

ORDINANCE NO. 1890

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY'S \$28,130,000 PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE WARRANTS, SERIES 2021-A, AND \$5,240,000 PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE WARRANTS, TAXABLE SERIES 2021-B

BE IT ORDAINED by the City Council (the "Council") of the City of Talladega (the "City"), in the State of Alabama, as follows:

Section 1. Findings. After investigation duly made by it and based upon the information obtained from such investigation, the Council hereby makes the following findings and declares the following statements to be true:

(a) it is necessary, desirable and in the public interest, in light of prevailing interest rates and in connection with the plans for capital improvements hereinafter described, that the City refund the following obligations of the City (the "Refunded Warrants"):

(i) the Water and Sewer Revenue Warrants, Series 2010, dated November 1, 2010 (the "Series 2010 Warrants"), outstanding in the aggregate principal amount of \$14,365,000; and

(ii) the Water and Sewer Revenue Warrants, Series 2015, dated April 8, 2015 (the "Series 2015 Warrants"), outstanding in the aggregate principal amount of \$4,700,000,

which obligations are referable to the City's water works plant and distribution system and sanitary sewer system (herein collectively called the "Systems");

(b) it is necessary, desirable and in the public interest that the City acquire, construct and equip various capital improvements to the Systems in the approximate amount of \$18,300,000 in accordance with plans therefor heretofore developed by the City and its engineering consultant; and

(c) for the purpose of providing a portion of the funds necessary to refund the Refunded Obligations, to provide for various capital improvements to the Systems, to purchase a municipal bond insurance policy, to provide a debt service reserve fund surety bond and to pay the expenses related to the issuance of the Warrants hereinafter described, it will be necessary that the Warrants be issued as authorized in this ordinance and pursuant to the applicable provisions contained in the Trust Indenture, the form of which is attached as Exhibit A to this ordinance.

Section 2. Authorization of the Warrants. Pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Section 11-47-2, as amended, and for the purposes referred to in Section 1 of this ordinance, there are hereby authorized to be issued by the City \$28,130,000 aggregate principal amount of its Water and Sewer Revenue Warrants, Series 2021-A (the "Series 2021-A Warrants"), and \$5,240,000 aggregate principal amount of its Water and Sewer Revenue Warrants, Taxable Series 2021-B (the "Series 2021-B Warrants" and, together with the Series 2021-A Warrants, the "Warrants") under the terms, conditions and provisions set out in the Trust Indenture (herein called the "Indenture") authorized in Section 5 of this ordinance. All of the provisions thereof respecting the Warrants are hereby adopted as a part of this ordinance.

Section 3. Source of Payment of the Warrants and Pledge Therefor. The obligation evidenced and ordered paid by the Warrants shall be a limited obligation of the City payable solely out of the revenues from the operation of the Systems remaining after payment of the costs of administering and operating the Systems (the "Pledged Revenues") and the Special Funds described in the Indenture, all as specified in the Indenture, and shall not constitute a general obligation of the City or be subject to any charge on or against its general funds, its taxing powers, or its constitutional debt limit. The general faith and credit of the City are not pledged to the payment of the Warrants, and the Warrants shall not be general obligations of the City. None of the agreements, representations or warranties

made or implied in this ordinance, or in the issuance of the Warrants, shall ever impose any personal or pecuniary liability or charge upon the City, whether before or after any breach by the City of any such agreement, representation or warranty, except with respect to the Pledged Revenues or said Special Funds. Nothing in this section, however, shall relieve the City from the performance of the several covenants and representations on its part herein contained.

Section 4. Warrants Payable at Par. All remittances of principal of and interest on the Warrants to the holders thereof shall be made at par without any deduction for exchange or other costs, fees or expenses. The bank or banks at which the Warrants shall at any time be payable shall be considered by acceptance of their duties hereunder to have agreed that they will make or cause to be made remittances of principal of and interest on the Warrants, out of the moneys provided for that purpose, in bankable funds at par without any deduction for exchange or other costs, fees or expenses. The City will pay to such bank or banks all reasonable charges made and expenses incurred by them in making such remittances in bankable funds at par.

Section 5. Authorization of Trust Indenture. As security for payment of the principal of and the interest on the Warrants and any additional warrants that may be issued under the parity provisions of the Indenture, pro rata and without preference or priority of one over another, the City does hereby authorize and direct the City Manager of the City to execute and deliver, in the name and behalf of the City, the Trust Indenture in the form attached as Exhibit A to and constituting a part of this ordinance, and the City Clerk is hereby authorized and directed to affix thereto and attest thereon the corporate seal of the City. Upon full execution of the Indenture, the City Manager is authorized and directed to deliver it to the trustee thereunder. All provisions of the Indenture are hereby adopted as a part of this ordinance to the same extent as if they were set out in full herein.

Section 6. Sale of the Warrants; Delivery Thereof and Use of Proceeds Therefrom. The Series 2021-A Warrants are hereby sold to Piper Sandler & Co. (the "Underwriter"), at and for a purchase price equal to \$31,498,050.00 (which represents an underwriting discount of \$343,365.55 and original issue premium of \$3,711,415.55), and the Series 2021-B Warrants are hereby sold to the Underwriter at and for a purchase price equal to \$5,176,038.55 (which represents an underwriting discount of \$63,961.45). The actions of the City Manager heretofore taken with respect to sale of the Warrants to the Underwriter pursuant to that certain Warrant Purchase Agreement dated August 12, 2021, between the City and the Underwriter are hereby ratified, confirmed and approved in all respects. The City Manager and the City Clerk are hereby directed to consummate the execution, sealing and attestation of the Warrants and to deliver them to the said purchaser upon payment to the City of the purchase price therefor. Simultaneously with such delivery, the City Treasurer shall direct the Underwriter to pay the proceeds from the said sale to the Trustee who shall apply them in the manner and for the purposes set out in Section 6.5 of the Indenture. The City hereby formally requests the Trustee to authenticate and deliver the Warrants.

Section 7. Ratification of Preliminary Official Statement; Authorization of Official Statement. The action of the Underwriter in circulating a Preliminary Official Statement with respect to the Warrants in the form presented to the meeting at which this ordinance is adopted (which form shall be attached to the minutes of such meeting as Exhibit B thereto and which is hereby adopted in all respects as if set out in full in this ordinance), and the action of City and its officers in causing the Preliminary Official Statement to be "deemed final" as of its date, are hereby ratified, approved and confirmed in all respects. The City Manager is hereby authorized to execute for and in behalf of the City an Official Statement with respect to the Warrants in substantially the form of the Preliminary Official Statement, with such changes as shall be necessary to reflect the final terms of the sale of the Warrants or such other changes as the City Manager or the Underwriter shall determine are necessary or desirable.

Section 8. Authorization of Disclosure Dissemination Agent Agreement. In order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission, the Council hereby authorizes and directs the City Manager to execute and deliver, for and in behalf of the City, a Disclosure Dissemination Agent Agreement in substantially the form presented to the meeting at which this ordinance is adopted (which form shall be attached as Exhibit C to the minutes of the meeting at which this ordinance is adopted and which is hereby made a part of this ordinance as if set out in full herein), and hereby authorizes and directs the City Clerk of the City to affix to the Disclosure Dissemination Agent Agreement the seal of the City and to attest the same.

Section 9. Compliance with Certain Requirements of the Code. The City will comply with all conditions to and requirements for the exemption from gross income for federal income taxation of the interest income on the Series 2021-A Warrants imposed by Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Without limiting the generality of the foregoing,

(a) the City will not apply the proceeds from the Series 2021-A Warrants in a manner that would cause any of the Series 2021-A Warrants to be a "private activity bond" within the meaning of Section 141(a) of the Code, and

(b) the City will comply with the requirements of Section 148 of the Code in order that the Series 2021-A Warrants will not be "arbitrage bonds" within the meaning of said Section 148.

Section 10. Call for Redemption. (i) Acting pursuant to the provisions of Article V of that certain Trust Indenture dated as of November 1, 2010 (the "Refunded Warrants Indenture"), between the City and Regions Bank, as trustee thereunder, the City hereby elects to redeem and pay, and does hereby call for redemption and payment on October 7, 2021, the Series 2010 Warrants, the redemption of each such Series 2010 Warrant to be effected at a redemption price equal to its principal amount plus accrued interest thereon to the date fixed for redemption.

(ii) Acting pursuant to the provisions of Article V of the Refunded Warrants Indenture, the City hereby elects to redeem and pay, and does hereby call for redemption and payment on September 1, 2024, those of the Series 2015 Warrants having stated maturities in 2025 and thereafter, the redemption of each such Series 2015 Warrant to be effected at a redemption price equal to its principal amount plus accrued interest thereon to the date fixed for redemption.

(iii) The Council hereby finds and declares that the City is not in default under the Refunded Warrants, or any thereof, or under the Refunded Warrants Indenture.

Section 11. Concerning the Municipal Bond Insurance Policies. The actions of the City Manager and City Clerk heretofore taken with respect to the procurement of municipal bond insurance policies for the Warrants and for the debt service reserve fund of the Indenture are hereby ratified and confirmed in all respects. The Council hereby authorizes and directs the City Manager and City Clerk to execute and deliver, for and in behalf of the City, all such instruments, documents, certificates and agreements as may be necessary in connection with delivery of such policies in connection with issuance of the Warrants.

Section 12. Authorization of Escrow Trust Agreements. (a) The City Manager is hereby authorized and directed to execute and deliver, on behalf of the City, an Escrow Trust Agreement, dated September 7, 2021, providing for the payment of the Series 2010 Warrants as set forth therein, said Escrow Trust Agreement to be in substantially the form presented to the meeting at which this Ordinance is adopted and which is attached to the said minutes as Exhibit D as if it were a part thereof, and the City Clerk of the City is hereby authorized and directed to affix the seal of the City to the said Escrow Trust Agreement and to attest the same.

(b) The City Manager is hereby authorized and directed to execute and deliver, on behalf of the City, an Escrow Trust Agreement, dated September 7, 2021, providing for the payment of the Series 2015 Warrants as set forth therein, said Escrow Trust Agreement to be in substantially the form presented to the meeting at which this Ordinance is adopted and which is attached to the said minutes as Exhibit E as if it were a part thereof, and the City Clerk of the City is hereby authorized and directed to affix the seal of the City to the said Escrow Trust Agreement and to attest the same.

Section 13. Additional Documents and Actions Authorized. The Mayor, the City Manager and the City Clerk, or any of them, are each hereby authorized and directed to execute such other documents or certificates necessary in order to carry out the transactions contemplated by this ordinance and the Indenture. The City understands that one of the principal inducements to the purchase of the Warrants by the purchaser thereof is that the

interest on the Series 2021-A Warrants be and remain exempt from federal income taxation. Accordingly, without limiting the generality of the foregoing, the said City Manager and the said 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 Form 8038-G or other form prescribed by the Internal Revenue Service as a condition to the exemption of the interest income on the Series 2021-A Warrants from federal income taxation. The said City Manager and City Clerk are each hereby authorized and directed to execute such certificates, agreements and other documents respecting the Code, as contemplated by this ordinance and the Indenture, to the end that the interest on the Series 2021-A Warrants be and remain exempt from federal income taxation. The City Manager and the City Clerk are each hereby authorized to make the elections authorized to be made under the regulations promulgated under Section 148 of the Code.

Section 14. This Ordinance a Contract. The provisions of this ordinance shall constitute a contract between the City and each holder of the Warrants until they shall have been paid in full or provision made for the payment thereof as provided in the Indenture, and all the agreements on the part of the City herein and therein contained with respect thereto shall have been performed, then upon the happening of such events the obligations of the City hereunder shall thereupon cease.

Section 15. Severability. The various 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 and approved on the 16th of August, 2021.

Council President Betty C. Sptralin
Councilman Horace Patterson
Council Member Vickey Hall
Councilman Trae Williams
Councilman Joe Power
City Manager Seddrick Hill
Attested to: Joanna Medlen, City Clerk

Exhibit A

Form of Trust Indenture

Exhibit B

Form of Preliminary Official Statement

Exhibit C

Form of Disclosure Dissemination Agent Agreement

Exhibit D

Form of Escrow Trust Agreement (Series 2010 Warrants)

Exhibit E

Form of Escrow Trust Agreement (Series 2015 Warrants)