

ORDINANCE NO. 2017-025-ADM

AN ORDINANCE AUTHORIZING THE ISSUANCE OF
ONE \$9,260,000 GENERAL OBLIGATION WARRANT, SERIES 2017,
OF THE CITY OF TRUSSVILLE, ALABAMA

BE IT ORDAINED by the City Council (the "Council") of the CITY OF TRUSSVILLE, ALABAMA (the "City"), as follows:

Section 1. Findings. The Council has found and ascertained and does hereby declare as follows:

(a) the City has heretofore issued its General Obligation Warrants, Series 2014-B, dated January 1, 2014 (the "Series 2014-B Warrants"), for the purpose of providing funds for various capital improvements in the City, including public parks, a municipal stadium and miscellaneous public road and bridge improvements, and refunding certain indebtedness of the City incurred for such purposes; the Series 2014-B Warrants are presently outstanding in the aggregate principal amount of \$30,190,000;

(b) it is necessary, desirable, and in the public interest that the City refund, on an advance basis, certain of the Series 2014-B Warrants, in order to achieve a debt service savings, and provide funds for construction and equipping of various capital improvements in the City, including, without limitation, expansion of the public library in the City (the "2017 Improvements");

(c) the City is not in default in the payment of the principal of or the interest on the Series 2014-B Warrants;

(d) it is necessary, desirable, and in the public interest that the City issue the Warrant hereinafter described for the purpose of refunding certain of the Series 2014-B Warrants, providing for the 2017 Improvements and paying the costs of issuing the said Warrant;

(e) Sterling National Bank (the "Lender") has agreed to make a loan to the City in the amount of \$9,260,000 and, in evidence thereof, to purchase the Warrant from the City.

Section 2. Authorization of the Warrant. (a) Pursuant to the applicable provisions of Section 11-47-2 and Section 11-81-4 of the Code of Alabama 1975, as amended, and for the purposes set forth in Section 1(d) hereof, the City is hereby authorized to borrow from the Lender the sum of \$9,260,000, and, in evidence of the obligation of the City to repay

the money so borrowed, is hereby authorized to issue and deliver to the Lender its \$9,260,000 General Obligation Warrant, Series 2017 (the "Warrant"). The Warrant shall be dated the date of its initial issuance and delivery, shall be issued as a single fully registered warrant without coupons, shall be payable to the Lender, shall bear interest at the rate of 3.28% per annum, computed on the basis of a 360-day year of twelve (12) consecutive thirty (30) day months, and shall be payable in combined annual installments of principal and interest as are set out in the amortization schedule attached as Appendix A to the form of Warrant attached as Exhibit A, said appendix being incorporated herein as if the same were set out in full herein; provided, however, that the final payment of the principal of and interest on the Warrant, shall be made only upon the surrender of the Warrant to the City or upon execution and delivery of an affidavit of lost warrant containing an indemnity satisfactory to the City for losses suffered as a result of the later production of the original Warrant. Matured but unpaid installments of principal of the Warrant shall bear interest after maturity at the rate of interest on the Warrant (said rate being 3.28% per annum as aforesaid).

(b) The principal of and interest on the Warrant shall be payable in lawful money of the United States of America by check or draft mailed by the City to the Lender or by electronic transfer of funds to an account designated by the Lender. In the event a date on which the principal of and interest on the Warrant is due (each such date, a "Payment Date") is not a Business Day, the interest and principal due on such Payment Date (whether due upon scheduled maturity or by optional prepayment) shall be payable on the then next succeeding Business Day. As used herein, "Business Day" means each day other than a Saturday, a Sunday, or any holiday on which the Lender's offices are closed for business with the public.

Section 3. Optional Prepayment Privilege. The installments of principal of the Warrant maturing on October 1, 2023, and thereafter, are subject to prepayment, as a whole (but not in part), at the option of the City upon not less than thirty (30) days' prior written notice to the Lender, on October 1, 2022, and on any Payment Date thereafter, at and for the following respective prepayment prices (expressed in percentages of the principal amount of the Warrant or portion thereof to be prepaid) plus accrued interest to the prepayment date:

Prepayment Date (both dates inclusive)	Prepayment Price
October 1, 2022 – September 30, 2027	101%
October 1, 2027, and thereafter	100%

Section 4. Execution of the Warrant; Registration. (a) The Warrant shall be executed and the corporate seal of the City shall be affixed thereto by the Mayor, and the City Clerk shall attest the same by affixing her signature thereto. The Warrant shall be registered in the records maintained by the City Treasurer as a claim against the City (the City Treasurer, in such capacity as registrar of the Warrant, being herein called the "Registrar"). Said officers are

hereby authorized and directed so to execute and attest the Warrant, affix said seal thereto and make such registration.

(b) A registration certificate by the City, in substantially the form set forth on the form of the Warrant, duly executed by the manual signature of the City Treasurer, shall be endorsed on the Warrant and shall be essential to its validity.

(c) No transfer of the Warrant shall be valid hereunder except upon presentation and surrender thereof at the office of the Registrar with written power to transfer signed by the registered holder thereof (the "Holder") in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the City Treasurer, whereupon the City shall execute, and the Registrar shall register and deliver to the transferee, a new Warrant (in the then outstanding principal amount of such Warrant), registered in the name of such transferee and of like tenor (except for the amount of the then outstanding principal and any corresponding change in date) as that presented for transfer. The person in whose name the Warrant is registered on the books of the City Treasurer shall be the sole person to whom or on whose order payments on account of the principal thereof and of the interest thereon may be made. The Holder of the Warrant shall have the right at any time to assign, transfer or convey the Warrant or any interest therein or portion thereof, but no such assignment, transfer or conveyance shall be effective as against the City unless and until such Holder has delivered to the City written notice thereof that discloses the name and address of the assignee and such assignment, transfer or conveyance shall be made only to (i) an affiliate of the registered holder or (ii) banks, insurance companies or other financial institutions or their affiliates. Nothing herein shall limit the right of the Holder or its assignees to sell or assign participation interests in the Warrant to one or more entities listed in (i) or (ii).

The registration, transfer, and exchange of the Warrant under the provisions of this section shall be without expense to the Holder or to the transferee. In every case involving any transfer, registration or exchange, the then registered Holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange.

The City and the Registrar may deem and treat the person in whose name the Warrant is registered as the absolute owner thereof for all purposes; they shall not be affected by notice to the contrary; and all payments by either of them to the person in whose name the Warrant is registered shall to the extent thereof fully discharge and satisfy liability for the same.

Section 5. General Obligation. The indebtedness evidenced and ordered paid by the Warrant is and shall be a general obligation of the City for payment of the principal of and the interest on which the full faith and credit of the City are hereby irrevocably pledged.

Section 6. Form of Warrant. The Warrant shall be in substantially the form set forth on Exhibit A hereto, with such changes therein as shall be necessary to comply with the provisions of this Ordinance.

Section 7. Representations and Warranties of the City. The City hereby represents and warrants to the Lender as follows:

(a) the City is duly organized as a municipal corporation under the laws of the State of Alabama,

(b) the City has the corporate power and authority to own its properties and assets and to carry on its governmental functions as now being conducted,

(c) the City has the power to issue the Warrant and to consummate the transactions contemplated herein, and

(d) the Warrant, when issued, will be a legal, valid and binding obligation of the City, enforceable in accordance with its terms.

Section 8. Sale and Delivery of Warrant. The Warrant is hereby sold to the Lender at and for the purchase price of \$9,260,000, representing the face value of the Warrant. The City Treasurer is hereby authorized and directed to deliver the Warrant, which shall have been executed, sealed, attested and registered as herein provided, to the Lender upon receipt of the purchase price therefor.

Section 9. Application of Proceeds and Certain Funds. The entire proceeds to be derived by the City upon issuance of the Warrant (\$9,260,000, representing the purchase price of the Warrant) shall be transferred to First Commercial Bank, as paying agent for the Series 2014-B Warrants, and shall be applied thereby as follows:

(a) the sum of \$8,724,145.36 shall be deposited into the escrow fund under the Escrow Trust Agreement hereinafter described and applied for the redemption and payment, on October 1, 2023, of the redemption price of the Called Series 2014-B Warrants (hereinafter defined), plus accrued interest thereon to the said redemption date;

(b) the sum of \$430,534.64 shall be deposited into a special account of the City and used for payment of the costs of acquiring, constructing and equipping the 2017 Improvements; and

(b) the balance (viz., the sum of \$105,320) shall be held in a special clearing account of the City held by said paying agent (the "Costs of Issuance Account") and shall be applied for payment of the costs of issuing the Warrant.

The Mayor of the City is hereby authorized and directed to execute, on behalf of the City, an order directing in more particular fashion the disbursement of funds as provided in this section.

Section 10. Call for Redemption and Refunding of Called Series 2014-B Warrants; Special Election. (a) The City hereby calls \$7,365,000 of the Series 2014-B Warrants having a stated maturity in 2039 (the "Called Series 2014-B Warrants") for redemption and payment on October 1, 2023, the redemption of each Called Series 2014-B Warrant to be effected at a redemption price equal to the principal amount to be redeemed, plus accrued interest thereon to the said date set for redemption. First Commercial Bank, in its capacity as paying agent for the Series 2014-B Warrants and as escrow trustee under the Escrow Trust Agreement hereinafter described, is hereby authorized and directed to give notice of and effect said redemption of the Called Series 2014-B Warrants in the manner provided in Ordinance No. 2014-001-ADM of the City adopted on January 29, 2014, pursuant to which the Series 2014-B Warrants were issued (the "2014 Ordinance"), and to take all such other action as shall be necessary to carry out the foregoing.

(b) In order to effect the refunding and defeasance of the Called Series 2014-B Warrants, the Mayor of the City is hereby authorized and directed to execute, on behalf of the City, an Escrow Trust Agreement in substantially the form presented to the meeting at which this Ordinance is adopted (which form shall be attached as Exhibit B to the minutes of the meeting at which this Ordinance is adopted and which is hereby adopted in all respects as if set out in full in this Ordinance) and the City Clerk is hereby authorized and directed to affix to the said Escrow Trust Agreement the seal of the City and to attest the same. The City shall deposit the sum set forth in Section 9(a) hereof with First Commercial Bank, in its capacity as paying agent for the Series 2014-B Warrants and escrow trustee under the said Escrow Trust Agreement, which such amount shall be used, together with investment earnings on such amount, to pay maturing installments of interest on the Called Series 2014-B Warrants through and including October 1, 2023, and to pay on such date the redemption price of the Called Series 2014-B Warrants.

(c) Pursuant to Section 4(b) of the 2014 Ordinance, the City hereby elects to apply \$1,550,000 of the Called Series 2014-B Warrants herein called for redemption to the October 1, 2036, mandatory redemption requirement applicable to such maturity, and hereby elects to apply \$5,815,000 of the Called Series 2014-B Warrants herein called for redemption to the October 1, 2037, mandatory redemption requirement applicable to such maturity.

(d) The City hereby ratifies and confirms all actions of the Mayor taken with respect to the procurement of bids for the sale of securities to the City for deposit with the said escrow trustee.

Section 11. Authorization of Documents. The Mayor and the City Clerk are each hereby authorized and directed to execute such instruments, directions, orders, notices, agreements, certificates or other documents as shall be necessary or desirable in order to carry out the transactions contemplated by this Ordinance. The City understands that one of the principal inducements to the making of the loan herein described by the Lender and the acquisition by the Lender of the Warrant is that the interest on the Warrant be and remain exempt from federal income taxation. Accordingly, without any way limiting the generality of the foregoing, the Mayor and the City Clerk are each hereby authorized and directed to cause to be prepared, signed on behalf of the City and filed with the Internal Revenue Service a Form 8038-G or other form prescribed by the Internal Revenue Service as a condition to the exclusion of the interest on the Warrant from federal income taxation. The Mayor and the City Clerk are each hereby authorized and directed to execute such certificates, agreements, instruments, and other documents respecting the Internal Revenue Code of 1986, as amended (herein called the "Code"), as contemplated by this Ordinance, to the end that the interest on the Warrant be and remain exempt from federal income taxation.

Section 12. Concerning the Code. (a) **General.** The City recognizes that the Code imposes certain conditions to the exemption from federal income taxation of interest income on the Warrant. Accordingly, the City agrees that it will continually comply with all requirements imposed by the Code as a condition to the exclusion from federal income taxation of the interest on the Warrant. With respect to any question arising under this Section 12, the City may rely upon an opinion of nationally recognized bond counsel acceptable to it.

(b) **Warrant not to be a "Private Activity Bond."** The City will not apply the proceeds of the Warrant in a manner that would cause the Warrant to be a "private activity bond" within the meaning of Section 141(a) of the Code.

(c) **Concerning the Arbitrage Provisions of the Code; Rebate.** The City agrees that it will comply with all provisions of the Code necessary to preclude the Warrant from being considered an "arbitrage bond" within the meaning of Section 148 of the Code, and the City will make timely rebate payments to the United States of America as required by Section 148(f) of the Code.

(d) **Designation of the Warrant as a "Qualified Tax-Exempt Obligation."** The City designates the Warrant as a "qualified tax-exempt obligation" for purposes of paragraph (b)(3)(B) of Section 265 of the Code and, in connection therewith and after due investigation and consideration, finds, determines and declares that the amount of tax-exempt obligations (other

than private activity bonds) that have heretofore during the current calendar year been issued by the City and by its subordinate entities and the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds) that will be issued by the City and by its subordinate entities during the current calendar year will not exceed \$10,000,000.

Section 13. Delivery of Annual Audit Reports. The City hereby agrees that, for so long as the Warrant is outstanding, it shall obtain an annual audit of its financial condition and shall provide to Lender, not later than fifteen (15) days after the date the same is completed and available to the City, a copy of each annual audit report of the City, commencing with the annual audit report for the fiscal year of the City ended September 30, 2017. Delay by or failure of the City to comply with the agreement set forth in this Section 13 shall not under any circumstances give rise to any cause of action that would result in monetary damages against the City or in the acceleration in payment of all or any portion of the indebtedness evidenced by the Warrant.

Section 14. Ratification of Certain Actions. The City hereby ratifies and confirms in all respects the actions heretofore taken regarding the engagement of Stifel Nicolaus & Company, Inc., as placement agent to the City, and the engagement of Bradley Arant Boult Cummings LLP as Bond Counsel to the City, in connection with issuance of the Warrant.

Section 15. Creation of Contract. The provisions of this Ordinance shall constitute a contract between the City and the holder of the Warrant.

Section 16. Provisions of Ordinance Severable. The provisions of this Ordinance are hereby declared to be severable. In the event any provision hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this Ordinance.

ADOPTED this 23rd day of May, 2017.

/s/ Brian Plant
Council President

ATTEST:

/s/ Lynn Porter
City Clerk

Exhibit A
Form of Warrant

(Form of Warrant)

THIS WARRANT MAY BE TRANSFERRED ONLY UPON COMPLIANCE WITH APPLICABLE STATE AND FEDERAL SECURITIES LAWS AND WITH THE ORDINANCE REFERRED TO HEREIN.

**UNITED STATES OF AMERICA
STATE OF ALABAMA**

CITY OF TRUSSVILLE

**GENERAL OBLIGATION WARRANT
SERIES 2017**

The City Treasurer of the **CITY OF TRUSSVILLE** (herein called the "City") a municipal corporation under the laws of the State of Alabama, is hereby ordered to pay to **STERLING NATIONAL BANK**, a national banking association (herein called the "Lender"), or its permitted assigns, the principal sum of

NINE MILLION TWO HUNDRED SIXTY THOUSAND DOLLARS (\$9,260,000)

with interest thereon from the date hereof until the maturity hereof at the rate of 3.28% per annum computed on the basis of a 360-day year of twelve (12) consecutive thirty (30) day months, in combined annual installments of principal and interest as set out in the amortization schedule attached as Appendix A hereto and incorporated herein as if the same had been set out in full herein; provided, however, that the final installment of principal and interest shall be made only upon the surrender of this warrant to the City or upon execution and delivery of an affidavit of lost warrant containing an indemnity satisfactory to the City for losses suffered as a result of the later production hereof. Matured but unpaid installments of principal of this warrant shall bear interest at the rate of interest hereof (said rate being 3.28% per annum as aforesaid). In the event a date on which principal and interest on the Warrant (each such date, a "Payment Date") is not a Business Day, the interest and principal (whether due upon scheduled maturity or by optional prepayment) due on such Payment Date shall be payable on the then next succeeding Business Day. As used herein, "Business Day" means each day other than a Saturday, a Sunday, or any holiday on which the Lender's offices are closed for business with the public.

This warrant has been issued pursuant to the applicable provisions of the constitution and laws of the State of Alabama, including particularly Section 11-47-2 and Section 11-81-4 of the Code of Alabama 1975, as amended, and an ordinance adopted by the governing body of the City on May 23, 2017 (herein called the "Ordinance"), to provide funds for the purposes for which the City is authorized to borrow money under said sections.

This warrant evidences a valid general obligation of the City for payment of the principal of and the interest on which the City has irrevocably pledged its full faith and credit.

The installments of principal of the Warrant maturing on October 1, 2023, and thereafter, are subject to prepayment, as a whole (but not in part), at the option of the City upon not less than thirty (30) days' prior written notice to the Lender, on October 1, 2022, and on any interest payment date thereafter, at and for the following respective prepayment prices (expressed in percentages of the principal amount of the Warrant or portion thereof to be prepaid) plus accrued interest to the prepayment date:

Prepayment Date (both dates inclusive)	Prepayment Price
October 1, 2022 – September 30, 2027	101%
October 1, 2027, and thereafter	100%

The Holder of this Warrant shall have the right at any time to assign, transfer or convey this Warrant or any interest therein or portion thereof, but no such assignment, transfer or conveyance shall be effective as against the City unless and until such Holder has delivered to the City written notice thereof that discloses the name and address of the assignee and such assignment, transfer or conveyance shall be made only to (i) an affiliate of the registered holder or (ii) banks, insurance companies or other financial institutions or their affiliates. Nothing herein shall limit the right of the Holder or its assignees to sell or assign participation interests in this Warrant to one or more entities listed in (i) or (ii).

This Warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the City and only upon surrender of this Warrant to the City for cancellation, and upon any such transfer a new Warrant of like tenor hereof will be issued to the transferee in exchange therefor, all as more particularly described in the Ordinance. Each holder, by receiving or accepting this Warrant, shall consent and agree and shall be estopped to deny that, insofar as the City and the City Treasurer are concerned, this Warrant may be transferred only in accordance with the provisions of the Ordinance.

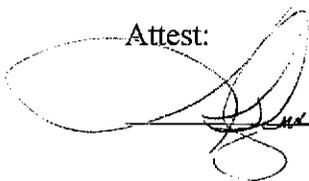
It is hereby certified that the indebtedness evidenced hereby has been duly and legally incurred and will at the maturity hereof become lawfully due without condition, abatement or offset of any description; that all conditions, actions and things required by the constitution and laws of the State of Alabama to exist, be performed and happen precedent to and on the issuance of this warrant, exist, have been performed and have happened; and that the indebtedness evidenced by this warrant, together with all other indebtedness of the City, was at the time the same was incurred and is now within every debt and other limit prescribed by the constitution and laws of the State of Alabama.

IN WITNESS WHEREOF, the City has caused this warrant to be executed and its official seal to be hereunto affixed by the Mayor and has caused the same to be attested by its City Clerk, both of whom have hereunto subscribed their signatures and are hereunto duly authorized, and has caused this warrant to be dated May 26, 2017.

CITY OF TRUSSVILLE, ALABAMA

By:  _____
Mayor

[SEAL]

Attest:  _____
City Clerk

(Form of Certificate of Registration by City Treasurer)

I hereby certify that this warrant was at the time of issuance (May 26, 2017) thereof duly registered by me as a claim against the **CITY OF TRUSSVILLE, ALABAMA**.



City Treasurer of the
CITY OF TRUSSVILLE, ALABAMA

Appendix A to Form of Warrant

Amortization Schedule

Period Ending	Principal	Interest	Debt Service
10/01/2017	80,000	105,461.11	185,461.11
10/01/2018	65,000	301,104.00	366,104.00
10/01/2019	70,000	298,972.00	368,972.00
10/01/2020	70,000	296,676.00	366,676.00
10/01/2021	75,000	294,380.00	369,380.00
10/01/2022	75,000	291,920.00	366,920.00
10/01/2023	80,000	289,460.00	369,460.00
10/01/2024	80,000	286,836.00	366,836.00
10/01/2025	85,000	284,212.00	369,212.00
10/01/2026	85,000	281,424.00	366,424.00
10/01/2027	90,000	278,636.00	368,636.00
10/01/2028	90,000	275,684.00	365,684.00
10/01/2029	95,000	272,732.00	367,732.00
10/01/2030	100,000	269,616.00	369,616.00
10/01/2031	100,000	266,336.00	366,336.00
10/01/2032	105,000	263,056.00	368,056.00
10/01/2033	110,000	259,612.00	369,612.00
10/01/2034	110,000	256,004.00	366,004.00
10/01/2035	115,000	252,396.00	367,396.00
10/01/2036	1,670,000	248,624.00	1,918,624.00
10/01/2037	5,910,000	193,848.00	6,103,848.00
	9,260,000	5,566,989.11	14,826,989.11

Exhibit B

Form of Escrow Trust Agreement