



Huntsville, Alabama

305 Fountain Circle
Huntsville, AL 35801

Cover Memo

Meeting Type: City Council Regular Meeting **Meeting Date:** 11/21/2024

File ID: TMP-4838

Department: Legal

Subject:

Type of Action: Approval/Action

Resolution consenting to certain actions of the Huntsville and Madison County Railroad Authority.

Resolution No.

Finance Information:

Account Number: TBD

City Cost Amount: \$ NA

Total Cost: \$ NA

Special Circumstances:

Grant Funded: \$ NA

Grant Title - CFDA or granting Agency: NA

Resolution #: NA

Location: (list below)

Address: NA

District: District 1 ☐ District 2 ☐ District 3 ☐ District 4 ☐ District 5 ☐

Additional Comments:

RESOLUTION 24-_____

RESOLUTION CONSENTING TO CERTAIN ACTIONS OF THE HUNTSVILLE AND MADISON COUNTY RAILROAD AUTHORITY

BE IT RESOLVED by the City Council (herein referred to as the "Council") of the City of Huntsville, a municipal corporation within the State of Alabama (herein referred to as the "City"), as follows:

SECTION 1. FINDINGS. The Council has ascertained, and hereby finds and determines, as follows:

A. The Huntsville and Madison County Railroad Authority, an Alabama non-profit, public corporation (herein referred to as the "Authority") was duly formed and came into existence as a body corporate on May 24, 1984 as evidenced by the Certificate of Incorporation of The Huntsville and Madison County Railroad Authority, an Alabama non-profit, public corporation, dated May 22, 1984, filed for record May 24, 1984, as Instrument Number 043917, and recorded in Corporation Book 75 at pages 900-06 in the Office of the Judge of Probate of Madison County, Alabama (herein referred to as the "Certificate of Incorporation");

B. The Authority has represented to the Council that the Certificate of Incorporation of the Authority provides, in pertinent part, that:

(6) The corporation shall have all powers conferred on corporations organized under said Act No. 84-179 and any amendment thereof hereafter made, and all other powers conferred upon corporations generally by the laws of Alabama not in conflict with the said Act No. 84-179, as it now exists or as it may be hereafter amended, provided however, that without the prior consent of the City Council or other governing body of the City of Huntsville, Alabama, and of the governing body of Madison County, evidenced by a duly adopted resolution of each body, the corporation shall not have the power:

(a) to issue or sell any bonds, notes or other obligations for payment of borrowed money having a maturity or due date more than twelve months from their date;

...

(c) to make any single expenditure in excess of \$100,000 that is chargeable by generally accepted accounting principles to fixed capital account”

C. To Authority has represented to the Council that (i) to consolidate and refinance the Authority’s existing indebtednesses in the approximate amount of Six Hundred Twenty-Six Thousand Three Hundred Eighty-Seven (\$626,387.00) (“Payoff Loan”), and (ii) to provide funds for capital improvements to the Authority’s infrastructure in connection with the completion of the Safety, Efficiency, Capacity Improvement and Service Retention Project (the “Railway Project”) in an amount up to the original principal amount of Three Million and No/100 Dollars (\$3,000,000.00) (“LOC Loan”), the Authority has determined it to be necessary and expedient

for the Authority to obtain from Bryant Bank, an Alabama banking corporation, the Payoff Loan and the LOC Loan (collectively hereinafter referred to as the “Loans”) repayable, together with interest thereon, by the Authority and without obligating the City in any respect.

D. The Authority has also informed the City that (i) the LOC Loan will bear interest at the rate of approximately 5.064% floating on a monthly basis, with interest only payments during the two (2) year term and a final balloon payment of all then unpaid principal and accrued but unpaid interest, (ii) the Payoff Loan will be repayable on a term loan schedule as set out in the loan documents for the Payoff Loan, (iii) the Loans will be secured by (1) a pledge of, and security interest in, all of the Authority’s business assets (including, but not limited to, operational revenue, assignment of Grants receivable, locomotives, rails and other track materials) and (2) a first Mortgage, Assignment of Rents and Leases and Security Agreement on the Authority’s real property and improvements situated thereon located at (a) 119 Woodson Street, Huntsville, Alabama, (b) 13207 South Memorial Parkway, Huntsville, Alabama, (c) 508 Green Cove Road, Huntsville, Alabama 35805, and (d) 8514 Whitesburg Drive South, Huntsville, Alabama, and (iv) the LOC Loan will be repaid primarily by the proceeds of Grants and Matching Funds for multiple sources which the Authority has been approved to receive, and the Payoff Loan will be repaid primarily from operating funds of the Authority.

E. The Council is the governing body of the City.

F. The Council has determined to provide the consent requested by the Authority as more particularly set forth herein.

SECTION 2. CONSENT. In accordance with the requirements of the Certificate of Incorporation, the Council does hereby consent (1) to the issuance and sale by the Authority of any bonds, notes or other obligations for payment of funds borrowed by the Authority pursuant to the LOC Loan and the Payoff Loan, and (2) to the Authority making all expenditures (including, without limitation, those exceeding \$100,000) determined to be made by the Authority for the Railway Project.

SECTION 3. EFFECTIVE DATE. This resolution is and shall become effective upon its date of adoption.

ADOPTED this the 21st day of November, 2024.

President of the City Council of
the City of Huntsville, Alabama

APPROVED this the 21st day of November, 2024.

Mayor of the City of
Huntsville, Alabama

STATE OF ALABAMA)
)
COUNTY OF MADISON)

CERTIFICATE

I, Shaundrika Edwards, as City Clerk of City of Huntsville, a municipal corporation within the State of Alabama (the "City"), do hereby certify that the foregoing and within is a complete, correct, exact, full, genuine and true copy of Resolution Number 24-____, adopted at the November 21, 2024, regular public meeting of the City Council of City.

Dated this the 21st day of November, 2024.

Shaundrika Edwards,
as City Clerk of City of Huntsville,
a municipal corporation within the State of
Alabama