certificates. The Series 2016 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 Series 2016 Warrant)

[FORM OF CAPTION FOR SERIES 2016 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 ATHENS

GENERAL OBLIGATION SCHOOL IMPROVEMENT WARRANT

SERIES 2016

MATURITY DATE

CUSIP NUMBER

INTEREST RATE

THE CITY OF ATHENS, 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 October 1, 2016, 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 April 1 and October 1 in each year, beginning October 1, 2016 (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 15th day of the month next preceding such Interest Payment Date.

The Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 Warrant or Series 2016 Warrants in an aggregate principal amount of not less than \$100,000 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 \$54,125,000 in principal amount, entitled "General Obligation School Improvement Warrants, Series 2016" (the "Series 2016 Warrants") and issued under and pursuant to an ordinance duly adopted by the governing body of the City (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. Capitalized terms not otherwise defined herein shall have the meanings assigned in the Authorizing Ordinance.

The Authorizing Ordinance provides that Regions Bank (the "Bank"), will serve as Paying Agent and Registrar with respect to the Series 2016 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 in Birmingham, Alabama or at such other location as shall be designated by the Bank by written notice to the City and the Holders of the Series 2016 Warrants.

The indebtedness evidenced by the Series 2016 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 Series 2016 Warrant over another.

Pursuant to the Authorizing Ordinance, the City has established a special fund for the payment of debt service on the Series 2016 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 Series 2016 Warrants as the same becomes due and payable.

The Series 2016 Warrants maturing on or after April 1, 2027 will be subject to redemption prior to their maturity, at the option of the City, in whole or in part, on April 1, 2026 and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof and if less than all of the Series 2016 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 Series 2016 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 2016 Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.

The Series 2016 Warrants maturing on April 1, 2036 (the “2036 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>April 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2034	\$1,880,000
2035	\$2,165,000

The 2036 Term Warrants in the aggregate principal amount of \$2,225,000 will remain to be paid at their stated maturity on April 1, 2036.

The Series 2016 Warrants maturing on April 1, 2039 (the “2039 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>April 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2037	\$2,840,000
2038	\$2,930,000

The 2039 Term Warrants in the aggregate principal amount of \$3,030,000 will remain to be paid at their stated maturity on April 1, 2039.

The Series 2016 Warrants maturing on April 1, 2046 (the “2046 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>April 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2040	\$3,125,000
2041	\$3,235,000
2042	\$3,350,000
2043	\$3,465,000
2044	\$3,585,000
2045	\$3,715,000

The 2046 Term Warrants in the aggregate principal amount of \$3,845,000 will remain to be paid at their stated maturity on April 1, 2046.

The City may, not less than 60 days prior to any such mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Term Warrants scheduled for redemption on such date: (i) the principal amount of Term Warrants of the same maturity delivered by the City to the Bank for cancellation and not previously claimed as a credit; and (ii) the principal amount of Term Warrants of the same maturity previously redeemed (other than Term Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

Notice of any such redemption is required to be given, not more than sixty (60) days nor less than thirty (30) days prior to the date fixed for redemption, by United States registered or certified mail to the registered holder of any Series 2016 Warrant called for redemption.

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 Transfer 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 facsimile 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 May 5, 2016.

CITY OF ATHENS, 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 Athens, Alabama

* * * * *

[Form of Registration Certificate]

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

REGIONS BANK

By _____
Its Authorized Officer

DATE OF REGISTRATION: _____

(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 _____, ____.

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 Series 2016 Warrant or Series 2016 Warrants in an aggregate principal amount of not less than \$100,000, the Bank will make payment of interest due on such Series 2016 Warrant or Series 2016 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 Series 2016 Warrant or Series 2016 Warrants shall be made only upon surrender of such Series 2016 Warrant or Series 2016 Warrants to the Bank, as Paying Agent.

Section 3.2 Interest After Payment Due Date. The Series 2016 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 Series 2016 Warrant Holder solely by reason of such Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 Warrants are issued, the City will cause definitive Series 2016 Warrants to be prepared without unreasonable delay. After the preparation of definitive Warrants, the temporary Series 2016 Warrants shall be exchangeable for definitive Warrants upon surrender of the temporary Series 2016 Warrants at the principal office of the Bank, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Series 2016 Warrants the City shall execute and the Bank shall authenticate and deliver in exchange therefor a like principal amount of definitive Series 2016 Warrants of like tenor, and in authorized denominations. Until so exchanged, temporary Series 2016 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 Series 2016 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 Series 2016 Warrants, to establish procedures with respect to the Series 2016 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 Series 2016 Warrant to the Paying Agent in order to receive partial payment of principal;

(b) that a legend shall appear on each Series 2016 Warrant so long as the Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 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, when added to funds available to it pursuant to the Cooperative Funding Agreement, to provide for the payment of the principal of and interest on the Series 2016 Warrants. The City further agrees that so long as the principal of or interest on any of the Series 2016 Warrants remains unpaid it will deposit in the Warrant Fund with respect to such Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 Warrants shall thereupon cease, terminate and become void and be discharged and satisfied. In the event the Series 2016 Warrants are so paid the Bank shall pay to the City any surplus remaining in the Warrant Fund.

(b) Series 2016 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 Series 2016 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 Series 2016 Warrants as and when the same become due;

- (2) the City shall have adopted all necessary proceedings providing for the redemption of any such Series 2016 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 Series 2016 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 Series 2016 Warrants as and when the principal of and interest and redemption premium (if any) on such Series 2016 Warrants shall come due.

ARTICLE V

REDEMPTION PROVISIONS

Section 5.1 Mandatory Redemption. The Series 2016 Warrants maturing on April 1, 2036 (the “2036 Term Warrants”), will be subject to mandatory redemption prior to maturity 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>April 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2034	\$1,880,000
2035	\$2,165,000

The 2036 Term Warrants in the aggregate principal amount of \$2,225,000 will remain to be paid at their stated maturity on April 1, 2036.

The Series 2016 Warrants maturing on April 1, 2039 (the “2039 Term Warrants”), will be subject to mandatory redemption prior to maturity 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>April 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2037	\$2,840,000
2038	\$2,930,000

The 2039 Term Warrants in the aggregate principal amount of \$3,030,000 will remain to be paid at their stated maturity on April 1, 2039.

The Series 2016 Warrants maturing on April 1, 2046 (the “2046 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>April 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2040	\$3,125,000
2041	\$3,235,000
2042	\$3,350,000
2043	\$3,465,000
2044	\$3,585,000
2045	\$3,715,000

The 2046 Term Warrants in the aggregate principal amount of \$3,845,000 will remain to be paid at their stated maturity on April 1, 2046.

The City may, not less than 60 days prior to any such mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Term Warrants scheduled for redemption on such date: (i) the principal amount of Term Warrants of the same maturity delivered by the City to the Bank for cancellation and not previously claimed as a credit; and (ii) the principal amount of Term Warrants of the same maturity previously redeemed (other than Term Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit.

Section 5.2 Optional Redemption. The Series 2016 Warrants maturing on or after April 1, 2027 will be subject to redemption prior to their maturity, at the option of the City, in whole or in part, on April 1, 2026 and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof and if less than all of the Series 2016 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 Series 2016 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 2016 Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.

Section 5.3 Procedure for Redemption; Resolution 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 Series 2016 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 Series 2016 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 Series 2016 Warrants to be redeemed may waive the requirements for notice with respect to the Series 2016 Warrants held by them without affecting the validity of the call for redemption of any other Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 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 5.3.

Any optional redemption or prepayment of the Series 2016 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 Series 2016 Warrants to be so redeemed. Any such resolution pertaining to the Series 2016 Warrants shall state (i) that the City is not in default in the payment of the principal of or interest on any of the Series 2016 Warrants to be redeemed or (ii) that all of the Series 2016 Warrants then outstanding are to be retired on the Redemption Date.

Section 5.4 Result of Redemption of Series 2016 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 Series 2016 Warrants, the Series 2016 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 5.3, 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 Series 2016 Warrant is to be redeemed, the registered Holder thereof shall surrender the Series 2016 Warrant that is to be prepaid in part to the Bank in exchange, without expense to the Holder, for a new Series 2016 Warrant of like tenor except in a principal amount equal to the unredeemed portion thereof. All future interest on the Series 2016 Warrants (or principal portions thereof) so called for redemption shall cease to accrue after the Redemption Date.

ARTICLE VI

REGISTRATION AND TRANSFER OF THE SERIES 2016 WARRANTS

Section 6.1 Registration and Transfer of the Series 2016 Warrants. The Series 2016 Warrants shall be registered as to both principal and interest. Each Series 2016 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 Series 2016 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 Series 2016 Warrants, and shall be authorized to keep at its designated corporate trust agency office, proper registry books in which it shall register the Series 2016 Warrants, as to both principal and interest, noting the registry on the Series 2016 Warrants so presented. Such registration shall conclusively designate the Series 2016 Warrant Holder as the sole person to whom or on whose order the payment of the principal of and interest on the Series 2016 Warrants so registered may be made. After such registration no transfer of a Series 2016 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 Series 2016 Warrant during the period of fifteen (15) days next preceding any interest payment date. If any Series 2016 Warrant shall be duly called for redemption pursuant to the provisions hereof, the Registrar shall not be required to transfer such Series 2016 Warrant during the period of sixty (60) days next preceding the date fixed for its redemption.

Section 6.2 Exchange of Series 2016 Warrants. Upon request of the Holder of any Series 2016 Warrant, the City shall execute, and the Bank shall register and deliver, upon surrender to the Bank of the Series 2016 Warrant or Series 2016 Warrants, in exchange therefor, a Series 2016 Warrant or Series 2016 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 Series 2016 Warrant or Series 2016 Warrants so surrendered, all as may be requested by the persons surrendering such Series 2016 Warrant or Series 2016 Warrants.

Section 6.3 Costs of Registration, Transfer and Exchange. The registration, transfer and exchange of Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 Warrants. In the event that any Series 2016 Warrant is mutilated, lost, stolen or destroyed, the City may execute and deliver a new Series 2016 Warrant of like tenor as that mutilated, lost, stolen or destroyed; provided, that (a) in the case of any such mutilated Series 2016 Warrant, such Series 2016 Warrant is first surrendered to the City and the Bank, and (b) in the case of any such lost, stolen or destroyed Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 Warrant as such without the satisfactory establishment of his title to such Series 2016 Warrant.
- (vii) Any action taken by the Bank at the request of and with the consent of the Holder of a Series 2016 Warrant will bind all subsequent Holders of the same Series 2016 Warrant and any Series 2016 Warrant issued hereunder in lieu thereof.
- (viii) The Bank may be a Holder or a pledgee of any of the Series 2016 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 Series 2016 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 Series 2016 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 Series 2016 Warrant. Unless the effective date of the Bank's resignation shall coincide with the appointment of a successor Bank by the Holders of the Series 2016 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 Series 2016 Warrants shall have been mailed.

(c) Removal of Bank. The Bank may be removed at any time: (i) by an instrument or concurrent instruments in writing delivered to the Bank and to the City and signed by the Holders of a majority in aggregate principal amount of the Series 2016 Warrants then outstanding or (ii) by resolution of the City Council of the City and delivery of a copy of such resolution to the Holders of the Series 2016 Warrants.

(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 the City, by an instrument signed by the Mayor. The City shall cause notice of the appointment of a successor 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 Series 2016 Warrant. Every 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 Series 2016 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 Series 2016 Warrants and deliver such Series 2016 Warrants with the same effect as if such successor Bank had itself registered such Series 2016 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 Series 2016 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.

(h) Extraordinary Expenses. If the Bank is required by a governmental agency or court proceeding initiated by a third party to undertake efforts beyond that which is set forth herein but related thereto (other than due to the Bank's negligence or willful misconduct), the Bank shall notify the City of the same in writing and the City shall promptly pay the Bank for such extraordinary fees, costs and

expenses (including reasonable attorney's fees, costs and expenses) reasonably and necessarily incurred in connection therewith.

ARTICLE VII

EXECUTION AND DELIVERY OF THE SERIES 2016 WARRANTS; APPROVAL OF SALE; USE OF PROCEEDS THEREFROM

Section 7.1 Authority to Execute and Deliver the Series 2016 Warrants. The Mayor of the City, the City Clerk and the Treasurer are hereby authorized and directed to cause the Series 2016 Warrants to be executed, sealed, attested and registered as a claim against the City and the Series 2016 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 proceeds derived from the sale of the Series 2016 Warrants, after payment of the underwriting discount, shall be paid to the Bank and shall be used solely for the following purposes:

- (i) The amount of \$105,500.00 shall be deposited into the Issuance Expense Account and applied for the purposes described in Section 8.1; and
- (ii) The amount of \$55,003,448.50 shall be deposited into the Improvements Account and applied for the purposes described in Section 8.2.

ARTICLE VIII
CREATION OF ISSUANCE EXPENSE FUND,
CAPITAL IMPROVEMENT ACCOUNT AND WARRANT FUND;
COVENANTS WITH RESPECT TO WARRANT PROCEEDS

Section 8.1 Issuance Expense Account. There is hereby created a special fund designated the “2016 Warrant Issuance Expense Account” (herein called the “Issuance Expense Account”) which shall be maintained until the costs and expenses incurred by the City in connection with the issuance and sale of the Series 2016 Warrants shall be paid in full. The Bank shall be the custodian for the Issuance Expense Account.

Simultaneously with the issuance and delivery of the Warrants, the City shall deposit or cause to be deposited into the Issuance Expense Account, out of proceeds derived from the sale of the Series 2016 Warrants, an amount equal to the estimated amount required for payment of the expenses of issuing the Series 2016 Warrants. Moneys deposited into the Issuance Expense Account shall be applied solely for payment of the expenses of issuing the Series 2016 Warrants, as and when such expenses become due and payable.

Moneys may be withdrawn from the Issuance Expense Account in accordance with the Closing Memorandum delivered on the date of delivery of the Series 2016 Warrants, and otherwise upon requisition in a form satisfactory to the custodian, signed on behalf of the City by its Mayor. The custodian for the Issuance Expense Account shall be fully protected in disbursing any monies at the time on deposit in the Issuance Expense Account on requisitions signed as hereinabove provided, and the said custodian shall not be liable for the misapplication by the City of any monies at any time forming a part of the Issuance Expense Account if such monies shall be so disbursed without knowledge or reason on the part of said custodian to believe that such disbursement constitutes a misapplication of funds.

Any moneys remaining in the Issuance Expense Account after payment of the costs of issuance of the Series 2016 Warrants shall be transferred to the Improvements Fund Account not later than sixty (60) days after the date of issuance of the Series 2016 Warrants and applied to the purposes set forth in Section 8.2. In the event that the moneys deposited into or transferred into the Issuance Expense Account are not sufficient to pay all expenses of issuing the Series 2016 Warrants, the Mayor is hereby authorized and directed to pay, out of any funds of the City available therefor, the balance of the expenses of issuing the Warrants.

Section 8.2 Improvements Fund Account. There is hereby created a special fund designated the “2016 City of Athens Improvements Fund Account” (herein called the “Improvements Fund Account”). The Improvements Fund Account shall be maintained as a separate fund until the moneys in

said fund shall have been fully expended as hereinafter provided. The Bank is hereby designated as the Depository of the Improvements Fund Account; provided, that the City may from time to time appoint one or more additional depositories and thereafter and from time to time direct that any or all of the amounts on deposit in the Improvements Fund Account be held by such Depositories. Any such Depository shall be a bank or trust company authorized to do business in the State of Alabama and which is a member of the Federal Deposit Insurance Corporation (or any successor agency of the United States of America). The City will apply the moneys in the Improvements Fund Account solely for payment of construction, equipping and installation of the Improvements, as and when such costs become due and payable.

Moneys may be withdrawn from the Improvements Fund Account by check, draft or order, signed on behalf of the City by its duly authorized officers and applied to the payment of the costs of the Improvements. The Depository or Depositories shall be fully protected in paying out any moneys at the time on deposit in the Improvements Fund Account on checks, drafts or orders signed as hereinabove provided by an authorized officer of the City, and the said depository shall not be liable for the misapplication by the City of any moneys at any time forming a part of the Improvements Fund Account if such moneys shall be so disbursed without knowledge or reason on the part of said depository to believe that such disbursement constitutes a misapplication of funds.

The City may amend or change the description of the Improvements contained in this Ordinance to modify or supplement the Improvements to be financed by adoption of a resolution or supplemental ordinance setting forth such amendment or change; provided, that (a) the City School Board shall have approved the amendment or change, (b) the Improvements as so amended or changed must be eligible for financing with proceeds of warrants issued pursuant to the Authorizing Law, (c) such amendment or change may not cause the amount of the Series 2016 Warrants chargeable against the City's constitutional limitation on indebtedness to increase, and (d) any such amendment with respect to the Improvements must not, in the opinion of nationally recognized bond counsel, adversely affect the tax exempt status of the Series 2016 Warrants.

Upon completion of the Improvements, if any moneys remain on deposit in the Improvements Fund Account the City shall direct the Depository therefor to transfer such moneys to the Bank and applied to either (a) the payment of interest coming due on the Series 2016 Warrants not later than April 1, 2019, or (b) upon receipt of an opinion of nationally recognized bond counsel to the effect that such use will not adversely affect the tax exempt status of interest on the Series 2016 Warrants, to the payment of principal of or the redemption price for Series 2016 Warrants.

Section 8.3 Warrant Fund. There is hereby created a special account, the full name of which shall be the "City of Athens Warrant Fund, 2016." The Warrant Fund shall be maintained as a separate fund until payment in full of the principal of and interest on the Series 2016 Warrants. The Bank is hereby designated as the custodian of the Warrant Fund.

Not later than the business day next preceding each Interest Payment Date the City shall deposit or cause to be deposited in the Warrant Fund an amount which, when added to any amount then on deposit therein, shall equal the principal (if any) and interest to come due with respect to the Series 2016 Warrants 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 Series 2016 Warrants, and for no other purpose until the payment in full of the Series 2016 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 Issuance Expense 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 obligations unconditionally guaranteed by the United States of America, or other marketable securities eligible as security for the deposit of public funds under the regulations of the Comptroller of the Currency, 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 Series 2016 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:

It will not use or apply the proceeds of the Series 2016 Warrants or direct the investment of moneys in any funds or accounts established or maintained with respect to the Series 2016 Warrants in such manner as to constitute any Series 2016 Warrant an "arbitrage bond" within the meaning of Section 148 of the Code;

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;

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;

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 Series 2016 Warrants from becoming "arbitrage bonds" under Section 148(f) of the Code;

It will comply with the terms of the City's Tax Certificate and Agreement with regard to use of proceeds of the Series 2016 Warrants in any private business use; payment of the Series 2016 Warrants shall not be secured by, or derived from, property used in a private business use; proceeds of the Series 2016 Warrants shall not be used to make or finance loans to persons other than governmental units; and proceeds of the Series 2016 Warrants shall not be used in any manner that would cause the Series 2016 Warrants to be or become private activity bonds, as defined in Section 141 of the Code;

It will not cause or permit the Series 2016 Warrants to be federally guaranteed, within the meaning of Section 149(b) of the Code; and

It will not in any other way cause or permit the proceeds of the Series 2016 Warrants to be used in a manner which would cause the interest on the Series 2016 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 Series 2016 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; AUTHORIZATION OF COOPERATIVE FUNDING AGREEMENT; APPROVAL OF SALE; MISCELLANEOUS PROVISIONS

Section 9.1 Approval of Official Statement. An official statement with respect to the Series 2016 Warrants, in substantially the form presented at the meeting at which this Ordinance is adopted, is hereby approved, and the Mayor of the City is hereby authorized and directed to sign an official statement on behalf of the City in substantially the form herein approved, with such changes therein and additions thereto as shall be necessary to conform to the provisions of this Ordinance authorizing the Series 2016 Warrants and such other changes and additions as the Mayor of the City shall deem necessary and appropriate. The preparation and distribution of such official statement on behalf of the City by Joe Jolly & Co., Inc. is hereby ratified and approved and such Official Statement is hereby deemed final within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission. The final official statement shall be in substantially the same form as the official statement herein approved, with such additions, insertions, omissions or other changes as may be approved by the Mayor of the City and the execution of the final official statement by the Mayor of the City as hereby authorized shall be conclusive evidence of any such approval.

Section 9.2 Authorization of Continuing Disclosure Agreement. Upon delivery of the Series 2016 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 Series 2016 Warrants (including persons holding

Series 2016 Warrants through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2016 Warrants for federal income tax purposes.

Section 9.3 Authorization of Cooperative Funding Agreement. Prior to delivery of the Series 2016 Warrants to the purchaser thereof, the Mayor of the City and the City Clerk are hereby authorized and directed to execute and deliver, for and on behalf of the City, the Cooperative Funding Agreement in substantially the form presented at the meeting of the Council at which this Ordinance is adopted, with such changes therein and additions thereto as may be approved by the Mayor, and the execution of the Cooperative Funding Agreement by the Mayor and the City Clerk as hereby authorized shall be conclusive evidence of such approval.

Section 9.4 Sale of Warrants. The City does hereby (i) authorize and approve the sale of the Series 2016 Warrants to Joe Jolly & Co., Inc. at a purchase price of \$55,108,948.50, which amount reflects an underwriter's discount of \$514,187.50 and net original issue premium of \$1,498,136.00, and (ii) ratify and approve the execution of the purchase contract, dated April 20, 2016, between the City and Joe Jolly & Co., Inc.

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 Series 2016 Warrants and in the delivery of the Official Statement or as contemplated by this Ordinance.

The Mayor and City Clerk are authorized and directed to prepare and furnish to the purchaser of the Series 2016 Warrants, when the Series 2016 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 Series 2016 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 Series 2016 Warrants. Upon payment in full of the principal of and interest on the Series 2016 Warrants the obligations of the City hereunder shall cease with respect thereto.

Section 9.7 Warrants Payable at Par. Each bank at which the Series 2016 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 Series 2016 Warrants that all remittances made by it on the Series

2016 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.

Councilmember Harold Wales' motion was seconded by Councilmember Chris Seibert.

Then, Councilmember Joseph Cannon moved that unanimous consent be given for the immediate consideration of and action on Councilmember Wales' motion, Cannon's motion was seconded by Councilmember Chris Seibert, and upon the said motion being put to vote the following vote was recorded: YEAS: Chris Seibert, Harold Wales, Joseph Cannon, and Wayne Harper; NAYS: None. The Chairman thereupon declared that the motion for unanimous consent for immediate consideration of and action on Councilmember Wales' motion had been unanimously carried.

Thereafter, after discussion of Councilmember Wales' motion, the Chairman called for a vote on the same, and, on roll call, the following vote was registered:

<u>YEAS</u>	<u>NAYS</u>
Chris Seibert	
Harold Wales	
Joseph Cannon	
Wayne Harper	

The Chairman thereupon announced that the said ordinance had been carried by unanimous vote of the members of the Athens City Council.

There being no further business to come before the meeting, the meeting was, upon motion duly made, seconded and unanimously carried, adjourned.

/s/ Wayne Harper
PRESIDENT, CITY COUNCIL

ATTEST:

/s/ Annette Barnes
CITY CLERK