

**STATE OF ALABAMA  
COUNTY OF COVINGTON**

**ANDALUSIA, ALABAMA  
ANDALUSIA CITY HALL  
FEBRUARY 20, 2018**

**REGULAR WORK SESSION MEETING**

**PRESENT:**

Earl V. Johnson, Mayor  
Will Sconiers, Councilmember  
Kennith C. Mount, Councilmember  
Hazel Griffin, Councilmember  
Ralph Wells, Councilmember  
Terry Powell, Councilmember  
Mark Christensen, City Attorney

**ABSENT:**

The City Council of the City of Andalusia, Alabama, met in room 340 at city hall for a work session at 5:00 p.m. for the purpose of planning and finalizing the agenda.

**REGULAR COUNCIL MEETING**

**PRESENT:**

Earl V. Johnson, Mayor  
Will Sconiers, Councilmember  
Kennith C. Mount, Councilmember  
Hazel Griffin, Councilmember  
Ralph Wells, Councilmember  
Terry Powell, Councilmember  
Mark Christensen, City Attorney

**ABSENT:**

Mayor Johnson called the meeting to order and welcomed all. Councilmember Powell led the prayer and Pledge of Allegiance to the flag.

**APPROVAL OF MINUTES:**

Mayor Johnson presented the minutes from the regular meeting on February 6, 2018. Councilmember Wells moved to approve the minutes. Councilmember Griffin seconded the motion which passed unanimously.

**COUNCIL APPROVED ORDINANCE NO. 2018 – 01, DECLARING A PORTION OF THE FIRST NATIONAL BANK SURPLUS:**

Mayor Johnson presented Ordinance No. 2018 – 01, Declaring a Portion of the First National Bank Surplus to the council.

**THE CITY OF ANDALUSIA  
ANDALUSIA, ALABAMA**

**ORDINANCE NO. 2018 - 01**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ANDALUSIA,  
ALABAMA:**

**WHEREAS**, the City Council of the City of Andalusia, Alabama, desires to improve the quality of life for all of its citizens and the residents of surrounding areas; and

**WHEREAS**, the City Council of the City of Andalusia, Alabama, desires to encourage economic development in the City of Andalusia and to encourage responsible development that will lead to benefits that will serve valid and sufficient public purposes including, but not limited to, expansion and enhancement of the City's economic and tax base, thereby providing additional revenues for schools, municipal services, and other public needs, and increased employment opportunities with the City, promotion of the City as a center for retail and commercial activity; and provision of additional goods and services to the residents of Andalusia and the surrounding areas;

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Andalusia, Alabama, as follows:

1. It is hereby established and declared that the first floor (including the upper or mezzanine level of the first floor) of the following described real property of the City of Andalusia, Alabama, is no longer needed for public or municipal purposes, to wit:

Beginning at the Southeast corner of the public Square in the City of Andalusia, Alabama, and running thence South with the East line of the sidewalk on the East side of Cotton Street, a distance of 25 feet, and running thence East a distance of 100 feet, thence North a distance of 25 feet, and running thence West along the South line of the sidewalk on the South side of Coffee Street a distance of 100 feet to starting point.

2. Pursuant to the authority granted by Section 11-47-21 of the Code of Alabama, the mayor of the City of Andalusia, Alabama, is hereby directed to execute a lease agreement for said property in the name of the City of Andalusia, Alabama upon the approval of the terms of a lease by resolution of the City Council of the City of Andalusia, Alabama.

3. This ordinance shall become effective immediately upon its adoption and publication as required by law.

**ADOPTED AND APPROVED** this 20<sup>th</sup> day of February, 2018.

**THE CITY OF ANDALUSIA, ALABAMA**

**BY:** \_\_\_\_\_  
**Earl V. Johnson, Mayor**

**ATTEST:**

\_\_\_\_\_  
**John M. Thompson, City Clerk/Treasurer**

Councilmember Griffin moved to approve Ordinance No. 2018 – 01. Councilmember Sconiers seconded the motion which passed unanimously.

**COUNCIL APPROVED RESOLUTION NO. 2018 – 07, LEASE WITH MILKY MOO’S:**

Mayor Johnson presented Resolution No. 2018 – 07, Lease with Milky Moo’s.

**CITY OF ANDALUSIA  
ANDALUSIA, ALABAMA**

**RESOLUTION 2018 – 07**

**A RESOLUTION AUTHORIZING A LEASE WITH LISA GRAY FOR MILKY MOO’S  
IN THE HISTORIC FIRST NATIONAL BANK BUILDING**

**WHEREAS**, the City Council of the City of Andalusia has determined that the redevelopment of Downtown Andalusia is a priority, and;

**WHEREAS**, the City of Andalusia purchased the Historic First National Bank Building on South Cotton Street with the intent of repurposing the building for further downtown redevelopment, to increase local employment, and to improve the quality of life for all Andalusia citizens.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Andalusia, Alabama, that the mayor and city clerk are authorized to execute the attached contract with Lisa Gray for the purpose of locating Milky Moo’s in the first floor of the First National Bank Building.

**ADOPTED AND APPROVED** this 20<sup>th</sup> day of February, 2018.

**THE CITY OF ANDALUSIA, ALABAMA**

By: \_\_\_\_\_  
**Earl Johnson, Mayor**

**ATTEST:**

\_\_\_\_\_  
**John M. Thompson, City Clerk/Treasurer**

Councilmember Wells moved to approve Resolution No. 2018 – 07. Councilmember Powell seconded the motion which passed unanimously.

**COUNCIL APPROVED ORDINANCE NO. 2018 – 02, SCHOOL CAPITAL PROJECT FINANCING:**

Mayor Johnson presented Ordinance No. 2018 – 02, School Capital Project Financing, authorizing the issuance of general obligation warrants necessary for the financing of capital projects for Andalusia City Schools. Mayor Johnson asked the city clerk to call the roll on the question of suspension of the rules in order to immediately consider the ordinance, which produced the following results:

**YES:**

Mayor Johnson  
Councilmember Sconiers  
Councilmember Mount  
Councilmember Griffin  
Councilmember Wells  
Councilmember Powell

**NO:**

**ABSTAINED:**

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**ORDINANCE NO. 2018-02**

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$7,600,000  
PRINCIPAL AMOUNT OF GENERAL OBLIGATION WARRANTS, SERIES 2018**

**Adopted by  
the City Council of the  
City of Andalusia  
on  
February \_\_, 2018**

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TABLE OF CONTENTS

PAGE

**ARTICLE 1**

**Definitions**

**SECTION 1.01** Definitions and Use of Phrases .....1

**ARTICLE 2**

**Representations and Warranties**

**SECTION 2.01** Findings, Representations and Warranties ..... 4

**ARTICLE 3**

**The Warrants**

**SECTION 3.01** Authorization of Warrants .....5  
**SECTION 3.02** Amount and Terms .....5  
**SECTION 3.03** Form of Warrants .....7  
**SECTION 3.04** Execution, Registration and Authentication .....17  
**SECTION 3.05** Temporary Warrants .....17  
**SECTION 3.06** Registration, Transfer and Exchange .....18  
**SECTION 3.07** Mutilated, Destroyed, Lost and Stolen Warrants .....19  
**SECTION 3.08** Payment of Interest on Warrants; Interest Rights Preserved .....19  
**SECTION 3.09** Persons Deemed Owners .....20  
**SECTION 3.10** Paying Agent .....21  
**SECTION 3.11** Payments Due on a Day Other than a Business Day .....21  
**SECTION 3.12** Cancellation .....21  
**SECTION 3.13** Book-Entry Only System; Payment Provisions .....21

**ARTICLE 4**

**Redemption of Warrants**

**SECTION 4.01** General Applicability of Article .....23  
**SECTION 4.02** Election to Redeem; Notice to Paying Agent .....23

<b>SECTION 4.03</b> Selection by Paying Agent of Warrants to be Redeemed .....	23
<b>SECTION 4.04</b> Notice of Redemption .....	24
<b>SECTION 4.05</b> Deposit of Redemption Price .....	25
<b>SECTION 4.06</b> Warrants Payable on Redemption Date .....	25
<b>SECTION 4.07</b> Warrants Redeemed in Part .....	25

## **ARTICLE 5**

### **Source of Payment**

<b>SECTION 5.01</b> General Obligation.....	26
<b>SECTION 5.02</b> Provision for Payment of Warrants .....	26
<b>SECTION 5.03</b> Pledge of Pledged Sales and Use Tax.....	27
<b>SECTION 5.04</b> Authorization of Parity Obligations; Subsequent Pledge of Pledged Sales and Use Tax. ....	27

## **ARTICLE 6**

### **The Warrant Fund**

<b>SECTION 6.01</b> The Warrant Funds .....	27
<b>SECTION 6.02</b> Transfer of Funds.....	27
<b>SECTION 6.03</b> Security for Warrant Funds.....	28
<b>SECTION 6.04</b> Investment of Warrant Funds.....	28

## **ARTICLE 7**

### **Sale and Delivery of Warrants**

<b>SECTION 7.01</b> Sale of Warrants.....	29
<b>SECTION 7.02</b> Official Statement and Closing Papers .....	29
<b>SECTION 7.03</b> Application of Proceeds.....	30

## **ARTICLE 8**

### **Miscellaneous**

<b>SECTION 8.01</b> Amendment of Description of Uses of Warrant Proceeds.....	30
<b>SECTION 8.02</b> Tax Certificate and Agreement .....	31
<b>SECTION 8.03</b> Agreement to Pay Attorneys' Fees .....	31
<b>SECTION 8.04</b> Economic Incentives.....	31

**SECTION 8.05** Refunding of Series 2009 Warrants; Approval of Escrow Agreement 31  
**SECTION 8.06** Provisions of Ordinance a Contract .....31  
**SECTION 8.07** Separability Clause .....31  
**SECTION 8.08** Notices to Warrantholders; Waiver .....31  
**SECTION 8.09** Repeal of Conflicting Provisions .....32  
**SECTION 8.10** Effect of Headings and Table of Contents .....32  
**SECTION 8.11** The Bond Insurance Policy; Payments Under the Policy .....32  
**SECTION 8.12** Bank Qualification. ....32  
**SECTION 8.13** Effective Date.....32

**EXHIBIT A** - DTC Letter of Representations

**EXHIBIT B** - Matters with Respect to Municipal Bond Insurance Policy

**ORDINANCE NO. 2018-02**

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$7,600,000  
PRINCIPAL AMOUNT OF GENERAL OBLIGATION WARRANTS, SERIES 2018**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ANDALUSIA**, as follows:

**ARTICLE 1**

**Definitions**

**SECTION 1.01 Definitions and Use of Phrases**

For all purposes of this ordinance, except as otherwise expressly provided or unless the context otherwise requires:

(a) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular, and vice versa.

(b) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this ordinance as a whole and not to any particular Article, Section or other subdivision.

**“Bond Insurance Policy”** shall mean the municipal bond insurance policy issued by the Bond Insurer and insuring payment when due of the principal of and interest on the Warrants.

**“Bond Insurer”** shall mean Build America Mutual Assurance Corp., a New York-domiciled insurance company.

**“Business Day”** shall mean any day other than a Saturday, a Sunday or a day on which either (i) banking institutions in the city where the Principal Office of the Paying Agent is located or (ii) the Federal Reserve is required or authorized to close.

**“City”** shall mean the City of Andalusia, a municipal corporation organized under the laws of the State of Alabama.

**“City Council”** shall mean the City Council of the City of Andalusia, Alabama.

**“Debt Service”** shall mean the principal, premium (if any) and interest payable on the Warrants.

**“Defaulted Interest”** shall have the meaning stated in Section 3.08.

**“Enabling Law”** shall mean Section 11-47-2 of the Code of Alabama 1975, as amended.

**“Federal Securities”** shall mean direct obligations of, or obligations the payment of which is guaranteed by, the United States of America.

**“Holder”** when used with respect to any Warrant shall mean the person in whose name such Warrant is registered in the Warrant Register.

**“Improvements”** shall mean the facilities or property to be acquired, constructed or equipped with a portion of the proceeds of the Warrants, more particularly described in Section 2.01, as amended from time to time pursuant to Section 8.01.

**“Interest Payment Date”**, when used with respect to any installment of interest on a Warrant, shall mean the date specified in such Warrant as the fixed date on which such installment of interest is due and payable.

**“Internal Revenue Code”** shall mean the Internal Revenue Code of 1986, as amended.

**“Opinion of Counsel”** shall mean a written opinion of counsel acceptable to the Paying Agent.

**“Original Purchaser”** shall mean the original purchaser of the Warrants from the City identified in Section 7.01.

**“Outstanding”** when used with respect to Warrants shall mean, as of the date of determination, all Warrants authenticated and delivered under this ordinance, except:

(i) Warrants cancelled by the Paying Agent or delivered to the Paying Agent for cancellation,

(ii) Warrants for whose payment or redemption money in the necessary amount has been deposited with the Paying Agent for the Holders of such Warrants, provided that, if such Warrants are to be redeemed, notice of such redemption has been duly given pursuant to this ordinance or provision therefor satisfactory to the Paying Agent has been made; and

(iii) Warrants in exchange for or in lieu of which other Warrants have been registered and delivered under this ordinance.

**“Paying Agent”** shall mean the agent of the City appointed as such pursuant to Section 3.10 for the purpose of paying Debt Service on the Warrants.

**“Pledged Sales and Use Tax”** shall mean the 1.5% portion of the 3.5% Privilege, License and Excise Tax levied by the City pursuant to Ordinance No. 2013-02, adopted by the City Council on May 21, 2013.

**“Post-Default Rate”** shall mean the respective rates borne by the Warrants. Interest at the Post-Default Rate shall be computed on the basis of an assumed year of 360 days with 12 months with 30 days each.

**“Principal Office of the Paying Agent”** shall mean the office where the Paying Agent maintains its corporate trust office in Birmingham, Alabama, or such other office as shall be designated by the Paying Agent by written notice to the City and the Holders of the Warrants.

**“Principal Payment Date”**, when used with respect to any Warrant, shall mean the date specified in such Warrant as the fixed date on which the principal of such Warrant is due and payable.

**“Qualified Investments”** shall mean:

(a) Federal Securities.

(b) An interest in any trust or fund that invests solely in Federal Securities or repurchase agreements with respect to Federal Securities.

(c) A certificate of deposit issued by, or other interest-bearing deposit with, any bank organized under the laws of the United States of America or any state thereof (including without limitation the Trustee), provided that (1) long-term deposits with such bank are rated by Moody’s or S & P in one of the three highest rating categories, or (2) such deposit is collaterally secured by the issuing bank by pledging securities having a market value (exclusive of accrued interest) not less than the face amount of such certificate less the amount of such deposit insured by the Federal Deposit Insurance Corporation.

(d) A repurchase agreement with respect to Federal Securities, provided that the Federal Securities subject to such repurchase agreement are held by or under the control of the Trustee pursuant to a perfected security interest free and clear of third-party liens.

**“Regular Record Date”** for the interest payable on any Interest Payment Date on the Warrants shall mean the date specified in Section 3.08.

**“Series 2018 Warrants”** or **“Warrants”** shall mean the Series 2018 Warrants authorized to be issued hereunder.

**“Special Record Date”** for the payment of any Defaulted Interest on Warrants shall mean the date fixed by the Paying Agent pursuant to Section 3.08.

**“Tax Certificate and Agreement”** shall mean the No-Arbitrage Certificate executed and delivered by the City in connection with the delivery of the Series 2018 Warrants.

**“Warrant”** shall mean any Warrant authenticated and delivered pursuant to this ordinance.

**“Warrant Funds”** shall mean the funds established pursuant to Section 6.01.

**“Warrant Holder,”** when used with respect to any Warrant, shall mean the person in whose name such Warrant is registered in the Warrant Register.

**“Warrant Payment Date”** shall mean the date specified in the Warrants (including any date fixed for redemption of Warrants) on which Debt Service is payable.

**“Warrant Register”** shall mean the register or registers for the registration and transfer of Warrants maintained by the City pursuant to Section 3.06.

## **ARTICLE 2**

### **Representations and Warranties**

#### **SECTION 2.01 Findings, Representations and Warranties**

The City makes the following findings, representations and warranties as the basis for the undertakings on its part herein contained:

(a) It is necessary and in the public interest for the City to (i) finance certain capital improvements to the City’s School System, including, without limitation, improvements to the auditorium and football stadium at Andalusia High School, (ii) capitalizing interest on the Series 2018 Warrants, and (iii) paying the costs of issuance of the Series 2018 Warrants.

(b) Immediately after the issuance of the Warrants the total indebtedness of the City chargeable against the debt limitation for the City prescribed by the Constitution of the State of Alabama will not be more than 20 % of the assessed valuation of taxable property within the corporate limits of the City for the last fiscal year (ended September 30, 2017).

## **ARTICLE 3**

### **The Warrants**

#### **SECTION 3.01 Authorization of Warrants**

Pursuant to the authority to do so contained in the applicable provisions of the constitution and laws of Alabama, including particularly the Enabling Law, there is hereby authorized to be issued a series of warrants entitled “General Obligation Warrants, Series 2018” (herein collectively called the “Series 2018 Warrants” or the “Warrants”). The Warrants shall be

issued for the purposes specified in Article 2.

**SECTION 3.02 Amount and Terms**

(a) The Warrants shall be issued as one series of Warrants, and shall be designated “General Obligation Warrants, Series 2018.” The aggregate principal amount of the Series 2018 Warrants which may be authenticated and delivered and Outstanding is limited to an amount not exceeding \$7,600,000. The precise amount of the Series 2018 Warrants will be as set forth in a Confirmation Certificate executed by the Mayor of the City (“Confirmation Certificate”). The execution of the Confirmation Certificate by the Mayor is hereby authorized.

(b) The Warrants shall be issuable as fully registered bonds without coupons in the principal amounts specified in subsection (c) below. Each series of the Warrants shall be numbered from 1 upward.

(c) The Warrants shall be issued in denominations of \$5,000 or any multiple thereof. Each Warrant shall have a single principal maturity and shall mature on March 1 in the years and principal amounts (each such maturity date being herein called a “Principal Payment Date”) as set forth in the Confirmation Certificate. The principal amount of Warrants maturing on each Principal Payment Date and the applicable rate of interest for the Warrants of each such maturity will be as set forth in the Confirmation Certificate.

(d) The Warrants shall be dated the date of their delivery and shall bear interest from such date, or the most recent date to which interest has been paid or duly provided for, until the principal thereof shall become due and payable, at the applicable rate per annum set forth in the Confirmation Certificate. Interest on the Warrants shall be payable on March 1 and September 1 in each year, beginning September 1, 2018 (each such date being 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 on overdue principal and premium and (to the extent legally enforceable) on any overdue installment of interest on the Warrants shall be payable at the Post-Default Rate.

(e) Payment of interest on the Warrants for which payment is due, and punctually paid or duly provided for, on any Interest Payment Date shall be made by check or draft mailed by the Paying Agent to the persons entitled thereto at their addresses appearing in the Warrant Register. 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) the Warrants and payment of accrued interest on the Warrants due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender thereof at the Principal Office of the Paying Agent.

(f) Subsection (e) of this Section to the contrary notwithstanding, upon the written request of the Holder of any Warrant in a principal amount of not less than \$1,000,000, the Paying Agent will make payment of the Debt Service due on such Warrant on any Warrant 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 Paying Agent, provided that:

(i) such written request contains adequate instructions for the method of payment, and

(ii) payment of the principal of (and redemption premium, if any, on) such Warrant and payment of accrued interest on such Warrant due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender of such Warrant to the Paying Agent.

**SECTION 3.03 Form of Warrant**

The Warrants and the authentication certificates shall be substantially in the following form, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this ordinance:

**[Form of Series 2018 Warrant]**

*Unless this Warrant is presented by an authorized representative of The Depository Trust Companies, a New York corporation (“DTC”), to the City or its agent for registration of transfer, exchange, or payment, and any Warrant 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.*

**STATEMENT OF INSURANCE**

**Build America Mutual Assurance Company (“BAM”), New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on this Warrant to Regions Bank, Birmingham, Alabama, or its successor, as paying agent for the Warrants (the “Paying Agent”). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. By its purchase of these Warrants, the owner acknowledges and consents (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Ordinance or this Warrant, BAM shall be deemed to be the sole owner of the Warrants for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Warrants or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Ordinance, at laws or in equity.**

**City of Andalusia**

**General Obligation Warrants, Series 2018**

**\$**

**No.**

**Maturity Date:**

**Interest Rate:**

**CUSIP:**

THE CITY OF ANDALUSIA, a municipal corporation organized under the laws of the State of Alabama (the “City”), for value received, hereby acknowledges that it is indebted in the principal sum of

and hereby directs its Treasurer to pay (but solely out of the Warrant Fund referred to below) such principal sum to

**CEDE & CO.**

or registered assigns, on the maturity date specified above and to pay (but solely out of the Warrant Fund) interest on such principal sum from the date hereof, or the most recent date to which interest has been paid or duly provided for, until such principal sum shall become due and payable, at the per annum rate of interest specified above. Interest shall be payable on March 1 and September 1 in each year, beginning September 1, 2018 (each such date being 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 Post-Default Rate specified in the Warrant Ordinance referred to below.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this warrant is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a Business Day) next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Regular Record Date and shall be paid to the person in whose name this warrant is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Paying Agent, notice of such Special Record Date being given to Holders of the Warrants not less than 10 days prior to such Special Record Date.

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 by the Paying Agent. 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 on any date other than an Interest Payment Date shall be made only upon surrender of this warrant at the Principal Office of the Paying Agent. Upon the terms and conditions provided in the Warrant Ordinance, the Holder of any Warrant in a principal amount of not less than \$1,000,000 may request that payment of Debt Service on such Warrant 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 Paying Agent. 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 a duly authorized issue of warrants of the City, aggregating

\$\_\_\_\_\_,000 in principal amount, entitled “General Obligation Warrants, Series 2018” (the “Warrants”) and issued under and pursuant to an ordinance duly adopted by the governing body of the City (the “Warrant Ordinance”) and the constitution and laws of the State of Alabama, including particularly Section 11-47-2 of the Code of Alabama 1975, as amended. Capitalized terms not otherwise defined herein shall have the meanings assigned in the Warrant Ordinance.

The Warrant Ordinance provides that Regions Bank, a state banking corporation with a corporate trust office in the City of Birmingham, Alabama, will serve as “Paying Agent” with respect to the Warrants unless and until a successor is appointed pursuant to the terms and conditions of the Warrant Ordinance. For purposes of this warrant and the Warrant Ordinance, the Principal Office of the Paying Agent shall mean the office where the Paying Agent maintains its corporate trust office in Birmingham, Alabama, or such other office as shall be designated by the Paying Agent by written notice to the City and the Holders of the Warrants.

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. In the Warrant Ordinance the City has additionally pledged and assigned to the payment of the principal of and interest on the Warrants, on a parity of lien with any other parity obligations as hereinafter described, the 1.5 % portion of the 3.5% Privilege, License and Excise Tax levied by the City pursuant to Ordinance No. 2013-02, adopted by the City Council on May 21, 2013 (the “Pledged Sales and Use Tax”).

In the Authorizing Ordinance, the City has reserved the privilege of issuing additional obligations (“Parity Obligations”) secured by a pledge of the Pledged Sales and Use Tax on a parity with the aforesaid pledge thereof for the benefit of the Warrants and any other Parity Obligations, subject to the terms, conditions and limitations set forth in the Warrant Ordinance.

Pursuant to the Warrant 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 Paying Agent. The City has obligated itself to payor cause to be paid into the Warrant Fund from the Pledged Sales and Use Tax or other taxes, revenues or other general funds of the City sums sufficient to provide for the payment of Debt Service on the Warrants as the same becomes due and payable.

In the manner and with the effect provided in the Warrant Ordinance, the Warrants are subject to redemption prior to maturity as follows:

**Optional Redemption.** The Warrants, or any smaller principal amount of such Warrants that is a multiple of the smallest authorized denomination, may be redeemed at the option of the City on March 1, 20\_\_ or any date thereafter at a redemption price of 100% of the principal amount so redeemed, plus accrued interest to the redemption date.

**Mandatory Redemption of 20\_\_ Term Warrants.** The Series 2018 Warrants maturing on March 1, 20\_\_ (the “20\_\_ Term Warrants”) are subject to mandatory redemption, by lot, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on March 1, 20\_\_ (after credit as provided below).

<b>Year</b>	<b>Amount</b>
20__	\$ ____,000

\$ \_\_\_\_,000 of the 20\_\_ Term Warrants will be retired at maturity

Not less than 30 or more than 60 days prior to each mandatory redemption date with respect to the Term Warrants, the Paying Agent shall proceed to select for redemption, by lot, Term Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Term Warrants or portions thereof for redemption on such mandatory redemption date. 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 Term Warrants scheduled for redemption on such date: (i) the principal amount of Term Warrants delivered by the City to the Paying Agent for cancellation and not previously claimed as a credit; and (ii) the principal amount of Term Warrants previously redeemed pursuant to the optional redemption provisions of the Warrant Ordinance and not previously claimed as a credit.

Any redemption shall be made upon at least 30 days' notice in the manner and upon the terms and conditions provided in the Warrant Ordinance.

Except in the case of mandatory redemption of Term Warrants, if less than all Warrants Outstanding are to be redeemed, the particular Warrants to be redeemed may be specified by the City by written notice to the Paying Agent, or, in the absence of timely receipt by the Paying Agent of such notice, shall be selected by the Paying Agent by lot or by such other method as the Paying Agent shall deem fair and appropriate; provided, however, that (i) the principal amount of Warrants of each maturity to be redeemed must be a multiple of the smallest authorized denomination of Warrants, and (ii) if less than all Warrants with the same stated maturity and coupon are to be redeemed, the Warrants of such maturity and coupon to be redeemed shall be selected by lot by the Paying Agent.

If a trust is established for payment of less than all Warrants of a particular maturity and coupon, the Warrants of such maturity and coupon to be paid from the trust shall be selected by the Paying Agent by lot within 7 days after such trust is established and shall be identified by a separate CUSIP number or other designation satisfactory to the Paying Agent. The Paying Agent shall notify holders whose Warrants (or portions thereof) have been selected for payment from such trust and shall direct such holders to surrender their Warrants to the Paying Agent in exchange for Warrants with the appropriate designation.

As provided in the Warrant Ordinance and subject to certain limitations set forth therein, this warrant is transferable on the Warrant Register maintained at the Principal Office of the Paying Agent, upon surrender of this warrant for transfer at such office, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the City and the Paying Agent duly executed by, the registered Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Warrants of a like aggregate principal amount, of any authorized

denominations and of the same maturity, will be issued to the designated transferee or transferees.

The Warrants are issuable in denominations of \$5,000 or any multiple thereof. As provided in the Warrant Ordinance and subject to certain limitations therein set forth, Warrants are exchangeable for a like aggregate principal amount of Warrants of any authorized denominations and of the same maturity, as requested by the Holder surrendering the same.

No service charge shall be made for any transfer or exchange hereinbefore referred to, but the City may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The City, the Paying Agent and any agent of the City or the Paying Agent may treat the person in whose name this warrant is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this warrant is overdue, and neither the City, the Paying Agent nor any agent shall be affected by notice to the contrary.

The City and the Paying Agent will, to the extent practical under the circumstances, comply with the standards set forth in Securities and Exchange Commission's Exchange Act Release No. 23856 dated December 3, 1986, regarding redemption notices, but failure to do so shall not in any manner defeat the effectiveness of a call for redemption if notice by registered or certified mail is given as required by the Warrant Ordinance.

Upon any partial redemption of a Warrant, such Warrant, except as otherwise permitted by the Warrant Ordinance, shall be surrendered to the Paying Agent in exchange for one or more new Warrants of the same maturity and in authorized form for the unredeemed portion of principal.

Any Warrant (or portion thereof) which is to be redeemed must be surrendered to the Paying Agent for payment of the redemption price. Warrants (or portions thereof) duly called for redemption will cease to bear interest after the redemption date, unless the City defaults in payment of the redemption price.

It is hereby certified, recited and declared that the indebtedness evidenced and ordered paid by this warrant is lawfully due without condition, abatement or offset of any description; that this warrant has been registered as a claim against the Warrant Fund in the manner provided by law; that all acts, conditions and things required by the constitution and laws of the State of Alabama to happen, exist and be performed precedent to and in the issuance of this warrant have happened, do exist and have been performed; and that the indebtedness evidenced and ordered paid by this warrant, together with all other indebtedness of the City, is within every debt and other limit prescribed in the constitution and laws of the State of Alabama.

Unless the certificate of authentication hereon has been executed by the Paying Agent by manual signature, this warrant shall not be entitled to any benefit under the Warrant Ordinance or

be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the City has caused this warrant to be duly executed under its corporate seal.

Dated: \_\_\_\_\_, 2018.

**CITY OF ANDALUSIA**

By \_\_\_\_\_  
Its Mayor

[SEAL]  
Attest:

\_\_\_\_\_  
Its 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 Andalusia

**Certificate of Authentication**

This warrant is one of the Warrants issued pursuant to the within-mentioned Warrant Ordinance.

Date of Authentication:

**REGIONS BANK ,**  
as Paying Agent

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

**[Form for Assignment]**

For value received, \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto this warrant and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer this warrant on the books of the within named City at the office of the within named Paying Agent, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
**NOTE:** The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature guaranteed:

\_\_\_\_\_  
(Bank, Trust Company or Firm\*)

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

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).

**SECTION 3.04 Execution, Registration and Authentication**

(a) The Warrants shall be executed on behalf of the City by its Mayor under its seal reproduced thereon and attested by its City Clerk and the certification of registration of each Warrant as a claim against the Warrant Fund shall be executed by the Treasurer of the City. The signature of any of these officers on the Warrants may be manual or, to the extent permitted by law, facsimile. Warrants bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the City shall bind the City, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Warrants or shall not have held such offices at the date of such Warrants.

(b) No Warrants shall be secured by, or be entitled to any lien, right or benefit under, this ordinance or be valid or obligatory for any purpose, unless there appears on such Warrant a certificate of authentication substantially in the form provided for herein, executed by the Paying Agent by manual signature, and such certificate upon any Warrant shall be conclusive evidence, and the only evidence, that such Warrant has been duly authenticated and delivered hereunder.

**SECTION 3.05 Temporary Warrants**

(a) Pending the preparation of definitive Warrants, the City may execute, and upon request of the City the Paying Agent shall authenticate and deliver, temporary Warrants which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Warrants in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Warrants may determine, as evidenced by their execution of such Warrants.

(b) 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 Paying Agent, without charge to the Holder. Upon surrender for cancellation of anyone or more temporary Warrants the City shall execute and the Paying Agent shall authenticate and deliver in exchange therefor a like principal amount of definitive Warrants of authorized denominations. Until so exchanged, temporary Warrants shall in all respects be entitled to the security and benefits of this ordinance.

### **SECTION 3.06 Registration, Transfer and Exchange**

(a) The City shall cause to be kept at the Principal Office of the Paying Agent a register (herein referred to as the “Warrant Register”) in which, subject to such reasonable regulations as it may prescribe, the City shall provide for the registration of Warrants and registration of transfers of Warrants entitled to be registered or transferred as herein provided. The Paying Agent is hereby appointed “Registrar” for the purpose of registering Warrants and transfers of Warrants as herein provided.

(b) Upon surrender for transfer of any Warrant at the Principal Office of the Paying Agent, the City shall execute, and the Paying Agent shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Warrants of a like aggregate principal amount, of any authorized denominations and of the same maturity.

(c) At the option of the Holder, Warrants may be exchanged for other Warrants of a like aggregate principal amount, of any authorized denominations and of the same maturity, upon surrender of the Warrants to be exchanged at the Principal Office of the Paying Agent. Whenever any Warrants are so to be surrendered for exchange, the City shall execute, and the Paying Agent shall authenticate and deliver, the Warrants which the Holder making the exchange is entitled to receive.

(d) All Warrants surrendered upon any exchange or transfer provided for in this ordinance shall be promptly cancelled by the Paying Agent.

(e) All Warrants issued upon any transfer or exchange of Warrants shall be the valid obligations of the City and entitled to the same security and benefits under this ordinance as the Warrants surrendered upon such transfer or exchange.

(f) Every Warrant presented or surrendered for transfer or exchange shall (if so required by the City or the Paying Agent) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the City and the Paying Agent duly executed, by the Holder thereof or his attorney duly authorized in writing.

(g) No service charge shall be made for any transfer or exchange of Warrants, but the City may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Warrants.

(h) Neither the City nor the Paying Agent shall be required (i) to transfer or exchange any Warrant during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Warrants and ending at the close of business on the day of such mailing, (ii) to transfer or exchange any Warrant so selected for redemption in whole or in part, or (iii) to exchange any Warrant during a period beginning at the opening of business on any Regular Record Date and ending at the close of business on the relevant Interest Payment Date therefor.

### **SECTION 3.07 Mutilated, Destroyed, Lost and Stolen Warrants**

(a) If (i) any mutilated Warrant is surrendered to the Paying Agent, or the City and the Paying Agent receive evidence to their satisfaction of the destruction, loss or theft of any Warrant, and (ii) there is delivered to the City and the Paying Agent such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the City or the Paying Agent that such Warrant has been acquired by a bona fide purchaser, the City shall execute and upon its request the Paying Agent shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Warrant, a new Warrant of like tenor and principal amount, bearing a number not contemporaneously outstanding.

(b) Upon the issuance of any new Warrant under this Section, the City may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

(c) Every new Warrant issued pursuant to this Section in lieu of any destroyed, lost or stolen Warrant shall constitute an original additional contractual obligation of the City, whether or not the destroyed, lost or stolen Warrant shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this ordinance equally and ratably with all other Outstanding Warrants.

(d) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Warrants.

### **SECTION 3.08 Payment of Interest on Warrants; Interest Rights Preserved**

(a) Interest on any Warrant which is payable, and punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name that Warrant is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a Business Day) next preceding such Interest Payment Date.

(b) Any interest on any Warrant which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid by the City to the

persons in whose names such Warrants are registered at the close of business on a special record date (herein called a “Special Record Date”) for the payment of such Defaulted Interest, which shall be fixed in the following manner. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Warrant and the date of the proposed payment (which date shall be such as will enable the Paying Agent to comply with the next sentence hereof), and at the same time the City shall deposit with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held solely for the benefit of the persons entitled to such Defaulted Interest as in this subsection provided. Thereupon the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Paying Agent of the notice of the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of a Warrant at his address as it appears in the Warrant Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Warrants are registered on such Special Record Date.

(c) Subject to the foregoing provisions of this Section, each Warrant delivered under this ordinance upon transfer of or in exchange for or in lieu of any other Warrant shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Warrant and each such Warrant shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

### **SECTION 3.09 Persons Deemed Owners**

The City, the Paying Agent and any agent of the City or the Paying Agent may treat the person in whose name any Warrant is registered as the owner of such Warrant for the purpose of receiving payment of Debt Service on such Warrant (subject to Section 3.08) and for all other purposes whatsoever whether or not such Warrant is overdue, and, to the extent permitted by law, neither the City, the Paying Agent nor any such agent shall be affected by notice to the contrary.

### **SECTION 3.10 Paying Agent/Registrar**

(a) Regions Bank, a state banking corporation with a corporate trust office in the City of Birmingham, Alabama, is hereby appointed “Paying Agent” and “Registrar” for the purpose of paying Debt Service on the Warrants on behalf of the City.

(b) The Debt Service on the Warrants shall, except as otherwise provided herein, be

payable at the designated office of the Paying Agent.

(c) If the bank designated as Paying Agent pursuant to subsection (a) of this Section shall resign or shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of it or of its property shall be appointed or any public officer shall take charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, the City shall appoint a successor Paying Agent. Any successor Paying Agent must have capital and surplus of not less than \$50,000,000, must be subject to supervision or examination by federal or State of Alabama authority, and must have a corporate trust office within the State of Alabama. The City shall give notice of the appointment of any such successor Paying Agent by registered or certified mail to the Holders of Warrants as their names and addresses appear in the Warrant Register.

(d) By its acceptance of such duties hereunder, the Registrar shall accept and agree to perform the duties required by this Ordinance, subject, however, to the following conditions:

(i) The Registrar 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 Registrar.

(ii) In the absence of bad faith or negligence on its part, the Registrar 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 Registrar 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 Registrar, the Registrar shall be under a duty to examine the same to determine whether they conform to the requirements of this Ordinance.

(iii) The Registrar shall perform the duties imposed by this Ordinance and exercise the rights and powers vested in it by this Ordinance in accordance with the same degree of care and skill in the performance of such duties as in the conduct of its own affairs.

(iv) No provision of this Ordinance shall be construed to relieve the Registrar from liability for its own gross negligence or willful misconduct, except that no provision of this Ordinance shall require the Registrar 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 Registrar 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 Registrar 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 Registrar 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 Registrar may be a Holder or a pledge of any of the Warrants as if not Registrar hereunder.

(ix) The Registrar 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 Registrar 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 Registrar.

(xi) The Registrar may make any investments permitted or required hereby through its own investment department, and any Qualified Investments issued or held by it hereunder shall be deemed investments and not deposits.

(xii) The Registrar shall, upon reasonable 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 Registrar, and the Registrar is in no way responsible for the validity or security of the Warrants or the validity of the security afforded hereby.

(e) Merger or Consolidation of Registrar. Any corporation into which the Registrar may be merged or with whom it may be consolidated, or any corporation resulting from any merger or consolidation to which the Registrar shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Registrar, shall be the successor of the Registrar 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 Registrar then in office, any successor by merger or consolidation to such Registrar may adopt the registration of such Warrants and deliver such Warrants with the same effect as if such successor Registrar had itself registered such Warrants.

(f) Compensation of Registrar. Subject to the provisions of any separate agreement with the Registrar, the City shall pay to the Registrar 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 and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its duties hereunder.

(g) Resignation of Registrar: Appointment of Successor. The Registrar may resign and be discharged from the duties hereby created by causing written notice specifying the effective date of such resignation to be forwarded by United States registered or certified mail, postage

prepaid, to the City, to the Insurer and to every Holder of a Warrant. Unless the effective date of the Registrar's resignation shall coincide with the appointment of a successor Registrar by the Holders of the Warrants as herein provided, such date shall be at least thirty (30) days after the date on which notice to the City and the Holders of the Warrants shall have been mailed.

If the Registrar shall resign, 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 a written instrument or instruments signed by the Insurer, or if the Insurer is in breach of its obligations under the Bond Insurance Policy, the Holders of a majority in principal amount of the Warrants then outstanding and in the interim by an instrument executed by the City, such interim successor Registrar to be immediately and ipso facto superseded by the one appointed as above by the Holders of a majority in principal amount of the Warrants. The City shall cause notice of such interim appointment, in the event such is made, to be forwarded by United States registered or certified mail, postage prepaid, to the Insurer and to every Holder of a Warrant. When the appointment of a successor Registrar, 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 successor Registrar. Every successor Registrar appointed pursuant to this section shall be a trust company or bank authorized to administer trusts and having, at the time of its acceptance of such appointment, capital, surplus and undivided profits of not less than \$50,000,000, if there be such an institution willing, qualified and able to accept appointment as Registrar upon reasonable or customary terms.

### **SECTION 3.11 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 day which is a Business Day with the same effect as if made on the day such payment was due.

### **SECTION 3.12 Cancellation**

All Warrants surrendered for payment, redemption, transfer or exchange shall be promptly cancelled by the Paying Agent. No Warrants shall be registered in lieu of or in exchange for any Warrant cancelled as provided in this Section, except as expressly provided by this ordinance.

### **SECTION 3.13 Book-Entry Only System; Payment Provisions**

(a) The registration and payment of Warrants shall be made pursuant to the Book-Entry Only System (the "Book-Entry Only System") administered by The Depository Trust Company ("DTC") in accordance with the Letter of Representations attached to and incorporated by reference in this ordinance as Exhibit A (the "Letter of Representations") until such System is

terminated pursuant to Section 3 .13(c).

(b) While Warrants are in the Book-Entry Only System the following provisions shall apply for purposes of this ordinance and shall supersede any contrary provisions of this ordinance:

(1) Notwithstanding the fact that DTC may hold a single physical certificate for each stated maturity for purposes of the Book-Entry Only System, the term “Warrants” shall mean each separate Security (as defined in the Letter of Representations) issued pursuant to the Book-Entry Only System, and the term “Holder” shall mean the person identified on the records of DTC as the owner of the related Security.

(2) The terms and limitations of this ordinance with respect to each separate Warrant shall be applicable to each separate Security registered under the Book-Entry Only System.

(3) All notices under this ordinance to Holders of Warrants from any other Financing Participant shall be delivered by such Financing Participant to DTC for distribution by DTC in accordance with the Letter of Representations. All notices under this ordinance to or from a Financing Participant other than a Holder of a Warrant shall be delivered directly to the Financing Participant as provided in this ordinance and shall not be delivered through DTC or the Book-Entry Only System.

(4) All payments of Debt Service on the Warrants shall be made by the Paying Agent to DTC and shall be made by DTC to the Participants (as such term is defined in the Letter or Representations) as provided in the Letter of Representations. All such payments shall be valid and effective fully to satisfy and discharge the City's obligations with respect to such payments.

(c) If the City and the Paying Agent concur that it would be in the best interests of the Holders of the Warrants for the Book-Entry Only System to be discontinued (in whole or in part), such Book-Entry Only System shall be discontinued (in whole or in part) in accordance with the provisions of the Letter of Representations. In addition, the Book-Entry Only System may be discontinued (in whole or in part) at any time by any Financing Participant acting alone in accordance with the Letter of Representations.

(d) If the Book-Entry Only System is discontinued, except as otherwise provided in this Section with respect to Wire Transfer rights, payment of interest on the Warrants which is due on any Interest Payment Date shall be made by check or draft mailed by the Paying Agent to the persons entitled thereto at their addresses appearing in the Bond Register. 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) the Warrants and payment of accrued interest on the Warrants due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender thereof at the Office of the Paying Agent.

(e) Upon the written request of the Holder of Warrants in an aggregate principal amount of not less than \$1,000,000, the Paying Agent will make payment of the Debt Service due on such Warrants by Wire Transfer, provided that:

- (1) such request contains adequate instructions for the method of payment, and
- (2) payment of the principal of (and redemption premium, if any, on) such Warrants and payment of the accrued interest on such Warrants due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender of such Warrants to the Paying Agent.

## **ARTICLE 4**

### **Redemption of Warrants**

#### **SECTION 4.01 General Applicability of Article**

(a) The Warrants shall be redeemable in accordance with the redemption provisions set forth in the Confirmation Certificate.

(b) Warrants shall be redeemed in accordance with the mandatory redemption provisions of the Warrants without any direction from or consent by the City. Warrants shall be redeemed in accordance with the optional redemption provisions of the Warrants only upon direction of the City.

#### **SECTION 4.02 Election to Redeem; Notice to Paying Agent**

The election of the City to exercise any right of optional redemption shall be evidenced by a certified resolution of the governing body of the City delivered to the Paying Agent. In case of any redemption at the option of the City of less than all the Outstanding Warrants, the City shall, at least 60 days prior to the date fixed by the City for redemption of Warrants (unless a shorter notice shall be satisfactory to the Paying Agent), notify the Paying Agent of such redemption date and of the principal amount and maturities of Warrants to be redeemed.

#### **SECTION 4.03 Selection by Paying Agent of Warrants to be Redeemed**

(a) If less than all Warrants Outstanding are to be redeemed, the particular Warrants to be redeemed may be specified by the City by written notice to the Paying Agent, or, in the absence of timely receipt by the Paying Agent of such notice, shall be selected by the Paying Agent by lot or by such other method as the Paying Agent shall deem fair and appropriate; provided, however, that (i) the principal amount of Warrants of each maturity to be redeemed must be a multiple of the smallest authorized denomination of Warrants, and (ii) if less than all Warrants with the same stated maturity are to be redeemed, the Warrants of such maturity to be redeemed shall be selected by lot by the Paying Agent.

(b) The Paying Agent shall promptly notify the City in writing of the Warrants selected for redemption and, in the case of any Warrant selected for partial redemption, the principal amount thereof to be redeemed.

(c) For all purposes of this ordinance, unless the context otherwise requires, all provisions relating to the redemption of Warrants shall relate, in the case of any Warrant redeemed or to be redeemed only in part, to the portion of the principal of such Warrant which has been or is to be redeemed.

#### **SECTION 4.04 Notice of Redemption**

(a) Unless waived by the Holders of all Warrants then Outstanding, notice of redemption shall be given by registered or certified mail, mailed not less than 30 nor more than 60 days prior to the redemption date, to each Holder of Warrants to be redeemed at his address appearing in the Warrant Register.

(b) All notices of redemption shall state:

(1) the redemption date,

(2) the redemption price,

(3) the principal amount of Warrants to be redeemed, and, if less than all Outstanding Warrants are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Warrants to be redeemed,

(4) that on the redemption date the redemption price of each of the Warrants to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date, and

(5) the place or places where the Warrants to be redeemed are to be surrendered for payment of the redemption price.

(c) Notice of redemption of Warrants to be redeemed at the option of the City shall be given by the City or, at the City's request, by the Paying Agent in the name and at the expense of the City. Notice of redemption of Warrants in accordance with the mandatory redemption

provisions of the Warrants shall be given by the Paying Agent in the name and at the expense of the City.

(d) The City and the Paying Agent shall, to the extent practical under the circumstances, comply with the standard set forth in Securities and Exchange Commission's Exchange Act Release No. 23856 dated December 3, 1986, regarding redemption notices, but their failure to do so shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed in this Section.

#### **SECTION 4.05 Deposit of Redemption Price**

Prior to any redemption date, the City shall deposit with the Paying Agent immediately available funds sufficient to pay the redemption price of all the Warrants which are to be redeemed on that date. Such money shall be held solely for the benefit of the persons entitled to such redemption price.

#### **SECTION 4.06 Warrants Payable on Redemption Date**

(a) Notice of redemption having been given as aforesaid, the Warrants so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Warrants shall cease to bear interest. Upon surrender of any such Warrant for redemption in accordance with said notice such Warrant shall be paid by the City at the redemption price. Installments of interest due prior to the redemption date shall be payable to the Holders of the Warrants registered as such on the relevant Record Dates according to the terms of such Warrants and the provisions of Section 3.08.

(b) If any Warrant called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the redemption date at the Post-Default Rate.

#### **SECTION 4.07 Warrants Redeemed in Part**

Any Warrant which is to be redeemed only in part shall be surrendered at the Principal Office of the Paying Agent (with, if the City or the Paying Agent so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the City and the Paying Agent duly executed by, the Holder thereof or his attorney duly authorized in writing) and the City shall execute and the Paying Agent shall authenticate and deliver to the Holder of such Warrant, without service charge, a new Warrant or Warrants, of the same maturity and of any authorized denomination or denominations, as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Warrant so surrendered.

## **ARTICLE 5**

### **Source of Payment**

**SECTION 5.01 General Obligation**

The indebtedness evidenced and ordered paid by the Warrants shall be a general obligation of the City for the payment of Debt Service on which the full faith and credit of the City are hereby irrevocably pledged, pro rata and without preference or priority of one Warrant over another. The Warrants are additionally secured by the Pledged Sales and Use Taxes as described hereinbelow. The City hereby covenants and agrees to levy and collect taxes, to the maximum extent permitted by law, at such rate or rates as shall make available tax proceeds which, when added to the revenues of the City from other sources available for such purposes, will be sufficient to pay the reasonable expenses of carrying on the necessary governmental functions of the City and to pay Debt Service on the Warrants as the same shall become due and payable.

**SECTION 5.02 Provision for Payment of Warrants**

(a) If Debt Service on the Warrants is paid in accordance with the terms of the Warrants and this ordinance, then all covenants, agreements and other obligations of the City to the Warrantholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event the Paying Agent 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 if:

(1) in case such Warrants are to be redeemed on any date prior to their maturity, either (i) the Paying Agent shall receive evidence that notice of such redemption has been given in accordance with the terms of this ordinance or (ii) the City shall confer on the Paying Agent irrevocable authority for the giving of such notice on behalf of the City,

(2) there shall have been deposited with the Paying Agent cash and/or Federal Securities which (assuming due and punctual payment of the principal of and interest on such Federal Securities) will provide money sufficient to pay when due the Debt Service due and to become due on such Warrants on and prior to the redemption date or maturity date thereof, as the case may be, and

(3) such Federal Securities are not subject to redemption prior to their respective maturities at the option of the issuer of such Securities. All cash and/or Federal Securities so deposited with the Paying Agent shall be held in trust and applied by the Paying Agent solely to the payment of Debt Service on such Warrants as the same shall become due and payable. At such time as any Warrant shall be deemed paid as aforesaid, it shall no longer be secured by or entitled to the benefits of this ordinance, except for the purpose of any payment from such cash and/or Federal Securities deposited with the Paying Agent and the purpose of transfer and exchange as herein provided.

(4) When the Warrants shall have been paid in full, or shall be deemed paid within the meaning of this section, the pledge of the Pledged Sales and Use Tax as hereinafter described, to the payment of the Warrants shall be terminated and released.

**SECTION 5.03 Pledge of Pledged Sales and Use Tax**

a) There is hereby appropriated and ordered segregated and the City hereby irrevocably pledges to the punctual payment of the principal of and interest on the Warrants, the proceeds of the Pledged Sales and Use Tax, all on a parity of lien with any other Parity Obligations, as hereinafter described. The City hereby covenants and agrees, so long as any of the Warrants are outstanding, as a part of the contract whereunder the money is borrowed and the Warrants issued, to continue to levy and collect the Pledged Sales and Use Tax, to pay into the Warrant Fund, and to apply to the payment of the principal and interest on the Warrants, the proceeds of the Pledged Sales and Use Tax so pledged. The City represents that upon the issuance of the Warrants there will be no lien, encumbrance, pledge or assignment on or of the proceeds of the Pledged Sales and Use Tax except for the benefit of the Warrants.

(b) The City does hereby covenant and agree that, except as otherwise provided in Section 5.04 hereof, with respect to the issuance of Parity Obligations, the Pledged Sales and Use Tax shall not hereafter be pledged by it to the payment of any other obligation or obligations of the City unless such pledge or pledges are made subject to and subordinate in all respects to the respective pledges of the Pledged Sales and Use Tax herein made for the benefit of the Warrants.

(c) The Treasurer of the City shall collect the proceeds of the Pledged Sales and Use Tax and deposit the same in the Warrant Fund in the amounts and at the times that deposits are required by this ordinance to be made into said Fund.

(d) In the event that the proceeds of the Pledged Sales and Use Tax shall not be sufficient to pay the principal of and interest on the Warrants and to make the deposits into the Warrant Fund in the amounts and at the times required by this ordinance, the City further covenants and agrees promptly to make up such deficiency from other revenues, income, taxes, assets and resources of the City, and the Treasurer of the City shall promptly deposit into the Warrant Fund from the aforesaid sources all amounts required to make up such deficiency.

**SECTION 5.04 Authorization of Parity Obligations; Subsequent Pledge of Pledged Sales and Use Tax**

So long as the City is not in default hereunder, other bonds, warrants or obligations (“Parity Obligations”) without limit as to aggregate principal amount, payable from and secured by a pledge of the Pledged Sales and Use Tax equally and ratably with the Warrants may at any time and from time to time be issued, sold and delivered by the City for any lawful purpose, upon satisfaction of the following conditions:

(a) The governing body of the City shall have adopted an ordinance or ordinances reciting that the Issuer is not at the time in default hereunder, and that no such default is

imminent, authorizing the issuance, execution, sale and delivery of such Parity Obligations, and setting forth the date thereof, the date or dates of maturity, the rate or rates of interest, the dates of payment thereof, the maximum aggregate principal amount of such Parity Obligations, the redemption provisions, if any, the text of the form of the Parity Obligations, and a brief description of the facilities, if any, that will be constructed or acquired with the proceeds thereof or that have been financed by other obligations of, or assumed by, the City being refunded by the Parity Obligations proposed to be issued. Any such ordinance or ordinances may contain any other or additional statements, materials, provisions, covenants and agreements which the governing body of the City shall elect to include therein.

(b) The Treasurer of the City shall have filed with the Paying Agent a certificate demonstrating that the proceeds of the Pledged Sales and Use Tax received by the City during the twelve consecutive months next preceding the month in which such Parity Obligations are to be issued are not less than 150% of the maximum amount payable in any fiscal year (October 1 through September 30) thereafter as principal of and interest on the Warrants, any other Parity Obligations then outstanding, and the Parity Obligations then proposed to be issued. For purposes of this calculation, the principal amount of any Warrants subject to a mandatory redemption requirement during such fiscal year shall be considered as maturing in the year during which such redemption is required and not in the fiscal year in which their stated maturity occurs.

(c) There has been deposited with the City the opinion of nationally recognized bond counsel that the Parity Obligations proposed to be issued, when issued, will be secured, by a valid pledge of the Pledged Sales and Use Tax equally and ratably and on a parity of lien with the pledge of the Pledged Sales and Use Tax for the benefit of the Warrants and any other Parity Obligations then outstanding.

Except as provided above for the issuance of Parity Obligations, the City covenants and agrees that the Pledged Sales and Use Tax shall not hereafter be pledged by it to the payment of any other obligation or obligations of the City unless such pledge or pledges are made subject to and subordinate in all respects to the pledge of the Pledged Sales and Use Tax for the benefit of the Warrants and any other Parity Obligations then outstanding.

## **ARTICLE 6**

### **The Warrant Fund**

#### **SECTION 6.01 The Warrant Fund**

(a) There is hereby established a special fund held by the Paying Agent entitled "General Obligation Warrants, Series 2018 Debt Service Fund" (herein called the "Warrant Fund"). Money in the Warrant Fund shall be used solely for the payment of Debt Service on the Series 2018 Warrants as the same shall become due and payable.

(b) The City shall deposit into the Warrant Fund in immediately available funds the following amounts on or before the following dates:

(1) on the date of delivery of the Warrants, all accrued interest and premium (if any) from the sale of the Warrants to the Original Purchaser thereof;

(2) on or before the fifth Business Day prior to each Warrant Payment Date, an amount equal to the interest becoming due with respect to the then outstanding Warrants on the next succeeding Interest Payment Date;

(3) on or before the fifth Business Day prior to a March 1 as set forth in the Confirmation Certificate, and on or before the second Business Day prior to each March 1 thereafter, an amount equal to the principal amount of Warrants maturing or subject to mandatory redemption on the Principal Payment Date for that particular year.

If on any Warrant Payment Date the balance in the Warrant Fund is insufficient to pay the Debt Service on the Warrants due and payable on such date, the City shall forthwith pay any such deficiency into the Warrant Fund.

(d) There is hereby established a special account of the Warrant Fund held by the Paying Agent entitled "General Obligation Warrants, Series 2018 Capitalized Interest Account" (herein called the "Capitalized Interest Account"). Money in the Capitalized Interest Account shall be transferred to the Warrant Fund on each Interest Payment Date, and used solely for the payment of interest on the Series 2018 Warrants as the same shall become due and payable until such time as no funds remain on deposit in such account.

## **SECTION 6.02 Transfer of Funds**

The Treasurer shall use the Pledged Sales and Use Tax and other taxes, revenues and other general funds of the City available for the payment of Debt Service on the Warrants to make the required deposits to the Warrant Fund in the amounts and at the times required by Section 6.01.

## **SECTION 6.03 Security for Warrant Fund**

Any money on deposit in the Warrant Fund or held by the Paying Agent 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), be secured for the benefit of the City and the Holders of the Warrants either

(1) by holding on deposit as collateral security Federal Securities, or other marketable securities eligible as security for the deposit of public funds under regulations of the Comptroller of the Currency, having a market value (exclusive of accrued interest) not less than the amount

of money being secured, or

(2) if the furnishing of security in the manner provided in the foregoing paragraph (1) is not permitted by the then applicable laws and regulations, then in such manner as may be required or permitted by the applicable State of Alabama and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of public funds.

#### **SECTION 6.04 Investment of Warrant Fund**

(a) The City may cause any money on deposit in the Warrant Fund (including the Capitalized Interest Account) not then needed for the payment of Debt Service on the Warrants to be invested or reinvested by the Paying Agent in Qualified Investments, by written instructions to the Paying Agent. All such investments must mature or be subject to redemption at the option of the holder on or prior to the respective date or dates when cash funds will be required for purposes of the Warrant Fund. Any investment made with money on deposit in the Warrant Fund shall be held by or under control of the Paying Agent and shall be deemed at all times a part of the Warrant Fund.

(b) All interest accruing on such investments and any profit realized therefrom shall be deposited in the Warrant Fund and shall be credited to the deposits required by Section 6.01; any losses resulting from liquidation of investments shall be charged to the Warrant Fund and shall be added to the next ensuing deposit specified in Section 6.01. The Paying Agent shall sell and reduce to cash a sufficient portion of such investments whenever the cash balance in the Warrant Fund is insufficient to pay Debt Service on the Warrants when due.

(c) Any investment of money in the Warrant Fund may be made by the Paying Agent through its own bond department, investment department or other commercial banking department providing investment services. Any certificate of deposit issued by, or other interest-bearing deposit with, the Paying Agent shall be deemed an investment rather than a deposit requiring security in the manner specified in Section 6.03.

### ***ARTICLE 7***

#### **Sale and Delivery of Warrants**

#### **SECTION 7.01 Sale of Warrants**

(a) The Warrants of each series as applicable are hereby sold to Stifel Nicolaus and Company, Inc (the "Original Purchaser") for a purchase price as set forth in a Purchase Contract

to be executed between the City and the Original Purchaser (the “Purchase Contract”); provided, however that the all-in (including issuance costs) true interest cost for the Warrants shall not be greater than 4.25%. The total principal amount for the Warrants shall not be more than the amount set forth in Section 3.02(a) hereof. The Purchase Contract and all action heretofore taken by the Mayor and the Clerk in executing and delivering the Purchase Contract on behalf of the City are hereby ratified and approved. Waldrep Stewart & Kendrick, LLC. is hereby appointed as bond counsel and disclosure counsel with respect to the Warrants and Stifel Nicolaus and Company, Inc. is hereby appointed as Underwriter with respect to the Warrants.

(b) The Original Purchasers shall be under no duty to inquire as to the application of the proceeds of the Warrants. Nevertheless, such proceeds shall be held and applied solely for the purposes specified in this ordinance.

### **SECTION 7.02 Official Statement and Closing Papers**

(a) The City does hereby approve and authorize the Official Statement with respect to the Series 2018 Warrants that has been presented to and considered by the City Council of the City. The Mayor is hereby authorized and directed to execute and deliver the Official Statement in the name and on behalf of the City in the form presented to the City Council at this meeting with such changes or additions thereto or deletions therefrom as the Mayor shall approve, which approval shall be conclusively evidenced by his execution of such document.

(b) The officers of the City and any person or persons designated and authorized by any officer of the City to act in the name and on behalf of the City, or anyone or more of them, are authorized to do and perform or cause to be done and performed in the name and on behalf of the City such other acts, to pay or cause to be paid on behalf of the City such related costs and expenses, and to execute and deliver or cause to be executed and delivered in the name and on behalf of the City such other notices, requests, demands, directions, consents, approvals, orders, applications, certificates, agreements, further assurances, or other instruments or communications, under the seal of the City, or otherwise, as they or any of them may deem necessary, advisable, or appropriate in order to carry into effect the intent of the provisions of this ordinance and to demonstrate the validity of the Warrants, the absence of any pending or threatened litigation with respect to the Warrants and the transactions contemplated by this ordinance, and the exemption of interest on the Series 2011-A Warrants from Federal and State of Alabama income taxation.

### **SECTION 7.03 Application of Proceeds**

The proceeds from the sale of the Warrants shall be paid to the Registrar and then delivered to the Treasurer of the City and shall be applied by the Treasurer for the purposes and in the order as set forth in the Confirmation certificate, and as directed in a Closing Memorandum to be delivered to the Paying Agent at the date of delivery of the Warrants.

**ARTICLE 8**

**Miscellaneous**

**SECTION 8.01 Amendment of Description of Uses of Warrant Proceeds**

The City may amend or change the description of the Improvements or the uses of Warrant proceeds contained in this ordinance, provided that:

(1) the governing body of the City adopts an ordinance setting forth such amendment or change,

(2) the uses, as so amended or changed, are eligible for financing with proceeds of warrants issued pursuant to the Enabling Law, and

(3) such amendment or change will not cause the amount of the Warrants chargeable against the City's constitutional limitation on indebtedness to increase.

**SECTION 8.02 Tax Certificate and Agreement**

The City hereby covenants for the benefit of the Holders of the Warrants to comply with all the covenants contained in the Tax Certificate and Agreement executed by the City in connection with the issuance of the Warrants.

**SECTION 8.03 Agreement to Pay Attorneys' Fees**

If the City should default under any of the provisions of this ordinance and the Holder of any Warrant should employ attorneys or incur other expenses for the collection of any payments due hereunder or the enforcement of performance or observance of any agreement or covenant on the part of the City herein contained, the City will (to the extent legally enforceable) on demand therefor pay to such Holder the reasonable fees of such attorneys and such other expenses so incurred.

**SECTION 8.04 Provisions of Ordinance a Contract**

The terms, provisions and conditions set forth in this ordinance constitute a contract between the City and the Holders of the Warrants and shall remain in effect until the Debt Service on the Warrants shall have been paid in full or provision for such payment has been made in accordance with Article 5.

**SECTION 8.05 Separability Clause**

If any provision in this ordinance or in the Warrants shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**SECTION 8.06 Notices to Warrantholders; Waiver**

(a) Where this ordinance provides for notice to any Warrantholder of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to such Holder at the address of such Holder as it appears in the Warrant Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice.

(b) In any case where notice to Warrantholders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Warrantholder shall affect the sufficiency of such notice with respect to other Warrantholders. Where this ordinance provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Warrantholders shall be filed with the City and the Paying Agent, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

**SECTION 8.07 Repeal of Conflicting Provisions**

All ordinances, resolutions and orders or parts thereof in conflict with this ordinance are to the extent of such conflict, hereby repealed.

**SECTION 8.08 Effect of Headings and Table of Contents**

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

**SECTION 8.09 Bond Insurance Policy; Payments Under the Policy**

The City has determined that it is desirable for the City to procure a policy of financial guaranty insurance (the “Policy” or the “Bond Insurance Policy”) securing payment of debt service on the Warrants from Build America Mutual Assurance Corp., a New York-domiciled

insurance company (“BAM” or “Bond Insurer”). For purposes of this Section 8.11, the term “Financing Documents” means the Warrant Ordinance. The City hereby agrees and covenants with BAM as set forth in Exhibit B hereto.

**Section 8.10 Bank Qualification**

The City hereby designates the Series 2018 Warrants as “qualified tax-exempt obligations” of the City for purposes of Section 265(b)(3)(B)(i)(III) of the Code. The City hereby further certifies, as to itself, all subordinate entities and all entities which issue obligations on behalf of the City, that the total amount of all tax-exempt obligations heretofore issued and reasonably anticipated to be issued by the City and such other entities during calendar year 2016 will not exceed \$10,000,000.

**SECTION 8.11 Effective Date**

This Ordinance shall become effective and be in force from and after the date of its approval and adoption by the City Council of Andalusia and publication as required by law.

**ADOPTED AND APPROVED** this \_\_\_th day of February, 2018

**THE CITY OF ANDALUSIA, ALABAMA**

\_\_\_\_\_  
**Earl V. Johnson, Mayor**

**[S E A L]**

**ATTEST:**

\_\_\_\_\_  
**John M. Thompson, City Clerk - Treasurer**

***EXHIBIT A***

**DTC Letter of Representations**

A blanket letter of representations is on file with DTC.

**EXHIBIT B**

**Provisions With Respect to Municipal Bond Insurance Policy**

Pursuant to Section 8.11 of the Warrant Ordinance, the undersigned hereby agrees and covenants with Build America Mutual Assurance Company (the “Insurer” or “BAM”) as follows:

1. Notice and Other Information to be given to BAM. The Issuer will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement and (ii) to the holders of Insured Obligations or the Trustee under the Security Documents.

The notice address of BAM is: Build America Mutual Assurance Company, 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, NY 10281, Attention: Surveillance, Re: Policy No. \_\_\_\_\_, Telephone: (212) 235-2500, Telecopier: (212) 235-1542, Email: notices@buildamerica.com. In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 235-5214 and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

2. Amendments, Supplements and Consents.
  - a. *Amendments.* Wherever any Security Document requires the consent of Bondholders, BAM’s consent shall also be required. In addition, any amendment, supplement or modification to the Security Documents that adversely affect the rights or interests of BAM shall be subject to the prior written consent of BAM.
  - b. *Consent of BAM Upon Default.* Anything in any Security Document to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole holder of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Warrants or the trustee, paying agent, registrar, or similar agent (the “Trustee”) for the benefit of such holders under any Security Document. The Trustee may not waive any default or event of default or accelerate the Insured Obligations without BAM’s written consent.
3. BAM As Third Party Beneficiary. BAM is explicitly recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce any right, remedy or claim

conferred, given or granted thereunder.

4. Policy Payments.

- a. In the event that principal and/or interest due on the Warrants shall be paid by BAM pursuant to the Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Warrants.
- b. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Trustee shall agree for the benefit of BAM that:
  - i. They recognize that to the extent BAM makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the Warrants, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Issuer, with interest thereon, as provided and solely from the sources stated in the Security Document and the Warrants; and
  - ii. They will accordingly pay to BAM the amount of such principal and interest, with interest thereon, but only from the sources and in the manner provided in the Security Documents and the Bonds for the payment of principal of and interest on the Warrants to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.
- c. *Special Provisions for Insurer Default:* If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraph B above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other holder of the Warrants for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph (3), “Insurer Default” means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

5. Definitions.

“BAM” shall mean Build America Mutual Assurance Company, or any successor thereto.

“Policy” shall mean the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Bonds when due.

“Security Documents” shall mean the resolution, trust agreement, ordinance, loan agreement, bond, warrant, note and/or any additional or supplemental document executed in connection with the Warrants.

Councilmember Mount moved to approve Ordinance No. 2018 – 02. Councilmember Powell seconded the motion which was passed unanimously.

**COUNCIL APPROPRIATED FUNDS FROM THE CAPITAL ACCOUNT FOR ANDALUSIA POLICE DEPARTMENT EQUIPMENT:**

Mayor Johnson presented a request from the police department for equipment necessary to decrease response times. Councilmember Powell moved to authorize the mayor to execute a contract for technology services and appropriate \$68,400 from the capital account to complete the project. He further moved to reimburse the capital account with funds from a grant from the Alabama Department of Economic and Community Affairs supporting the project. Councilmember Mount seconded the motion which passed unanimously.

**ADJOURNMENT:**

With no further business, Mayor Johnson called the meeting adjourned.

**THE CITY OF ANDALUSIA, ALABAMA**

**BY:** \_\_\_\_\_  
**Earl V. Johnson, Mayor**

**ATTEST:**

\_\_\_\_\_  
**John Thompson City Clerk – Treasurer**