

ORDINANCE NO. 1796

**AN ORDINANCE AUTHORIZING THE
ISSUANCE OF \$4,700,000 WATER AND
SEWER REVENUE WARRANTS, SERIES 2015,
OF THE CITY OF TALLADEGA, ALABAMA**

BE IT ORDAINED by the City Council (herein called the "Council") of the **CITY OF TALLADEGA, ALABAMA** (herein called the "City") as follows:

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

(a) It is necessary, desirable, and in the public interest that the City acquire, construct, equip, and provide various capital improvements to the combined water works plant and distribution system and sanitary sewer system (herein called the "System") of the City, including water line and sewer line replacement, installation of supervisory control software, control upgrades, tank painting, and other miscellaneous improvements to the System (the "Improvements"); and

(b) it is necessary, desirable and in the public interest that the warrants hereinafter authorized be issued for the purpose of providing a portion of the moneys necessary for the Improvements, making a deposit into the debt service reserve fund held under the Indenture hereinafter described, and paying the expenses of issuing the said Warrants.

Section 2. Authorization of Series 2015 Warrants. Pursuant to the applicable provisions of the constitution and laws of the State of Alabama, including particularly Section 11-47-2 of the Code of Alabama 1975, as amended, and for the purposes hereinafter described, there are hereby authorized to be issued by the City \$4,700,000 aggregate principal amount of Water and Sewer Revenue Warrants, Series 2015, dated the date of initial issuance (herein called the "Series 2015 Warrants"), under the terms, conditions and provisions set out in the First Supplemental Indenture between the City and Regions Bank, as trustee, authorized in Section 4 of this ordinance.

Section 3. Source of Payment of the Series 2015 Warrants; Pledge Therefor. The obligations evidenced and ordered paid by the Series 2015 Warrants shall be limited obligations of the City payable solely out of the net revenues derived from the operation of the System remaining after payments of the costs of operating and maintaining the same. The Series 2015 Warrants shall not constitute general obligations of the City or be subject to any charge on or against its general funds, its taxing powers, or its constitutional debt limit.

Section 4. Authorization of Trust Indenture. Pursuant to Chapter 43A of Title 11 of the Code of Alabama 1975, as amended, the Council does hereby authorize and direct the City Manager to execute and deliver to Regions Bank, as trustee (in said capacity herein called the "Trustee"), under the Trust Indenture dated as of August 1, 2008, a First Supplemental Indenture dated as of April 8, 2015 (herein, as so supplemented, called the "Indenture") in substantially the form marked Exhibit F and attached to the minutes of the meeting at which this ordinance was adopted (which form is hereby made a part of this ordinance to the same extent as if set out in full herein), with such changes as the said City Manager shall approve. The City Clerk is hereby authorized and directed to affix to the Indenture the corporate seal of the City and to attest the same. The City hereby specifically finds that the City is not at this time in default under the Indenture, and no such default is imminent.

Section 5. Sale of Series 2015 Warrants. The Series 2015 Warrants are hereby sold to Raymond James & Associates, Inc. (in said capacity herein called the "Underwriter"), at and for a purchase price equal to \$5,204,545 (which reflects an underwriting discount of \$51,700 and original issue premium of \$556,245). The Series 2015 Warrants shall bear such date, shall mature at such times and in such manner, shall bear such rate or rates of interest, shall be payable

at such place, shall be in such denomination, shall bear such numbers and shall be in such form and contain such provisions as are set out in the Indenture. The actions of the City Manager in executing and delivering, on behalf of the City, a Purchase Contract respecting the Series 2015 Warrants, dated as of March 19, 2015, between the City and the Underwriter, are hereby ratified and confirmed in all respects.

Section 6. Execution and Delivery of Warrants and Indenture. Pursuant to Section 11-43A-31 of the Code of Alabama 1975, as amended, the City Manager is hereby directed to sign the Series 2015 Warrants in the name and behalf of the City and is hereby directed to cause the corporate seal of the City to be imprinted or otherwise affixed on the Series 2015 Warrants, and the City Clerk shall attest the said seal and the Series 2015 Warrants by signing the Series 2015 Warrants, all in the manner contemplated by the Indenture; and the City Manager is hereby directed thereupon to deliver the Indenture, and the Series 2015 Warrants to the Trustee, and to direct the Trustee to execute the Indenture and to authenticate and deliver the Series 2015 Warrants to the respective purchasers thereof upon payment to the City of the aforesaid purchase price therefor.

Section 7. Application of Proceeds of Series 2015 Warrants. The entire proceeds derived by the City from the sale of the Series 2015 Warrants shall be applied in accordance with the provisions of Section 2.5 of the First Supplemental Indenture.

Section 8. Section 265 Election. The Council designates the Series 2015 Warrants as "qualified tax-exempt obligations" for the purpose of paragraph (b)(3)(B) of Section 265 of the Internal Revenue Code of 1986 and, in connection therewith and after due investigation and consideration, finds, determines and declares that the amount of tax-exempt obligations that have heretofore during the current calendar year been issued by the City and all subordinate entities of the City and the reasonably anticipated amount of tax-exempt obligations that will be issued by the City and all subordinate entities of the City during the current calendar year (including, without limitation, the Series 2015 Warrants) will not exceed the sum of \$10,000,000.

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 2015 Warrants imposed by Section 103 of the Internal Revenue Code of 1986, as amended (herein called the "Code"). Without limiting the generality of the foregoing,

(a) the City will not apply the proceeds from the Series 2015 Warrants in a manner that would cause any of the Series 2015 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 2015 Warrants will not be "arbitrage bonds" within the meaning of said Section 148.

Section 10. Authorization of Continuing Disclosure Agreement. Pursuant to Chapter 43A of Title 11 of the Code of Alabama 1975, as amended, the City Manager is hereby authorized and directed to execute and deliver, on behalf of the City, a Continuing Disclosure Agreement for the benefit of the beneficial owners of the Series 2015 Warrants, in substantially the form presented to the meeting at which this Ordinance is adopted (which form shall be attached as *Exhibit G* 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 Continuing Disclosure Agreement the seal of the City and to attest the same. The said Continuing Disclosure Agreement is to be entered into contemporaneously with the issuance of the Series 2015 Warrants in order to assist the Underwriter of the Warrants in complying with Rule 15c2-12 of the Securities and Exchange Commission. The rights of enforcement under the said Continuing Disclosure Agreement shall be as provided therein, and in no event shall a default by the City thereunder constitute a default hereunder.

Section 11. Approval of Preliminary Official Statement and Authorization of Official Statement. The Council hereby approves and adopts the Preliminary Official Statement

dated March 13, 2015, respecting the Series 2015 Warrants, a copy of which, marked *Exhibit H*, is attached to the minutes of the meeting of the Council at which this Ordinance is adopted. The said *Exhibit H* is made a part of this Ordinance in all respects as if set forth in full herein. The Council hereby ratifies the actions of the City Manager in causing the said Preliminary Official Statement to have been "deemed final" as of its dated date within the meaning of SEC Rule 15c2-12(b)(1) for the purposes of such rules. The City Manager is hereby authorized and directed to execute a final Official Statement of the City with respect to the Series 2015 Warrants in substantially the form of the Preliminary Official Statement (said form to be that attached, marked *Exhibit I*, to the minutes of the meeting of the Council at which this Ordinance is adopted), with such changes therein and additions thereto as shall be necessary to conform to the provisions of this Ordinance and such other changes and additions as the City Manager shall deem necessary and appropriate. The City Manager is hereby authorized and directed to cause the said final Official Statement to be delivered to the purchasers of the Series 2015 Warrants.

Section 12. General Authorization. The City Manager, the City Clerk, and all other officers of the City are hereby authorized and directed to execute, seal, attest and deliver such other documents and certificates and to take such other actions on behalf of the City as may be necessary to consummate the sale and issuance of the Series 2015 Warrants and to carry out fully the transactions contemplated by this ordinance including, without limiting the generality of the foregoing, the execution and delivery of a certificate or agreement establishing facts and circumstances necessary to support the conclusion that the Series 2015 Warrants are not "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations promulgated thereunder.

Section 13. This Ordinance a Contract. The provisions of this ordinance shall constitute a contract between the City and each holder of the Series 2015 Warrants.

Section 14. 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 this 19th day of March 2015.

Councilman Horace Patterson
Councilman Joe Ballow
Councilman Ricky Simpson
Councilman Donnie Miller
Councilman Jarvis Elston
City Manager Brian Muenger
Attested to: Elizabeth Cheeks, City Clerk