

ORDINANCE NO. 2018-019-ADM

**AN ORDINANCE TO PROVIDE FOR THE ISSUANCE OF
\$24,390,000 AGGREGATE PRINCIPAL AMOUNT OF
GENERAL OBLIGATION WARRANTS, SERIES 2018-A,
AND \$6,875,000 AGGREGATE PRINCIPAL AMOUNT
OF GENERAL OBLIGATION SCHOOL WARRANTS,
SERIES 2018-B, OF THE CITY OF TRUSSVILLE, ALABAMA**

BE IT ORDAINED by the City Council of the City of Trussville in the State of Alabama as follows:

Section 1. Definitions and Use of Phrases.

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

"*Authorized City Representative*" means the Mayor, the City Clerk–City Treasurer, the Finance Director of the City, or such other person or persons designated in writing from time to time by the Council as an Authorized City Representative.

"*Authorized Denominations*" means the sum of \$5,000 or any integral multiple thereof.

"*Bank*" means First Commercial Bank, Birmingham, Alabama, in its capacity as registrar, transfer agent and paying agent with respect to the Warrants.

"*Board of Education*" means the Trussville City Board of Education, a quasi-corporation under the laws of the State of Alabama.

"*Business Day*" means any day other than a Saturday, a Sunday, a day on which the offices of the Bank are closed or a day on which the wire transfer system of the Federal Reserve System is not operational.

"*Callable Warrants*" means, collectively, those of the Series 2018-A Warrants having stated maturities in 2029 and thereafter, and those of the Series 2018-B Warrants having a stated maturity in 2029 and thereafter.

"*Called Warrant*" means a Callable Warrant that has been called for redemption pursuant to the provisions of Section 4 hereof.

"*City*" means the municipal corporation of Trussville in the State of Alabama and includes its successors and assigns and any municipal corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"*City Clerk*" means the City Clerk of the City.

"*City Public School Obligations*" means obligations of the City issued for public school purposes and for payment of which the City intends to use the Education Taxes, which obligations shall include, but not be limited to, (i) the \$13,320,000 initial principal amount General Obligation Warrants dated December 1, 2009; (ii) the \$28,070,000 initial principal amount General Obligation Warrants dated January 1, 2014; (iii) the \$20,340,000 initial principal amount General Obligation Warrants dated December 1, 2014; (iv) the Series 2018-B Warrants; and (v) for each of the fiscal years ended September 30, 2038, through and including September 30, 2040, up to \$4,000,000 annually of the \$30,775,000 initial principal amount General Obligation Warrants dated January 1, 2014, including any obligations issued to refinance the same, including, without limitation, the \$9,260,000 initial principal amount General Obligation Warrant, Series 2017, dated May 26, 2017.

"*City Treasurer*" means the City Treasurer of the City.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Council*" means the City Council of the City, or other governing body of the City, as the said governing body may from time to time be constituted.

"*Education Taxes*" means the portions of the City's license, privilege or excise tax and the City's rental license tax allocated from time to time by Resolution or Ordinance to or for the benefit of the Board of Education, said portions presently being one-fourth (1/4) and one-third (1/3), respectively.

"*Education Trust Fund*" means the Trussville City Public School Capital Improvement Trust Fund created pursuant to that certain Trust Indenture dated September 25, 2006, between the City and First Commercial Bank, as trustee.

"*Eligible Certificate*" means an interest-bearing certificate of deposit issued by the Bank or any bank, savings and loan association or trust company organized under the laws of the United States of America or any state thereof that is (to the extent not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation) collaterally secured by a pledge of United States Securities (a) having at any date of calculation a market value (taking account of any accrued interest thereon) not less than the principal of and the accrued interest on the certificates of deposit secured thereby, (b) deposited and pledged with any Federal Reserve Bank or with any bank or trust company organized under the laws of the United States or any state thereof, and having combined capital and surplus and undivided profits of not less than \$15,000,000, and (c) for which a receipt signed by the bank or trust company having custody of such collateral securities and containing a sufficient description thereof has been furnished to the Bank.

"*Eligible Investments*" means (a) United States Securities, (b) Eligible Certificates, (c) bank, savings and loan, or trust company deposits fully insured by the Federal Deposit Insurance Corporation, (d) money market funds composed solely of United States Securities, and (e) any investment permissible under the provisions of Section 11-81-21 of the Code of Alabama 1975.

"*Funding Agreement*" has the meaning assigned to such term in Section 2(d) hereof.

"*Holder*" means the person in whose name a Warrant is registered on the registry books of the Bank pertaining to the Warrants.

"*Interest Payment Date*" means each February 1 and August 1 during the period beginning February 1, 2019, and continuing until the Warrants have been paid in full.

"*Mayor*" means the Mayor of the City.

"*Month*" means a calendar month.

"*Municipal Improvements*" has the meaning assigned to such term in Section 2(a) hereof.

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

"*Overdue Interest Payment Date*" means the date fixed by the Bank, pursuant to the provisions of Section 13 hereof, for the payment of Overdue Interest.

"*Record Date*" means the January 15 or July 15, as the case may be, next preceding an Interest Payment Date.

"*Redemption Date*" means the date fixed for redemption of any of the Callable Warrants in an Ordinance or Resolution adopted pursuant to the provisions of Section 4 hereof.

"*Redemption Price*" means the price at which the Callable Warrants may be redeemed.

"*Resolution*" and "*Ordinance*" mean, respectively, a resolution or ordinance adopted by the Council.

"*Series 2018-A Warrants*" means the City's \$24,390,000 General Obligation Warrants, Series 2018-A, herein authorized.

"*Series 2018-B Warrants*" means the City's \$6,875,000 General Obligation School Warrants, Series 2018-B, herein authorized.

"*School Improvements*" has the meaning assigned to such term in Section 2(b) hereof.

"*Underwriter*" means Stifel, Nicolaus & Company, Incorporated.

"*United States Securities*" means any securities that are direct obligations of the United States of America and any securities with respect to which payment of the principal thereof and the interest thereon is unconditionally guaranteed by the United States of America.

"*Warrant Funds*" means, collectively, the 2018-A Warrant Fund and the 2018-B Warrant Fund.

"*Warrants*," without other qualifying words, means, collectively, the Series 2018-A Warrants and the Series 2018-B Warrants herein authorized.

"2018-A Warrant Fund" means the fund of the same name created in Section 6(a) hereof.

"2018-B Warrant Fund" means the fund of the same name created in Section 6(b) hereof.

(b) **Use of Words and Phrases.** The following words and phrases, where used in this Ordinance, shall be given the following and respective interpretations:

"Herein," "hereby," "hereunder," "hereof," and other equivalent words refer to this Ordinance as an entirety and not solely to the particular portion hereof in which any such word is used.

The definitions set forth in Section 1(a) hereof shall be deemed applicable whether the words defined are herein used in the singular or the plural.

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

Section 2. Findings. The Council has ascertained and does hereby find and declare that the following facts are true and correct:

(a) it is necessary, desirable and in the public interest that the City provide approximately \$26,000,000 for various public capital improvements in the City, including, without limitation, public park and recreational, public parking and public utility improvements and equipment (the "Municipal Improvements");

(b) contemporaneous with the City's development of plans for the Municipal Improvements, the Board of Education determined and reported to the Council that it is necessary, desirable and in the public interest that the Board of Education acquire, construct, equip, reconstruct and remodel various public school capital improvements in the City, including, without limitation, additions to public school facilities, construction of new classrooms and a new band room, and roofing and other items of capital equipment (the "School Improvements");

(c) while the Board of Education has the statutory power to borrow money and issue warrants in order to pay the costs of the School Improvements, the Board of Education has determined and reported to the City that the City can, for various reasons, borrow money on terms more advantageous than can the Board of Education and, in recognition thereof, has requested that the City finance the costs of approximately \$7,000,000 of the School Improvements for the benefit and support of the Board of Education;

(d) the City and the Board of Education have determined to enter into that certain Funding Agreement dated September 5, 2018 (the "Funding Agreement"), wherein the parties will agree, among other things, (i) that the City will issue the Series 2018-B Warrants hereinafter described on behalf of the Board of Education; (ii) that the Board, recognizing the expected status of the

Series 2018-B Warrants as tax-exempt under the Code, will comply with certain provisions of the Code respecting use of the School Improvements and investment of proceeds of the Series 2018-B Warrants in order that the same continue to qualify for tax-exempt treatment under the Code; (iii) that the City may use so much as shall be necessary of the proceeds of the Education Taxes to pay debt service on the Series 2018-B Warrants as and when the same is due; (iv) that the City may further use \$4,000,000 annually from proceeds of said Education Taxes in each of the fiscal years ending September 30, 2038, through and including September 30, 2040, to pay debt service in such years on the City's General Obligation Warrants, Series 2014-B, dated January 30, 2014, a portion of which were issued for construction of a municipal stadium to be used periodically by the Board of Education, and on any obligations of the City incurred to refinance the same, including, without limitation, the City's General Obligation Warrants, Series 2017, dated May 26, 2017; and (v) that, upon issuance of the Series 2018-B Warrants, no portion of the Education Taxes will thereafter be deposited into the Education Trust Fund but will instead be remitted to the Board of Education in the same manner as the City remits other funds to the Board of Education, as set forth under Resolutions or Ordinances then in effect and after payment of debt service on City Public School Obligations;

(e) it is necessary, desirable and in the public interest that the Series 2018-A Warrants hereinafter authorized be issued for the purposes of paying the costs of the Municipal Improvements (or retiring temporary indebtedness incurred for such purpose) and paying the costs of issuing the Series 2018-A Warrants; and

(f) it is necessary, desirable and in the public interest that the Council authorize the execution and delivery of the Funding Agreement and that the Series 2018-B Warrants hereinafter authorized be issued for the purposes of paying the costs of the School Improvements and paying the costs of issuing the Series 2018-B Warrants.

Section 3. Authorization and Description of the Warrants. (a) **Principal Maturities and Interest Rates.** (i) Pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Section 11-47-2 of the Code of Alabama 1975, as amended, and for the purposes hereinabove stated in Section 2(e), there are hereby authorized to be issued by the City \$24,390,000 aggregate principal amount of General Obligation Warrants, Series 2018-A. The Series 2018-A Warrants shall be issued as fully registered warrants without coupons, shall be dated the date of their delivery, shall mature and become payable on August 1 in the years and amounts and bear interest at the per annum rates of interest as follows:

Year of Maturity	Amount Maturing	Interest Rate
2020	\$30,000	3.000%
2021	35,000	3.000
2022	35,000	3.000
2023	270,000	5.000
2024	705,000	5.000

2025	885,000	5.000
2026	930,000	5.000
2027	980,000	5.000
2028	1,025,000	5.000
2029	1,080,000	5.000
2030	1,075,000	5.000
2031	1,035,000	4.000
2032	1,055,000	4.000
2033	1,065,000	4.000
2034	1,105,000	4.000
2035	1,395,000	4.000
2036	1,450,000	4.000
2037	1,495,000	4.000
2038	1,435,000	4.000
2041	7,305,000	4.000

(ii) Pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Section 11-47-2 of the Code of Alabama 1975, as amended, and for the purposes hereinabove stated in Section 2(f), there are hereby authorized to be issued by the City \$6,875,000 aggregate principal amount of General Obligation School Warrants, Series 2018-B. The Series 2018-B Warrants shall be issued as fully registered warrants without coupons, shall be dated the date of their delivery, shall mature and become payable on August 1, in the years and amounts and bear interest at the per annum rates of interest as follows:

Year of Maturity	Amount Maturing	Interest Rate
2019	\$110,000	3.000%
2020	125,000	3.000
2021	130,000	3.000
2022	135,000	3.000
2023	140,000	5.000
2024	145,000	5.000
2025	150,000	5.000
2026	160,000	5.000
2027	170,000	5.000
2028	175,000	5.000
2029	185,000	4.000
2030	190,000	4.000
2031	200,000	4.000
2032	210,000	4.000
2033	215,000	4.000
2034	225,000	4.000
2035	235,000	4.000
2036	245,000	4.000
2037	255,000	4.000
2038	260,000	4.000

2043	1,475,000	3.500
2048	1,740,000	3.625

(iii) The Warrants shall be initially issued in the Authorized Denominations and registered in the names of the Holders as shall, pursuant to the provisions of Section 22 hereof, be designated by the purchaser.

(b) **Payment of Principal.** The principal of the Warrants shall be payable at the designated corporate trust office of the Bank, upon presentation and surrender of the Warrants as the same become due and payable.

(c) **Computation of Interest and Method of Payment.** The Warrants shall bear interest from their date until their respective maturities at the per annum rates of interest set forth above (computed on the basis of a 360-day year of twelve consecutive 30-day months). Such interest shall be payable semiannually on February 1, 2019, and on each Interest Payment Date thereafter, until and at the maturity of the Warrants. Interest on the Warrants shall be payable in lawful money of the United States of America by check or draft mailed by the Bank to the lawful Holders of the Warrants at the address shown on the registry books of the Bank pertaining to the Warrants as of the close of business on each Record Date. Interest shall be deemed to have been timely paid if the said check or draft is mailed on or before the Interest Payment Date on which such interest is payable. The Warrants shall bear interest after their respective maturities until paid at the rate of 6% per annum.

Section 4. Redemption Provisions. (a) **Optional Redemption.** (i) Those of the Series 2018-A Warrants having stated maturities in 2029 and thereafter shall be subject to redemption and prepayment prior to their respective maturities, at the option of the City, as a whole or in part on August 1, 2028, and on any date thereafter, and if in part, those maturities to be redeemed to be selected by the City at its discretion, at and for a Redemption Price equal to the principal amount so redeemed plus accrued interest thereon to the Redemption Date. In the event that less than all the Series 2018-A Warrants of a single maturity is redeemed and prepaid, the Bank shall, by random selection, determine that portion of the principal of the Series 2018-A Warrants of such maturity to be redeemed and prepaid.

(ii) Those of the Series 2018-B Warrants having a stated maturity in 2029 shall be subject to redemption and prepayment prior to their respective maturities, at the option of the City, as a whole or in part on August 1, 2028, and on any date thereafter, and if in part, those maturities to be redeemed to be selected by the City at its discretion, at and for a Redemption Price equal to the principal amount so redeemed plus accrued interest thereon to the Redemption Date. In the event that less than all the Series 2018-B Warrants of a single maturity is redeemed and prepaid, the Bank shall, by random selection, determine that portion of the principal of the Series 2018-B Warrants of such maturity to be redeemed and prepaid.

(b) **Mandatory Redemption.** (i) Those of the Series 2018-A Warrants having a stated maturity in 2041 shall be subject to scheduled mandatory redemption and payment, and the City shall redeem and pay such Series 2018-A Warrants, at and for a Redemption Price, with respect to each such Series 2018-A Warrant or portion thereof to be redeemed, equal to the principal

amount thereof plus accrued interest thereon to the Redemption Date (those to be redeemed to be selected by the Bank by lot), but only in the following aggregate principal amounts on August 1 in the following years:

Year	Amount Redeemed	
2039	\$1,500,000	
2040	1,550,000	
2041	4,255,000	(maturity)

(ii) Those of the Series 2018-B Warrants having a stated maturity in 2043 shall be subject to scheduled mandatory redemption and payment, and the City shall redeem and pay such Series 2018-B Warrants, at and for a Redemption Price, with respect to each such Series 2018-B Warrant or portion thereof to be redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date (those to be redeemed to be selected by the Bank by lot), but only in the following aggregate principal amounts on August 1 in the following years:

Year	Amount Redeemed	
2039	\$275,000	
2040	285,000	
2041	295,000	
2042	305,000	
2043	315,000	(maturity)

(iii) Those of the Series 2018-B Warrants having a stated maturity in 2048 shall be subject to scheduled mandatory redemption and payment, and the City shall redeem and pay such Series 2018-B Warrants, at and for a Redemption Price, with respect to each such Series 2018-B Warrant or portion thereof to be redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date (those to be redeemed to be selected by the Bank by lot), but only in the following aggregate principal amounts on August 1 in the following years:

Year	Amount Redeemed	
2044	\$325,000	
2045	335,000	
2046	350,000	
2047	360,000	
2048	370,000	(maturity)

(iv) In the event that the City shall have partially redeemed Warrants or shall have provided for a partial redemption of Warrants in such a manner that the Warrants for the redemption of which provision is made are hereunder considered as fully paid, the City may (by written notice to the Bank) elect to apply all or any part (but only in integral multiples of \$5,000) of the principal amount of such Warrants so redeemed or to be redeemed to the reduction of the

principal amount of Warrants required to be redeemed pursuant to the schedules set forth above on any August 1 coterminous with or subsequent to the date such optional redemption actually occurs. Such notice shall be effective only if it is given prior to the Bank's having given notice of redemption contrary to the provisions of such notice pursuant to the provisions of this ordinance.

(c) **Manner.** Any such redemption or prepayment of the Warrants shall be effected in the following manner:

(i) **Call.** The City shall by either Ordinance or Resolution call for redemption and prepayment on a date when they are by their terms subject to redemption Warrants (or principal portions thereof) and shall recite in said Ordinance or Resolution (A) that the City is not in default in the payment of the principal of or interest on any of the Warrants or (B) that all of the Warrants then outstanding are to be retired on the Redemption Date; provided that the adoption of an Ordinance or Resolution shall not be necessary in connection with any redemption pursuant to the mandatory provisions of Section 4(b) hereof.

(ii) **Notice.** Not more than sixty (60) nor less than thirty (30) days prior to the Redemption Date, the City shall give, or cause to be given, written notice of such redemption and prepayment by United States First-Class Mail to the Holders of each of the Warrants the principal of which is, in whole or in part, to be redeemed and prepaid, stating the following: that the Warrants (or principal portions thereof) have been called for redemption and will become due and payable at the Redemption Price, on a specified Redemption Date and that all interest thereon will cease after the Redemption Date. The Holders of any of the Warrants may waive the requirements of this subsection with respect to the Warrants held by them without affecting the validity of the call for redemption of any other Warrants.

(iii) **Payment of Redemption Price.** The City shall make available at the Bank, on or prior to the Redemption Date, the total Redemption Price of the Warrants (or portions thereof) that are to be prepaid and redeemed on the Redemption Date.

Upon compliance with the foregoing requirements on its part contained in this subsection, and if the City is not on the Redemption Date in default in the payment of the principal of or interest on any of the Warrants, the Warrants (or principal portions thereof) called for redemption shall become due and payable at the Redemption Price on the Redemption Date specified in such notice, anything herein or in the Warrants to the contrary notwithstanding, and the Holders thereof shall then and there surrender them for redemption; provided, however, that in the event that less than all of the outstanding principal of any Warrant is to be redeemed, the registered Holder thereof shall surrender the Warrant that is to be prepaid in part to the Bank in exchange, without expense to the Holder, for a new Warrant of like tenor except in a principal amount equal to the unredeemed portion of the Warrant. All future interest on the Warrants (or principal portions thereof) so called for redemption shall cease to accrue after the Redemption Date. Out of the moneys so deposited with it, the Bank shall make provision for payment of the Warrants

(or principal portions thereof) so called for redemption at the Redemption Price and on the Redemption Date.

Section 5. General Obligation. The indebtedness evidenced and ordered paid by the Warrants 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. Warrant Funds. (a) 2018-A Warrant Fund. There is hereby created a special fund, designated "City of Trussville 2018-A Warrant Fund," for the purpose of providing for the payment of the principal of and interest on the Series 2018-A Warrants, at the respective maturities of said principal and interest, which fund shall be maintained until the principal of and interest on the 2018-A Warrants shall have been paid in full. Payments into the 2018-A Warrant Fund shall be made as follows:

(i) there shall be paid into the 2018-A Warrant Fund, simultaneously with the issuance of any of the Series 2018-A Warrants and out of the proceeds derived from the sale thereof, that portion, if any, of said proceeds which may be referable to the accrued interest received by the City on any such sale; and

(ii) on or before the 25th day of January, 2019, and on or before the 25th day of each January and July thereafter until and including the payment in full of the principal of and interest on the Series 2018-A Warrants, the City will pay into the 2018-A Warrant Fund an amount equal to sum of the interest and the principal, if any, maturing with respect to the Series 2018-A Warrants on the then next succeeding Interest Payment Date; provided, that there shall be credited one time on the amount required by this subsection (ii) to be paid into the 2018-A Warrant Fund an amount equal to the amount paid therein pursuant to the provisions of subsection (i) of this Section 6(a).

The City will in no event permit a default to occur in the payments provided in this subsection (a) to be made into the 2018-A Warrant Fund. All moneys paid into the 2018-A Warrant Fund shall be used only for payment of the principal of and interest on the Series 2018-A Warrants, upon or after the respective maturities of such principal and interest; provided that if at the final maturity of the Series 2018-A Warrants, howsoever the same may mature, there shall be in the 2018-A Warrant Fund moneys in excess of the amount required to retire the Series 2018-A Warrants, then any such excess shall thereupon be returned to the City. When the amount of money on deposit in the 2018-A Warrant Fund equals or exceeds the aggregate of the principal and interest to their respective maturities on the Series 2018-A Warrants at the time outstanding, no further payments need be made into the 2018-A Warrant Fund except to make good the moneys paid therein which may become lost or which may not be immediately available for withdrawal under the provisions of this section.

(b) 2018-B Warrant Fund. There is hereby created a special fund, designated "City of Trussville 2018-B Warrant Fund," for the purpose of providing for the payment of the principal of and interest on the Series 2018-B Warrants, at the respective maturities of said principal and interest, which fund shall be maintained until the principal of and interest on the 2018-B Warrants shall have been paid in full. Payments into the Warrant Fund shall be made as follows:

(i) there shall be paid into the 2018-B Warrant Fund, simultaneously with the issuance of any of the Series 2018-B Warrants and out of the proceeds derived from the sale thereof, that portion, if any, of said proceeds which may be referable to the accrued interest received by the City on any such sale;

(ii) on or before the 25th day of January, 2019, and on or before the 25th day of each January and July thereafter until and including the payment in full of the principal of and interest on the Series 2018-B Warrants, the City will pay into the 2018-B Warrant Fund an amount equal to sum of the interest and principal, if any, maturing with respect to the Series 2018-B Warrants on the then next succeeding Interest Payment Date; provided, that there shall be credited one time on the amount required by this subsection (ii) to be paid into the 2018-B Warrant Fund an amount equal to the amount paid therein pursuant to the provisions of subsection (i) of this Section 6(b).

The City will in no event permit a default to occur in the payments provided in this subsection (a) to be made into the 2018-B Warrant Fund. All moneys paid into the 2018-B Warrant Fund shall be used only for payment of the principal of and interest on the Series 2018-B Warrants, upon or after the respective maturities of such principal and interest; provided that if at the final maturity of the Series 2018-B Warrants, howsoever the same may mature, there shall be in the 2018-B Warrant Fund moneys in excess of the amount required to retire the Series 2018-B Warrants, then any such excess shall thereupon be returned to the City. When the amount of money on deposit in the 2018-B Warrant Fund equals or exceeds the aggregate of the principal and interest to their respective maturities on the Series 2018-B Warrants at the time outstanding, no further payments need be made into the 2018-B Warrant Fund except to make good the moneys paid therein which may become lost or which may not be immediately available for withdrawal under the provisions of this section.

(c) **Depository for Warrant Funds.** The City hereby designates the Bank as the depository for the Warrant Funds. In the event that any bank at any time designated as depository for any portion of the Warrant Funds should at any time decline to act as such depository, or should resign as such depository, or should cease to be a member of the Federal Deposit Insurance Corporation (or any agency which may succeed to its duties), or should cease to be duly qualified and doing business within the State of Alabama, then any other bank or banks at the time designated as depository or depositories for the same portion of the Warrant Funds shall continue to serve as such depository or depositories without designation by the City of any additional depository or depositories; but if at any time the sole remaining depository for any portion of the Warrant Funds should resign, cease to be a member of said Federal Deposit Insurance Corporation (or successor agency thereto), or cease to be duly qualified and doing business within the State of Alabama, then the City shall by Resolution designate a successor to such depository; provided that any such successor depository shall be and remain a member of the Federal Deposit Insurance Corporation (or of any agency which may succeed to its duties) and shall be and remain duly qualified and doing business in the State of Alabama.

(d) **Trust Nature of and Security for the Warrant Funds.** The Warrant Funds shall be and at all times remain public funds impressed with a trust for the purposes for which the Warrant Funds are herein created. Each depository for any part of the Warrant Funds shall at all

times keep the moneys on deposit with it in the Warrant Funds continuously secured for the benefit of the City and the holders of the respective series of the Warrants, either

(i) by holding on deposit as collateral security, United States Securities or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the Warrant Fund, or

(ii) if the furnishing of security in the manner provided in the foregoing clause (i) of this sentence is not permitted by the then applicable law and regulations, then in such other manner as may be required or permitted by the applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of public funds;

provided, however, that it shall not be necessary for any such depository so to secure any portion of the moneys on deposit in the Warrant Funds that may be insured by the Federal Deposit Insurance Corporation (or by any agency of the United States of America that may succeed to its functions) or any portion of the said moneys that may be invested pursuant to the provisions of subsection (f) of this section.

(e) **Pledge of Warrant Funds.** The Warrant Funds and all moneys at any time therein are hereby irrevocably pledged solely for payment of the principal of and interest on the respective series of the Warrants. Except as provided in this section, none of the moneys provided in this section to be paid into the Warrant Funds, and no part of the moneys at any time forming a part thereof or pertaining thereto, shall be used for any purpose whatsoever other than for payment of the principal of and interest on the respective series of the Warrants.

(f) **Investment of Moneys in the Warrant Funds.** So long as the City shall not be in default hereunder it may, at any time and from time to time as it in its sole discretion shall deem advisable, cause to be invested in Eligible Investments any or all of the moneys in the Warrant Funds; provided, that, each such investment shall mature not later than the Interest Payment Date next following the date such investment is made. In the event of any such investment, the securities in which the investment is made shall become a part of the Warrant Fund to which such investment pertains and shall be held by the depository for the moneys so invested to the same extent as if they were moneys on deposit in such Warrant Fund. The City may likewise at any time and from time to time cause any securities in which any such investment shall be made to be sold or otherwise converted into cash, whereupon the net proceeds derived from any such sale or conversion, after payment of all necessary expenses incident to such sale or conversion, shall become a part of the Warrant Fund to which such investment pertains. Each depository for the Warrant Funds shall be fully protected in making investments, sales, and conversions of any such securities upon written direction of an Authorized City Representative.

Section 7. Form of Warrants. The Warrants, the form of Registration Certificate and the form of Assignment with respect thereto shall be in substantially the following forms, with appropriate changes therein to conform with the provisions hereof:

(Form of Warrants)

UNITED STATES OF AMERICA

STATE OF ALABAMA

CITY OF TRUSSVILLE

GENERAL OBLIGATION [SCHOOL] WARRANT
SERIES 2018-[A/B]

INTEREST RATE

MATURITY DATE

CUSIP NUMBER

Subject to prior payment and other provisions as herein provided

The City Treasurer of the City of Trussville, a municipal corporation under the laws of Alabama (the "City"), will pay to CEDE & CO., or registered assigns, the principal sum of

_____ DOLLARS

on the date specified above with interest thereon from the date hereof until the maturity hereof at the per annum rate of interest specified above (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable on February 1, 2019, and semiannually thereafter on each February 1 and August 1 until the due date hereof. The principal of and premium (if any) on this Warrant shall be payable only upon presentation and surrender of this Warrant at the designated corporate trust office of First Commercial Bank (the "Bank").

Interest on this Warrant shall be remitted by the Bank to the then registered holder hereof at the address shown on the registry books of the Bank pertaining to the Warrants as of the fifteenth day of the month next preceding each February 1 and August 1, as the case may be. Interest shall be deemed to have been timely paid if the check or draft in payment thereof is mailed by the Bank on or before the date said interest becomes due and payable. The Ordinance hereinafter referred to provides that all payments by the City or the Bank to the person in whose name a Warrant is registered shall to the extent thereof fully discharge and satisfy all liability for the same. Any transferee of this Warrant takes it subject to all payments of principal and interest in fact made with respect hereto. Notwithstanding the foregoing, so long as the Warrants are subject to the Book-Entry Only System of The Depository Trust Company, payments on the Warrants shall be made in accordance with the rules and operational arrangements of the Book-Entry Only System.

This Warrant is one of a duly authorized issue of Warrants designated General Obligation [School] Warrants, Series 2018-[A/B], aggregating \$_____ in principal amount (the "Warrants"). This Warrant is issued pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Section 11-47-2 of the Code of Alabama 1975, as amended, and an ordinance (the "Ordinance") of the City duly adopted by the governing body of the City on August 28, 2018.

Those of the Warrants having stated maturities in 2029, and thereafter, are subject to redemption and prepayment prior to their respective maturities, at the option of the City, as a whole or in part on August 1, 2028, and on any date thereafter and if in part, those maturities to be redeemed to be selected by the City at its discretion, at and for a redemption price equal to the principal amount so redeemed plus accrued interest thereon to the date fixed for redemption.

Those of the Warrants having stated maturities on _____, _____ and _____ are subject to scheduled mandatory redemption at and for a redemption price, with respect to each Warrant (or portion thereof) redeemed, equal to the principal amount thereof plus accrued interest to the date fixed for redemption, but only to the extent required by the Ordinance.

In the event that less than all the principal of the Warrants of a single maturity is to be prepaid and redeemed, the Bank shall, by process of random selection, determine the principal portion of the Warrants of such maturity to be redeemed and prepaid. The Ordinance requires that written notice of the call for redemption of this Warrant (or portion of the principal thereof) be forwarded by United States First-Class Mail to the registered owner of such Warrant, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption. In the event that less than all the outstanding principal of this Warrant is to be redeemed, the registered holder hereof shall surrender this Warrant to the Bank in exchange for a new Warrant of like tenor herewith except in a principal amount equal to the unredeemed portion of this Warrant. Upon the giving of notice of redemption in accordance with the provisions of the Ordinance, the Warrants (or principal portions thereof) so called for redemption and prepayment shall become due and payable on the date specified in such notice, anything herein or in the Ordinance to the contrary notwithstanding, and the holders thereof shall then and there surrender them for prepayment, and all future interest on the Warrants (or principal portions thereof) so called for prepayment shall cease to accrue after the date specified in such notice, whether or not the Warrants are so presented.

By the execution of this Warrant, the City acknowledges that it is indebted to the payee hereof in the principal amount hereof. The indebtedness evidenced and ordered paid by this Warrant is a general obligation of the City, for the payment of the principal of and interest on which the full faith and credit of the City have been irrevocably pledged.

It is hereby certified and recited 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 in the manner provided by law; that all conditions, actions and things required by the constitution and laws of the State of Alabama to exist, be performed or happen precedent to and in the issuance of this Warrant do exist, have been performed and have happened; and that the indebtedness evidenced and ordered paid by this Warrant, together with all other indebtedness of the City, was at the time the same was created and is now within every debt and other limit prescribed by the constitution and laws of the State of Alabama.

The Warrants are issuable only as fully registered Warrants in the denomination of \$5,000 or any integral multiple thereof. Provision is made in the Ordinance for the exchange of Warrants for a like aggregate principal amount of Warrants of the same maturity and in authorized denomination, all upon the terms and subject to the conditions set forth in the Ordinance.

This Warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the Bank (the registrar and transfer agent of the City) and only upon surrender of this Warrant to the Bank 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 Bank are concerned, this Warrant may be transferred only in accordance with the provisions of the Ordinance.

The Bank shall not be required to transfer or exchange this Warrant during the period beginning on the fifteenth day of the month next preceding any February 1 or August 1; and, in the event that this Warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Bank shall not be required to register or transfer this Warrant during the period of forty-five (45) days next preceding the date fixed for such redemption and prepayment.

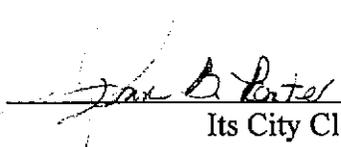
Execution by the Bank of its registration certificate hereon is essential to the validity hereof.

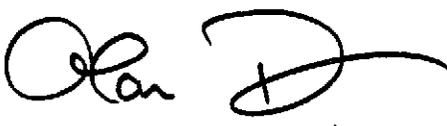
IN WITNESS WHEREOF, the City has caused this Warrant to be executed with the signature of the Mayor, has caused its corporate seal to be hereunto impressed, has caused this Warrant to be attested by the signature of its City Clerk, and has caused this Warrant to be dated September 5, 2018.

CITY OF TRUSSVILLE

By  _____
Its Mayor

Attest:

 _____
Its City Clerk


Council President