

**ORDINANCE NO. 22-\_\_\_\_\_**

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

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

(a) the Public Building Authority of the City of Huntsville, a political subdivision of the State of Alabama (the "Authority"), was created by the City pursuant to Chapter 56 of Title 11 of the Code of Alabama 1975, as amended (the "Enabling Law") in order to own and lease certain public buildings to the City; and

(b) the City has determined it to be necessary, wise and in the public interest to cause to be constructed and developed a new municipal city hall and related parking and other facilities (the "Facility") on certain real property within the City (the "Site" and, together with the Facility, the "Project"), which the City will lease from the Authority and, further, which such Facility shall be financed through the issuance of the Series 2022 Bonds hereinafter described; and

(c) the Authority has authorized the execution of a Bond Purchase Agreement between it, as issuer of the Series 2022 Bonds, and Stifel, Nicolaus & Company, Incorporated and Piper Sandler & Co. (collectively, the "Underwriter"), as underwriter, respecting the issuance by the Authority of its \$74,285,000 Lease Revenue Bonds, Series 2022, dated their date of initial issuance (the "Series 2022 Bonds"), the proceeds of which shall be used to pay the costs of the Facility and the costs of issuing the Bonds; and

(d) the Project constitutes a "Project", as such term is defined in the Enabling Law, and the City has determined it necessary, wise and in the public interest that the City enter the Lease Agreement hereinafter authorized and that the City approve certain other matters in connection with issuance of the Bonds.

**Section 2. Authorization of Lease Agreement.** The Mayor is hereby authorized to execute and deliver, on behalf of the City, a Lease Agreement dated the date of the Series 2022 Bonds between the City and the Authority, which shall be in substantially the form attached hereto as Exhibit II and made a part hereof as if set forth in full herein and with such changes thereto as shall be approved by the Mayor and the Chairman of the Authority (the "Lease Agreement"). The City Clerk is hereby authorized to affix the seal of the City to the Lease Agreement and to attest the same; provided, however, that the Lease Agreement shall not be delivered on behalf of the City unless simultaneously with such delivery there shall be executed and delivered on behalf of the respective parties a Mortgage Indenture and Deed of Trust dated the date of the Series 2022 Bonds (the "Indenture") between the Authority and Regions Bank, as trustee thereunder, providing for the issuance of the Series 2022 Bonds, which Indenture shall be in substantially the form presented to the meeting of the Council at which this ordinance is adopted, with such changes thereto as shall be approved by the Chairman of the Authority, which form shall be attached to the minutes of said meeting as Exhibit I and is hereby adopted in all respects as if

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set out in full herein. The City agrees to include in its annual budget for each fiscal year the rental payments required to be made under the Lease Agreement.

**Section 3. Ratification of Preliminary Official Statement; Authorization of Official Statement.** Recognizing that the ability of the Authority to sell the Bonds depends upon the financial condition of the City, there has heretofore been prepared by the City and circulated by the Underwriter a Preliminary Official Statement dated February 9, 2022 (the "Preliminary Official Statement") with respect to the Series 2022 Bonds, a copy of which is attached as Exhibit II 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 herein. The actions of the Underwriter in circulating the Preliminary Official Statement, and the actions of the City, working with the Authority, in causing the Preliminary Official Statement to be prepared and "deemed final" as of its date for purposes of Rule 15c2-12 promulgated by the Securities Exchange Commission, are hereby ratified and affirmed. The Council hereby further authorizes and approves the Official Statement of the Authority with respect to the Series 2022 Bonds in substantially the form attached as Exhibit III to the minutes of the meeting at which this Ordinance is adopted, and which form is hereby adopted in all respects as if set out in full in this Ordinance. The Mayor, the Finance Director, and the City Clerk, or either of them, are hereby authorized to execute and deliver, on behalf of the City, such certificates as may be requested by the Authority or otherwise desirable respecting the accuracy of information contained in the Preliminary Official Statement and in the Official Statement respecting the City.

**Section 4. Approval of Series 2022 Bonds.** The Council hereby approves in all respects the terms and conditions (including, without limitation, the maturities, interest rates, principal maturity schedule, and provisions for redemption prior to maturity) of the Series 2022 Bonds, which such terms and conditions are contained in the Indenture. The Council hereby acknowledges its understanding of all provisions of the Lease Agreement and the Indenture, and the Council hereby approves the provisions of both such documents. The Council hereby further approves the sale of the Series 2022 Bonds to the Underwriter, which is purchasing the Series 2022 Bonds at and for a sale price of \$90,276,575.35, which sale price represents the initial par or face amount of the Series 2022 Bonds, plus original issue premium of \$16,251,572.85, less an underwriting discount of \$259,997.50.

**Section 5. City as Agent for Authority.** In order to proceed with the design, construction, development, equipping, installation and provision of the Project, it is necessary, wise and in the public interest that the City serve as agent for the Authority and be permitted to enter into contracts, agreements and other instruments by and on behalf of the Authority in connection with the design, construction, development, equipping, installation and provision of the Project. The Council hereby ratifies and affirms the Construction Agency Agreement (the "Agency Agreement"), and the execution thereof by the Mayor, a copy of which such Agency Agreement is attached as Exhibit IV. The Mayor is hereby further authorized to make such changes, amendments and modifications to the said Agency Agreement as the Mayor shall deem necessary or desirable in connection with the development, construction, and operation of the Project. The Council does hereby further authorize each of the Mayor, the City Clerk and the Finance Director to execute and deliver such documents, notices, orders, certificates or other

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instruments as such officer shall deem necessary or desirable to carry out the design, development, construction, equipping, installation, provision and operation of the Project.

**Section 6. Authorization of Continuing Disclosure Agreement.** In order to enable the Authority to comply with Rule 15c2-12 promulgated by the United States Securities and Exchange Commission, the Mayor, the Finance Director, and the City Clerk, or either of them, are hereby authorized to execute and deliver, on behalf of the City, a Continuing Disclosure Agreement dated the date of the Series 2022 Bonds (the "Continuing Disclosure Agreement") for the benefit of the beneficial owners of the Series 2022 Bonds, in substantially the form presented to the meeting at which this Ordinance is adopted (which form shall be attached as Exhibit V 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 herein). The Continuing Disclosure Agreement is to be entered into contemporaneously with the issuance of the Series 2022 Bonds in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission. The rights of enforcement of the said Continuing Disclosure Agreement shall be as provided therein, and in no event shall a default by the City thereunder constitute a default under the Lease Agreement, the Indenture, the Series 2022 Bonds, or any other document executed and delivered by the City or the Authority in connection with the issuance of the Series 2022 Bonds.

**Section 7. 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 Series 2022 Bonds. Accordingly, the City agrees that it will continually comply with all requirements imposed by the Code as a condition to the exemption from federal income taxation of the interest income on the Series 2022 Bonds. With respect to any question arising under this Section 13, the City may rely upon an opinion of nationally recognized bond counsel acceptable to it.

(b) **Series 2022 Bonds not to be "Private Activity Bonds".** The City will not apply or permit the application of the proceeds of the Series 2022 Bonds in a manner that would cause the Series 2022 Bonds to be "private activity bonds" 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 Series 2022 Bonds from being considered "arbitrage bonds" 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.

**Section 8. Additional Documents; Ratification of Certain Actions.** The Mayor, the City Clerk and the Finance Director, or either of them, 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 Lease Agreement, the Agency Agreement, the Indenture, or any other documents or transactions authorized under this Ordinance. The Mayor, the City Clerk and the Finance Director are each hereby authorized and directed to execute such certificates, agreements

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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 income on the Series 2022 Bonds be and remain exempt from federal income taxation.

**Section 9. Disclaimer of Liability.** The Series 2022 Bonds shall not constitute or give rise to an obligation or debt of the City or a charge against the credit or taxing powers of the City, and nothing contained in this Ordinance shall ever be construed to the contrary.

ADOPTED this 24th day of February, 2022.

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

APPROVED this 24th day of February, 2022.

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Mayor of the City of  
Huntsville, Alabama



**Exhibit I**  
**Form of Lease Agreement**

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**LEASE AGREEMENT**

**between**

**THE PUBLIC BUILDING AUTHORITY  
OF THE CITY OF HUNTSVILLE**

**and**

**CITY OF HUNTSVILLE, ALABAMA**

**\$74,285,000  
Lease Revenue Bonds  
Series 2022**

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**LEASE AGREEMENT** between **THE PUBLIC BUILDING AUTHORITY OF THE CITY OF HUNTSVILLE**, a public corporation organized and existing under the provisions of Chapter 56 of Title 11 of the Code of Alabama of 1975 (herein sometimes called the "Authority"), and the **CITY OF HUNTSVILLE**, a municipal corporation in the State of Alabama (herein sometimes called the "City");

**RECITALS:**

**WHEREAS**, the Authority has been organized and established pursuant to Section 11-56-1 *et. seq.*, Code of Alabama 1975, as amended (the "Act") to provide buildings and facilities for lease to and use by the City in the performance of its public functions; and

**WHEREAS**, the Act under which the Authority has been organized authorizes the City to enter into this Lease Agreement, and each of the City and the Authority separately have determined for the City to acquire, construct and operate, or cause to be acquired, constructed or operated, a new city hall and related parking facility for use by the City (the "Facility"); and

**WHEREAS**, the Authority has determined to issue and deliver its \$74,285,000 initial principal amount Lease Revenue Bonds, Series 2022 (herein called the "Bonds") in order to (i) pay the costs to acquire land as the site of, and to design, construct, develop and equip, the Facility; and (iii) pay the costs of issuing the Bonds. The Bonds will be issued under and secured by a Mortgage Indenture and Deed of Trust dated the date of the Bonds (herein called the "Indenture"), between the Authority and Regions Bank, an Alabama banking corporation (herein called the "Trustee"); and

**WHEREAS**, the Authority and the City are entering into this Lease Agreement in order to provide for the payment of rent by the City at times and in amounts sufficient to provide for payment of the principal of and interest on the Bonds with respect to each fiscal year of the City during which this Lease Agreement shall be in effect;

**NOW THEREFORE**, in consideration of the respective agreements on the part of the Authority and the City herein contained, the Authority and the City do hereby agree as follows:

## **ARTICLE I**

### **DEFINITIONS AND USE OF PHRASES**

**Section 1.1 Definitions.** The following words and phrases and others evidently intended as the equivalent thereof shall, in the absence of express provision or clear implication in the Lease to the contrary, be given the following respective meanings in the construction or interpretation of the Lease:

"Act" means Chapter 56 of Title 11 of the Code of Alabama of 1975, as it may from time to time be amended.

"Additional Bonds" means those authorized under the Indenture in Article VIII thereof.

"Authority" means (a) the party of the first part hereto and its successors and assigns, and (b) any public corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party as provided in Section 12.6 of the Indenture.

"Authorized Authority Representative" means the Chairman, the Vice Chairman, the Secretary or the Treasurer of the Authority, or any of them, along with any and all persons at the time designated as such by written certificate furnished to the City and the Trustee pursuant to written instrument signed on behalf of the Authority by its Chairman, Vice Chairman, Secretary or Treasurer.

"Basic Rent" means the cash rental payable by the City pursuant to the provisions of Section 5.4 hereof and any other sums payable by the City hereunder that are herein referred to as Basic Rent.

"Bond Fund" means the Bond Fund created in Section 10.1 of the Indenture.

"Bonds", as used in this Lease Agreement, means only the Bonds unless other qualifying words or phrases unequivocally indicate that the term is intended to include obligations of the Authority other than or in addition to the Bonds.

"City" means (i) the party of the second part hereto, and (ii) any municipal corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Completion Certificate" means a certificate signed by an Independent Architect and an Authorized Authority Representative stating that the construction of the Improvements has been completed in substantial accordance with the plans and specifications therefor, and the date on which such construction was completed.

"Completion Date" means the date on which the construction of the Improvements is completed, as stated in the Completion Certificate.

"Construction Fund" means the fund by the name "Construction Fund" created in Section 9.2 of the Indenture.

"Counsel" means an attorney duly admitted to practice before the highest court of any state of the United States of America or of the District of Columbia, or a firm of attorneys all the members of which are so admitted.

"Development Costs" means all costs incurred or assumed in connection with (i) the construction and acquisition of the Improvements, (ii) the acquisition and installation of the Equipment, (iii) interest on the Bonds accruing prior to the Completion Date, (iv) builder's risk insurance and casualty insurance during the period of construction, and (v) the expenses incurred by the Authority in connection with the issuance and sale of the Bonds or any Additional Bonds, including (but without limiting the generality of the foregoing) the initial charge of the Trustee, the costs of feasibility studies and the fiscal, legal, printing, advertising, recording and other similar fees and expenses relating to the issuance and sale of the Bonds (including the reimbursement to the City of those of such costs as it may have heretofore paid and of such amounts as it may have heretofore advanced to the Authority for payment of any such costs,.

"Equipment" means all furniture, furnishings, fixtures, machinery and equipment acquired or to be acquired, the costs of which are or were, in whole or in part, paid, or to be paid, out of the proceeds of the Bonds.

"Facility" means the city hall and parking facility to be located on the Site, along with all Equipment and other personal property located thereon, to be finance

"Improvements" means the construction and development of the Facility made with proceeds of the Bonds and any other improvements on the Site to be financed with proceeds of the Bonds.

"Indenture" means the Mortgage Indenture and Deed of Trust between the Authority and Regions Bank, an Alabama banking corporation, dated the date of the Bonds.

"Independent Architect" means an architect or architectural firm qualified to practice the profession of architecture under the laws of Alabama and not employed full time by the Authority or the City.

"Independent Engineer" means an engineer or engineering firm qualified to practice the profession of engineering under the laws of Alabama and not employed full time by the Authority or the City.

"Initial Term" means the period beginning on the date of the delivery of this Lease Agreement and continuing until and including September 30, 2022.

"Interest Payment Date" means each August 1 and February 1, commencing August 1, 2022.



"Lease" or "Lease Agreement" means this agreement.

"Net Condemnation Award" means the total amount awarded as compensation for any part of the Project taken under the exercise of the power of eminent domain plus damages to any part not taken, less and except (i) any portion thereof to which the City is entitled under the provisions of Section 7.2 hereof, and (ii) all attorneys' fees and other expenses incurred in the condemnation proceeding with respect to which such award was made (other than those paid directly by the City or deducted, pursuant to the provisions of said Section 7.2, from that portion of the award to which it is entitled under the provisions thereof).

"Net Insurance Proceeds" means the total insurance proceeds recovered by the Authority, the City and the Trustee on account of any damage to or destruction of the Facility or any part thereof less all expenses (including attorneys' fees and any extraordinary expenses of the Trustee) incurred in the collection of such proceeds.

"Payment Date" shall mean the dates on which principal of or interest on the Bonds is due and payable, which for purposes of this Lease Agreement shall be August 1 and February 1, commencing August 1, 2022.

"Permitted Encumbrances" means, as of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) the Lease, (iii) the Indenture, (iv) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that, in the opinion of an Independent Architect or Independent Engineer, will not materially interfere with or impair the operations being conducted in the Facility (or, if no operations are being conducted therein, the operations for which the Facility was designed or last modified), (v) any inchoate mechanic's, materialmen's or vendor's lien if payment is not yet due and payable under the contract giving rise to such lien, (vi) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in size and character to the Project and as do not, in the opinion of Counsel, in the aggregate materially impair the property affected thereby for the purpose for which it was acquired or is held by the Authority, and (vii) the Site Deed.

"Project" means the Site, the Facility and the Equipment, as they may at any time exist and all other property and rights referred to or intended so to be in the demising clauses hereof.

"Renewal Term" means any period of one year for which the Lease shall be renewed at the option of the City in accordance with the provisions of Section 5.2 of this Lease Agreement.

"Site" means the real property described on Exhibit A hereto.

"Site Deed" means that certain deed from the City of Huntsville, Alabama, pursuant to which the Site has been conveyed to the Authority.

"Tax Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Trustee" means Regions Bank, an Alabama banking corporation, as trustee under the Indenture, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

**Section 1.2 Use of Phrases.** "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to the Lease as an entirety and not solely to the particular portion of this Lease Agreement in which any such word is used. The definitions set forth in Section 1.1 of this Lease Agreement include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders. Any percentage of Bonds, specified herein for any purpose, is to be figured on the unpaid principal amount thereof then outstanding.

## ARTICLE II

### REPRESENTATIONS

**Section 2.1 Representations by the Authority.** The Authority makes the following representations as part of the basis for the agreements and undertakings on its part herein contained:

(a) The Authority is duly incorporated under the provisions of the Act by Certificate of Incorporation duly filed for record in the office of the Judge of Probate of Madison County, Alabama, has not subsequently amended its said Certificate of Incorporation and is not in default under any of the provisions contained in the said Certificate of Incorporation or in the laws of Alabama;

(b) Under the provisions of the Act, the Authority has the power (i) to issue the Bonds for the purposes described in Section 4.2, (ii) to undertake the acquisition and construction of the Facility and to acquire, construct and install the Equipment, (iii) to lease the Facility to the City in accordance with the provisions hereof, (iv) to pledge the rentals and other receipts from the leasing or operation of the Facility (including particularly the Basic Rent hereunder) to the Trustee as provided in the Indenture, (v) to subject the Facility to the non-foreclosable lien of the Indenture, (vi) to execute and deliver the Bonds, this Lease Agreement and the Indenture, and (vii) to carry out and consummate all transactions contemplated by each of the aforesaid documents;

(c) Neither the execution and delivery of this Lease Agreement, the consummation of the transactions contemplated hereby, or the fulfillment or compliance with the terms and conditions hereof, conflict with, or result in a breach of, any of the terms, conditions or provisions of any corporate restriction or limitation or any agreement, instrument or court or other governmental order to which the Authority is now party or by which it is bound, or constitute a default under any of the foregoing;

(d) All consents, approvals, authorizations and orders of governmental or regulatory authorities, if any, which are required for the execution and delivery of the Bonds, this Lease Agreement and the Indenture and for the consummation of the transactions contemplated by each of the aforesaid documents have been obtained by or on behalf of the Authority and are in full force and effect;

(e) The execution and delivery of this Lease Agreement on the part of the Authority have been duly authorized by all necessary corporate action;

(f) The Project will constitute a "project" within the meaning of Section 11-56-1(10) of the Code of Alabama of 1975, as amended; and

(g) The City understands that one of the principal inducements to the purchase of the Bonds by the purchaser or purchasers thereof from the Authority is that under existing law the interest thereon is excludable from gross income for federal income tax purposes generally, except to the extent otherwise provided in the Tax Code.

**Section 2.2 Representations by the City.** The City makes the following representations as part of the basis for the agreements and undertakings on its part herein contained:

(a) The City has been furnished a copy of the Indenture and the City approves and consents to the provisions of said instrument;

(b) Neither the execution and delivery of this Lease Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions hereof, conflict with, or result in a breach of, any law or constitutional provision applicable to the City or any of the terms, conditions or provisions of any agreement, instrument or governmental order to which the City is now subject or by which it is bound, or constitute a default under any of the foregoing;

(c) The execution and delivery of this Lease Agreement on the part of the City have been duly authorized by its governing body;

(d) The real property specifically described in the demising clauses hereof and Exhibit A hereto is located wholly within the corporate limits of the City and wholly within the boundaries of Madison County, Alabama;

(e) The Project will constitute a "project" within the meaning of the Act;

(f) The City understands that one of the principal inducements to the purchase of the Bonds by the purchaser or purchasers thereof from the Authority is that under existing law the interest thereon is excludable from gross income for federal income tax purposes generally, except to the extent otherwise provided in the Tax Code; and

(g) The Project, and the use thereof for its intended purpose, will not violate (i) any zoning or other ordinance or any regulation or law of Madison County, Alabama, the City or any other municipality, applicable to the Project and its use, or (ii) any restrictive covenant of the City applicable to the Project and its use, and all requirements for such use have been (or will be, prior to the time the Project is placed in service) satisfied.

## ARTICLE III

### DEMISING CLAUSES

**Section 3.1 Demise.** The Authority hereby demises and leases to the City, subject to Permitted Encumbrances, and the City hereby rents from the Authority, subject to Permitted Encumbrances, for and during the Initial Term, the real property described on Exhibit A hereto located within the corporate limits of the City, together with the Facility, the Equipment, the Improvements, all other improvements hereafter situated on the Site, not including, any equipment or other personal property that, under the provisions hereof, is or is to become the sole property of the City or third parties.

## ARTICLE IV

### CONSTRUCTING AND FINANCING THE IMPROVEMENTS

**Section 4.1 Agreement to Construct Improvements.** The Authority will proceed with, and will complete as promptly as practicable,

(a) the construction, wholly within the boundary lines of the Site, of the Improvements, substantially in accordance with plans and specifications therefor to be furnished by the City; and

(b) the acquisition and installation in or about the Improvements and wholly within the boundary lines of the Site, of the Equipment, such acquisition and installation to be made as directed by the City,

and will pay, solely out of the principal proceeds derived by it from the sale of the Bonds or any Additional Bonds issued for such purpose, the costs of such construction, acquisition and installation.

The City may, after the execution and delivery hereof, cause such changes to be made to the aforesaid plans and specifications as it may desire and as will not result in any material change in the appearance or basic design of the Improvements or in changing its character as a part of a "project" under the provisions of the Act, and cause such changes to be made in the Equipment, including additions thereto, deletions therefrom and substitutions therefor, as it may desire and as will not cause the Equipment, as altered by such changes, to be, in the reasonable judgment of the City, functionally inferior (insofar as the operation of the Facility and the Improvements are concerned) to the Equipment prior to such changes. Except as provided in the preceding sentence, neither the City nor the Authority will cause or permit any changes to be made to the aforesaid plans and specifications.

The Authority will not hereafter enter into any contract for such construction, acquisition and installation, or any part thereof, unless there is endorsed thereon a legend indicating that the City has approved both the form and substance of such contract or order and such legend is signed on behalf of the City by its Mayor. The City and the Authority will cooperate with each other in order that the construction of the Improvements and the acquisition and installation of the Equipment may be completed as promptly as practicable.

**Section 4.2 Agreement to Issue Bonds.** In order to provide funds for the financing of the costs of the Facility, the costs of acquiring and installing the Equipment therein and the other Improvements and Development Costs, the Authority will, simultaneously with the delivery hereof, issue and sell the Bonds in accordance with the provisions of the Indenture.

**Section 4.3 No Warranty of Suitability by Authority.** The City recognizes that since the plans and specifications for the Facility have been prepared to its order and that since the items of Equipment have been and are to be selected by it, the Authority can make no warranty, either express or implied, or offer any assurances that the Facility or the Equipment will be suitable for the City's purposes or needs or that the proceeds derived from the sale of the

Bonds will be sufficient to pay in full all the Development Costs. In the event said proceeds issued for such purpose are insufficient to pay all said costs, the City

(a) will, subject to the provisions of the second paragraph of Section 4.1 hereof, use its best efforts to cause such changes to be made in said plans and specifications as will result in the Development Costs not exceeding the moneys available for payment thereof derived from the sale of the Bonds, or

(b) will use its best efforts to cause the Authority to issue and sell Additional Bonds in such principal amounts as may be necessary to provide for the payment of all Development Costs, or

(c) will take such action pursuant to both of the courses of action described in the preceding clauses (a) and (b) as will enable (i) the construction, furnishing and equipping of the Facility to be completed to such extent that it may be used by the City for the general purposes for which it was designed and (ii) the Development Costs to be paid in full.

Nothing herein contained shall be construed to impose any obligation on the Authority to incur, or to take any actions which will result in incurring, any costs or expenses in connection with the construction, furnishing and equipping of the Facility other than such costs and expenses as will not exceed the moneys available for payment thereof derived from the sale of the Bonds.

The City shall not be or become obligated to pay any Development Costs, or to make any arrangements (other than the execution and delivery of this Lease Agreement in connection with the issuance of the Bonds) for the financing of any Development Costs, or to undertake the completion of any part of the construction, furnishing and equipping of the Facility because of any relationship it may have with the Authority, under this Lease Agreement or otherwise, in connection with the Facility, including, without limiting the generality of the foregoing, its inducement of the Authority to undertake the construction of the Facility and to lease the same to the City, its control of the preparation of the plans and specifications for the construction, furnishing and equipping of the Facility, or any changes which it may have, pursuant to the provisions of this Lease Agreement, caused to be made to said plans and specifications. Further, the City shall not, by reason of any changes that it may have caused to be made in said plans and specifications or any other actions that it may have taken or failed to take in connection with the construction, furnishing or equipping of the Facility, be or become obligated to renew this Lease Agreement for any Renewal Term or to pay any rental for the use and occupancy of the Facility in addition to that specifically provided for herein.

## ARTICLE V

### EFFECTIVENESS OF LEASE AGREEMENT, RENEWAL TERMS, AGREEMENT TO ISSUE BONDS AND LEASE RENTAL

**Section 5.1 Initial Term.** The Authority and the City hereby acknowledge that the initial term of this Lease Agreement shall begin on the date of delivery of this Lease Agreement and shall end on September 30, 2022.

**Section 5.2 Options to Renew.** After the expiration of the Initial Term, the City shall have the option to renew this Lease for a term of twelve months beginning on October 1, 2022, and continuing until and including September 30, 2023, and shall have the further option from year to year thereafter to renew this Lease for successive terms of twelve months each, each such term to coincide with the fiscal year of the City beginning on October 1 and continuing until and including the then next succeeding September 30; provided however, that if this Lease shall not be renewed for any of the terms provided for herein, this Lease shall thereupon terminate and no renewal may thereafter be made for any subsequent term. Such option to renew this Lease for any such fiscal year shall be deemed to have been exercised and shall therefore be automatically exercised in either of the following events: (a) if the City continues in occupancy of the Facility on the first day of such fiscal year; (b) if, on or prior to the first day of such fiscal year, the governing body of the City shall adopt a resolution electing to exercise such option for such fiscal year; or (c) if the City, pursuant to the provision of this Section 5.2 hereof, pays all or any part of the Basic Rent referable to that Renewal Term prior to the commencement thereof.

**Section 5.3 Agreement to Issue Bonds.** In order to provide for the payment of the costs of constructing the Facility and acquiring and installing the Equipment, the Authority will, simultaneously with the delivery of this Lease Agreement, issue and sell the Bonds and will execute and deliver the Indenture. All the terms and conditions of the Indenture (including in the case of the Indenture, those provisions thereof, but without limitation thereto, relating to the amounts and maturity dates of the principal of the Bonds, the interest rate or rates thereof and the provisions for the redemption thereof prior to their respective maturities) are hereby approved by the City, and to the extent that any provisions of the Indenture are relevant to the calculation of any rental or other sum payable by the City hereunder or to the determination of any other obligation of the City hereunder, the City hereby agrees that such provisions shall be deemed a part of the Lease as fully and completely as if set out herein.

**Section 5.4 Rental Provisions.** The City will pay as rent for use and occupancy of the Facility, not later than fifteen (15) days prior to August 1, 2022, as rent during the initial Term of this Lease, the amount shown to be due on the Bonds on August 1, 2022 as set forth on Exhibit B hereto. For each Renewal Term, if any, after the Initial Term, the City will pay, as rent for use and occupancy of the Facility, not later than fifteen (15) days prior to each August 1 and February 1 during such Renewal Term, an amount equal to the amount due on such dates during such Renewal Term as shown on Exhibit B hereto.

There shall be credited on the rental for any period the amount on deposit in the Bond Fund not previously credited on any rental payment from amounts referable to accrued interest or



interest earnings derived from the investment of amounts on deposit in the Bond Fund. In the event that amounts on deposit in the Bond Fund on any Interest Payment Date are insufficient to pay the principal of and interest on the Bonds on such Interest Payment Date, the City will deposit into the Bond Fund the amount of such insufficiency but solely out of the revenues of the City received during the fiscal year of the City during which such deposit is required to be made.

(c) As additional rental during the Initial Term and during each Renewal Term thereafter in which this Lease shall be renewed as provided in Section 5.2 hereof, the City will pay:

(1) all premiums for the insurance provided for in Section 6.4 hereof, such premiums to be paid directly to the insurer or insurers;

(2) all expenses necessary to maintain the Facility and each part thereof and to keep the same in good repair, all such expenses to be paid from time to time as payment of such expenses becomes due directly to the persons furnishing services or material, or both, for such maintenance, repair and upkeep;

(3) all taxes and public improvement assessments against the Project that may become due and payable, any such taxes and assessments to be paid when due directly to the official to whom the said taxes or assessments, as the case may be, are required to be paid;

(4) the administrative expenses of the Authority for the Initial Term or the then current Renewal Term, as the case may be, all such administrative expenses to be paid directly to or on the order of the Authority as payment for such expenses becomes due;

(5) any fees, charges and expenses due from the Authority under the Indenture to the Trustee, such as fees, charges and/or expenses to be paid by the City directly to the Trustee as payment therefor becomes due;

(6) any rebate or other payments required to be made to the United States of America in order that the Bonds be and remain exempt from Federal income taxation; and

(7) all other charges which, if not paid, would form the basis for a charge or lien on the revenues of the Facility, the said charges to be paid directly to the person or persons to whom such charges are due;

provided, that the City shall be entitled to certain credits on the rental herein required to the extent provided in Section 10.1 of the Indenture.

The obligation of the City to pay the rental provided for herein for any fiscal year of the City during which this Lease shall be in effect and to make all other payments provided for herein and to perform and observe the other agreements and covenants on its part herein contained shall be absolute and unconditional, irrespective of any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority. The obligation of the City to pay rent for any term for which the Lease maybe renewed pursuant to the provisions hereof shall not be

contingent upon the Facility, as expanded, being placed in service.

Nothing herein contained shall be construed as imposing on the Authority or on the Trustee any duty or responsibility of giving any notice to the City of the amount on deposit in the Bond Fund, or of the amount of any other credits against rental available to the City, as of any rental payment date, but the Authority will cause the Trustee to respond to any reasonable request that the City may make for such information. Neither the Authority nor the Trustee shall be obligated to give any prior notice to the City of the due date or amount of any installment of rental hereunder (or the date on which any such installment becomes delinquent), and failure to receive any such prior notice, even if customarily given by the Authority or the Trustee, shall not relieve the City of its obligation to pay such installment of rental when it is due and payable.

So long as any of the Bonds are outstanding, all rental payments due hereunder by the City shall be made directly to the Trustee, for the account of the Authority (except as otherwise specifically provided above in part (c) of this section with respect to certain items of additional rent). The Authority will, promptly following the designation of any successor Trustee under the Indenture, give written notice to the City of the name and location of the principal corporate trust office of such successor Trustee, or it will cause such notice to be promptly given. In the event the due date of any installment of rental payable hereunder is a Sunday or legal holiday in Alabama, such installment shall be due on the next succeeding business day.

**Section 5.5 Limited Obligation; Limited to Current Revenues; City Budget.** The obligation on the part of the City to pay the rental required to be paid, and to perform the agreements on the part of the City herein required to be performed during any fiscal year of the City during which this Lease is in effect, shall constitute a limited obligation of the City, payable solely out of the revenues and receipts received by the City during the fiscal year of the City during which any such amount is payable. The City intends to cause this Lease to be included within the City budget each fiscal year of the City during which this Lease is in effect.

Anything herein to the contrary notwithstanding, for each fiscal year for which this Lease is in effect, the payments and obligations of the City for such fiscal year shall be payable solely from and performed solely out of the current revenues of the City for such fiscal year. Nothing herein contained, including, particularly, without limiting the generality of the foregoing, any reference to the Bonds or the Indenture, shall be construed as imposing upon the City and obligation to pay or otherwise provide for the retirement of any of the Bonds or to renew the Lease for one or more annual renewal terms. The City shall have no liability under this Lease except those specifically provided for herein within respect to the initial term and any renewal term for which the City shall have exercised its option to renew the lease arrangement herein made.

**Section 5.6 This Lease Not a Debt.** The State of Alabama shall not in any manner be liable for any obligations or agreements contained in this Lease. The rental payable and the covenants to be performed by the City under the provisions hereof shall never create a debt of the City within the meaning of Section 225 of the Constitution of the State of Alabama.

**Section 5.7 Notice to Trustee of Certain Actions.** The City agrees to notify the Trustee in the event that any action is taken or authorized to be taken by or on behalf of the City to cease to occupy the Project in accordance with the provisions of this Lease Agreement, such notice to be given within three (3) days following the date on which any such action is taken or authorized to be taken by or on behalf of the City.

**Section 5.8 Budgeting of Rental Payments.** The City agrees to include in its annual budget funds sufficient to make the rental payments herein required to be made for each fiscal year of the City during which this Lease Agreement is or is intended to be in effect.

## ARTICLE VI

### MAINTENANCE, TAXES AND INSURANCE

#### **Section 6.1 Maintenance, Additions, Alterations and Improvements.**

During the Initial Term and any Renewal Term for which this Lease Agreement shall be in effect, the City will, at its own expense, (a) keep the Project in as reasonably safe condition as is reasonable for a public building of such size and character, and (b) subject to the provisions of Section 6.2 hereof, keep the Facility, the Equipment and the other improvements located on the Site in reasonable repair and operating condition (reasonable wear and tear excepted), making from time to time all necessary and proper renewals thereto (including, without limitation, exterior and structural repairs, renewals and replacements); provided however, that all such renewals, replacement and repairs shall be payable solely out of the current revenues of the City for the fiscal year of the City (or part thereof) corresponding to the Initial Term or any Renewal Term during which the City's obligation to pay such costs and expenses may have accrued; provided, further, that nothing contained in this sentence shall be construed to require the City to make any renewals, repairs or replacements that are elsewhere in this Lease Agreement expressly required to be made by the Authority. The City may, also at its own expense, make any additions, alterations or improvements to the Facility that it may deem desirable for its purposes, that do not adversely affect the structural integrity of any building or other structure forming a part of the Facility, and that will not impair the operating unity of the Facility, substantially reduce its value or change its character as a "project" under the Act; provided that all such additions, alterations or improvements shall

(1) be located wholly within the boundary lines of the Site, or

(2) be located wholly within the boundary lines of other adjacent real property hereafter acquired by the Authority, leased to the City by the Authority and subjected to the demise of these presents and to the lien of the Indenture and with respect to which the Authority and the Trustee have been furnished with an opinion of Counsel or a policy of title insurance satisfactory to each of them to the effect that the Authority has good and marketable title thereto, subject only to the lien of the Indenture and Permitted Encumbrances, or

(3) be located wholly within the boundary lines of the Site and such other adjacent real property.

Any such adjacent real property so subjected to the demise hereof and to the lien of the Indenture shall henceforth be considered, for purposes of this Lease Agreement, as part of the Site. All such additions, alterations and improvements so made by the City shall become a part of the Facility. The City will not, during the Initial Term or any Renewal Term for which the Lease herein made shall be in effect, permit any mechanics' or other liens to stand against the Facility for labor or materials furnished it in connection with any additions, alterations, improvements, repairs or renewals so made by it. During any such term, the City may, however, at its own expense and in good faith, contest any such mechanics' liens or other liens and in the event of any such contest may permit any such liens to remain unsatisfied and undischarged during the period of such contest and any appeal therefrom unless by such action the lien of the Indenture to any part of the Facility shall be endangered or any part of the Facility shall be subject to loss or

forfeiture, in either of which events such mechanics' or other liens shall be promptly satisfied.

**Section 6.2 Removal of Equipment.** The Authority and the City recognize that items of the Equipment may from time to time become inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary in the operation of the Project. In any instance where the City in its sole discretion determines that any item of Equipment has become inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary in the operation of the Project,

(a) The City may (if no event of default has occurred and is continuing, without the necessity of any consent or approval by the Authority or the Trustee) remove such item of Equipment from the Site and (on behalf of the Authority) sell, trade in, exchange or otherwise dispose of it without any responsibility or accountability to the Authority or the Trustee therefor, provided that the City substitutes and installs in the Project or on the Site (either by direct payment of the costs thereof or by advancing to the Authority the funds necessary therefor, as hereinafter provided) other equipment or personal property having equal or greater utility (but not necessarily the same value or function) in the operation of the Project for its intended purposes as hereinabove provided, which such substituted equipment or other personal property shall be free of all liens and encumbrances (other than the lien of the Indenture and Permitted Encumbrances), shall be the sole property of the Authority, shall be and become a part of the Equipment subject to the demise hereof and to the lien of the Indenture, and shall be held by the City on the same terms and conditions as the items originally comprising the Equipment; or

(b) The City may (if no event of default has occurred and is continuing, without the necessity of any consent or approval by the Authority or the Trustee) remove such item of Equipment from the Site and (on behalf of the Authority) sell, trade in, exchange or otherwise dispose of it, without any responsibility or accountability to the Authority or the Trustee therefor and without being required to substitute and install in the Project or on the Site other equipment or personal property in substitution therefor, provided that either (i) such item of Equipment has an individual book value (cost less accumulated depreciation calculated in accordance with generally accepted accounting principles, as determined for financial reporting purposes) of \$10,000 or less as of the date of its removal from the Project, or (ii) all such removed items have an aggregate book value (determined as of the respective dates of their removal) not exceeding \$500,000.

Any of the preceding provisions of this Section 6.2 to the contrary notwithstanding, the City shall not exercise the right to remove items of Equipment in such manner as to impair to a significant and substantial degree the utility or habitability of the Project.

The preceding provisions of this Section 6.2 shall apply only so long as any of the Bonds or any Additional Bonds are outstanding under the Indenture. After payment of all bonds outstanding under the Indenture (including provision for such payment as described in the Indenture), the City may, if in its sole discretion any item of the Equipment has become inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary in the operation of the Project for its intended purposes, remove such item of Equipment from the Site and (on behalf of the Authority) sell, trade in, exchange or otherwise dispose of it, without any responsibility or

accountability to the Authority therefor and without being required to substitute and install in the Project or on the Site other equipment or personal property in substitution therefor and may retain any money or other consideration received by it upon any disposition of any such item of Equipment.

In any case where the City is herein required to purchase, install and substitute in the Project or on the Site any item of equipment, it may, in lieu of purchasing and installing said equipment or other personal property itself, advance to the Authority the funds necessary therefor, whereupon the Authority will purchase and install such equipment in the Project or on the Site.

Nothing contained herein shall prohibit the City, at any time during which it is not in default hereunder, from removing from the Site any equipment that is owned by it or leased by it from third parties and that does not constitute part of the Equipment, provided (1) that such equipment may be removed without adversely affecting the structural integrity of any building or other structure forming a part of the Project or causing any material damage to any such building or structure or to the Site, or (2) that if such removal will result in adversely affecting the structural integrity of any such building or other structure or in causing any material damage to any such building or structure or to the Site, the City promptly after such removal takes such action as is necessary to restore the structural integrity of such building or structure or to repair such damage, as the case may be.

**Section 6.3 Taxes, Other Governmental Charges and Utility Charges.** The City will pay, as the same respectively become due, (i) all taxes and governmental charges of any kind whatsoever that may lawfully be assessed or levied against or with respect to the Project that may become due and payable during the Initial Term or any Renewal Term for which the Lease herein made shall be in effect (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the Project which, if not paid, would become a lien on the Project prior to or on a parity with the lien of the Indenture or a charge on the revenues and receipts therefrom prior to or on a parity with the charge thereon and pledge and assignment thereof to be created and made in the Indenture), (ii) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facility, and (iii) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the Initial Term or during any Renewal Term for which the Lease herein made shall be in effect.

The City may, at its own expense and in its own name and behalf or in the name and behalf of the City, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless by such action the title of the Authority to any part of the Project shall be materially endangered or the Project or any part thereof shall become subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid prior to their becoming delinquent. The Authority will cooperate fully with the City in any such contest.

**Section 6.4 Insurance.** The City will, at all times while this Lease Agreement is in effect, maintain in effect, or cause to be maintained in effect, insurance against loss or damage to the Facility, with uniform standard extended coverage endorsement limited only as may be provided in the broad form of extended coverage endorsement at the time in use in Alabama,

(a) insurance against loss or damage to the Facility, with uniform standard extended coverage endorsement limited only as provided in the broad form of extended coverage endorsement at the time in use in the State of Alabama, (i) to such extent as is necessary to provide for full payment of the costs of repairing or replacing the property damaged or destroyed, or (ii) to the extent of the full replacement value of the Facility, whichever of the foregoing (i) or (ii) is the greatest and is available; and

(b) comprehensive public liability insurance for injury or death to third parties or damage to their property as a result of occurrences on or about the Project in an amount not less than \$1,000,000.00.

The City may be self-insured with respect to public liability insurance of the type described in the preceding clause (b) if it creates and continues to maintain (or causes to be created and continuously maintained) separate reserves therefor in amounts which, in the sole discretion of the City, are reasonable.

All policies evidencing the insurance required by the terms of the preceding paragraph shall be taken out and maintained in generally recognized responsible insurance companies, qualified under the laws of the State of Alabama to assume the respective risks undertaken, and may be written with deductible amounts comparable to those on similar policies carried by persons engaged in businesses of the size and type of the City. All such insurance policies, other than those evidencing the insurance required by clause (b) of the preceding paragraph and such other policies or portions thereof as may evidence insurance against liability for injury to persons or property of others, shall name as insureds the Authority, the Trustee and the City (as their respective interests shall appear) and shall contain standard mortgage clauses providing for all losses thereunder to be paid to the Trustee; provided that all losses may, at any time during which this Lease Agreement is in effect, be adjusted by the City, subject to the written approval of the Trustee. Anything herein to the contrary notwithstanding, any insurance required by the provisions hereof may be evidenced by a blanket policy covering risks in addition to those hereby required to be covered, but only if appropriate allocation certificates and loss payable endorsements are furnished to the Authority and the Trustee.

All policies evidencing the insurance required by the terms of the first paragraph of this Section 6.4 shall contain an agreement on the part of the insurer issuing such policy that the same shall not be cancelled by such insurer unless thirty (30) days' prior written notice of such cancellation shall have been given to the Authority and the Trustee.

All policies evidencing the insurance required to be carried by the preceding provisions of this section (with premiums therefor until and including the then next succeeding

September 30 paid in advance) shall be deposited with the Trustee (i) on the effective date of this Lease Agreement or, in the event that there is then in effect so-called "builder's risk insurance" of the type referred to in the next succeeding paragraph, the earliest date thereafter on which the City is required by the provisions of this section to maintain (or cause to be maintained) the insurance required by the preceding provisions of this section, and (ii) on the first day of each Renewal Term thereafter during which this Lease Agreement is in effect, except that, in lieu of any of such policies, the City may deposit or cause to be deposited with the Trustee a certificate or certificates of the respective insurers attesting the fact that such insurance is in force and effect, with all premiums paid as aforesaid. Prior to the expiration or cancellation of any such policy, the City will furnish or cause to be furnished to the Trustee evidence reasonably satisfactory to the Trustee that such policy has been renewed or replaced by another policy or that there is no necessity therefor under this Lease Agreement.

Any of the provisions of this Lease Agreement to the contrary notwithstanding,

(1) the City shall not, until the Completion Date, be required to maintain (or cause to be maintained) any of the insurance that would otherwise be required hereby so long as there shall be in effect so-called "builder's risk insurance" substantially equivalent to the insurance that would otherwise be required to be maintained by the City hereunder, it being understood and agreed, however, that if at any time prior to the Completion Date no such "builder's risk insurance" is in effect, the City shall be required to maintain (or cause to be maintained) insurance of the type and character referred to in the preceding provisions of this Section 6.4; and

(2) any proceeds derived from any such "builder's risk insurance" shall be applied as provided in the related construction contract.

**Section 6.5 Advances by Authority or Trustee.** In the event the City fails during the Initial Term or any Renewal Term for which this Lease Agreement shall be in effect, to take out or maintain the full insurance coverage required by this Lease Agreement or fails to keep the Facility in a safe condition as is reasonable for a facility of such size and character or the Facility, the Equipment and the other improvements located on the Site in reasonable repair and operating condition, the Authority or the Trustee, after first notifying the City of any such failure on its part and after the subsequent failure by the City to take out or maintain such insurance or to take action reasonably calculated to keep the Facility in a safe condition as is reasonable for a facility of the size and character of the Facility or the Facility, the Equipment and the other improvements located on the Site in reasonable repair and operating condition, may (but shall not be obligated to) take out the required policies of insurance and pay the premiums on the same or make such repairs, renewals and replacements as may be necessary to maintain the Facility in as reasonably safe condition as the City's operations permit and the Facility, the Equipment and the other improvements located on the Site in reasonable repair and operating condition, respectively; and all amounts so advanced therefor by the Authority or the Trustee shall become an additional obligation of the City to the Authority or to the Trustee, as the case may be, which amounts, together with interest thereon at the rate of ten per cent (10%) per annum from the date thereof, the City will pay; provided, that any such additional obligation of the City shall be payable solely out of the current revenues of the City for the fiscal year of the City during which such obligation shall be incurred. Any remedy herein vested in the Authority or the Trustee for the collection of rental payments shall also be available to the Authority and the Trustee for the collection of all such amounts so advanced.



## ARTICLE VII

### PROVISIONS RESPECTING DAMAGE, DESTRUCTION AND CONDEMNATION

**Section 7.1 Damage and Destruction Provisions.** If the Facility or any of the Equipment is destroyed, in whole or in part, or is damaged, by fire or other casualty, the City will promptly so notify the Trustee in writing. If, in such event, the City is not entitled to exercise its right to require the Authority to redeem and retire all the then outstanding Bonds granted in Section 11.1 hereof or if, in such event, being entitled to, it does not exercise such option, the Net Insurance Proceeds shall be paid to and held by the Trustee (or, if the Bonds have been fully paid, the Authority), whereupon

(i) the Authority will proceed, as promptly as practicable under the circumstances and under such terms, conditions and contracts as shall be approved by the City, to repair, rebuild or restore the property damaged or destroyed to substantially the same condition as prior to the event causing such damage or destruction, with such changes, alterations and modifications as shall be specified by the City and as will not change the character of the Facility as a "project" under the Act; provided, that the City shall not cause any such changes, alterations or modifications to be made which would cause the costs of repairing, replacing, rebuilding or restoring the property damaged or destroyed to exceed the Net Insurance Proceeds referable thereto, unless the City pays, or provides funds to the Authority for payment of, the amount by which such costs exceed such insurance proceeds, and

(ii) the Trustee will apply the Net Insurance Proceeds to payment of the costs of such repair, rebuilding or restoration.

Any balance of the Net Insurance Proceeds remaining after payment of all the costs of such repair, rebuilding or restoration shall be paid into the Bond Fund and applied to the redemption of Bonds on the earliest date on which they are by their terms subject to redemption.

The Authority's obligation to pay costs of repairing, restoring or rebuilding any property damaged or destroyed shall be limited solely to the Net Insurance Proceeds referable thereto, plus any funds that may be contributed for such purpose. If, after being furnished with the necessary funds (whether from insurance proceeds or from other sources), the Authority fails or refuses after reasonable request so to take any action required to repair, rebuild or restore the property damaged or destroyed, the City may, for and in the name and behalf of the Authority, take such action as is required to accomplish such repair, rebuilding or restoration, in which case it shall be entitled to reimbursement for the costs thereof from the funds referred to above, to the extent such funds are sufficient therefor. In no event shall the Authority undertake the work of any repair, rebuilding or restoration unless and until (i) it has been notified in writing by the City that the City irrevocably relinquishes any right it may have, on account of such damage or destruction, to exercise the option granted in Section 11.1 hereof to require the Authority to redeem and retire all then outstanding Bonds, or (ii) the time within which the City must exercise such option has expired without the City having exercised such option. If, however, as a result of such damage or destruction, the City is entitled to exercise such option and duly does so in accordance with the applicable provisions of said Section 11.1, the Authority shall not be required to repair, rebuild or restore the property damaged or destroyed, in which event so much

(which may be all) of any Net Insurance Proceeds referable to such damage or destruction as shall be necessary to provide for full retirement of the Bonds (as specified in Section 11.1 hereof) shall be paid or credited by the Trustee into the Bond Fund and the excess thereafter remaining (if any) shall be paid to the City after retirement of all outstanding Bonds.

**Section 7.2 Condemnation Provisions.** If the Facility or any part thereof is taken under the exercise of the power of eminent domain by any governmental authority or person, firm or corporation acting under governmental authority, the entire condemnation award referable to the Facility shall be paid to the Trustee and applied as hereinafter provided:

(a) Taking of All or Substantially All the Facility. If title to all or substantially all the Facility is taken by such eminent domain proceeding, this Lease Agreement shall terminate as of the date the condemning authority enters into possession of the Facility. If the Net Condemnation Award plus all amounts in the Bond Fund and the Construction Fund (if any) are sufficient to pay and retire all the then outstanding Bonds, the Trustee shall take such action as may be necessary under the provisions of Article VI of the Indenture to call for redemption all the outstanding Bonds on the forty-fifth (45th) day after the condemning authority enters into possession of the Facility or after the receipt by the Trustee of the entire final condemnation award, whichever is later, and the Trustee shall segregate and set aside in the Bond Fund (out of moneys therein, in the Construction Fund and the Net Condemnation Award) all moneys that may be available to provide for retirement of the Bonds. Any balance of the said moneys remaining after full payment of all the outstanding Bonds shall be paid to the City. If, however, the total of such amounts is not sufficient to pay and retire all the then outstanding Bonds, the Trustee will apply such amounts in accordance with Section 14.3 of the Indenture.

The City shall not, on account of being deprived of the use and occupancy of the Facility as the result of the taking by eminent domain of all or substantially all thereof, be entitled to any rebate or abatement of any Basic Rent applicable to the Initial Term or any Renewal Term that it may have, prior to such taking, paid to the Trustee for the account of the Authority. If, however, the sum of the Net Condemnation Award and the amounts in the Bond Fund and the Construction Fund (if any) exceeds the sum needed to retire all the then outstanding Bonds (including, without limitation thereto, principal, premium (if any), interest to maturity or earliest practicable redemption date (as the case may be), expenses of redemption and Trustee's fees, charges and disbursements) in accordance with the applicable provisions of the Indenture, then such excess shall be paid to the City after all the then outstanding Bonds have been retired.

(b) Taking of Less Than All or Less Than Substantially All the Facility. If title to less than all or less than substantially all the Facility is taken by such eminent domain proceeding, this Lease Agreement (including, without limitation, the options of the City to renew the Lease herein made for successive Renewal Terms and the obligation of the City to pay the Basic Rent applicable to the Initial Term and all Renewal Terms for which said Lease shall be in effect) shall continue in full force and effect but with the following consequences;

(1) If no part of the Facility is taken or damaged and if in the City's opinion the use of the Facility is not impaired by such taking, the Net Condemnation Award referable

thereto shall be paid into the Bond Fund and applied to the redemption of Bonds on the earliest date on which they are by their terms subject to redemption.

(2) If any part of the Facility is taken or damaged or if in the City's opinion the use of the Facility is impaired by such taking, the Authority will proceed, as promptly as practicable under the circumstances and upon such terms as shall be approved in writing by the City, to repair, rebuild or restore the portion or portions of the Facility taken or damaged or to rearrange the Facility and any other facilities then forming a part of the Facility so as to make them suitable for the use of the City (provided that the City shall not prescribe terms and conditions for such repair, replacement, rebuilding, restoration or rearrangement which would cause the costs thereof to exceed the Net Condemnation Award referable to such taking unless the City pays, or provides for the payment of, the amount by which such costs exceed such condemnation award) and the Trustee will apply the Net Condemnation Award referable to such taking to payment of the costs of such repair, rebuilding, restoration or rearrangement. If the Net Condemnation Award is in excess of the costs of such repair, rebuilding, restoration or rearrangement, the excess shall be paid into the Bond Fund and applied to the redemption of Bonds on the earliest date on which they are by their terms subject to redemption. The Authority's obligation to pay the costs of such repair, replacement, rebuilding, restoration or rearrangement shall be limited solely to the Net Condemnation Award, plus any funds that may have been contributed to it for such purpose. If, after being furnished with the necessary funds (whether from condemnation proceeds or from other sources), the Authority fails or refuses after reasonable request so to repair, rebuild or restore the Facility or to rearrange the facilities forming a part of the Facility so as to make them suitable for the use by the City, the City may, for and in the name and behalf of the Authority, perform the work of such repair, rebuilding, restoration or rearrangement, in which case it shall be entitled to reimbursement for the costs thereof from the funds referred to above, to the extent that such funds are sufficient therefor. The preceding provisions of this subparagraph (2) to the contrary notwithstanding, in no event shall the Authority undertake the work of any repair, rebuilding, restoration or rearrangement thereunder unless and until (A) it has been notified in writing by the City that the City irrevocably relinquishes any right it may have, on account of such condemnation, to exercise the option to require the Authority to redeem and retire all the then outstanding Bonds granted in Section 11.1 hereof, or (B) the time within which the City must exercise such option has expired without the City having exercised such option. If, however, as result of such taking, the City is entitled to exercise such option and duly does so in accordance with the applicable provisions of said Section 11.1, then the Authority shall not be required to repair, rebuild or restore the Facility or to rearrange the portion or portions of the Facility so damaged or taken nor shall any of the other said provisions of this subparagraph (2) apply in such case, and so much (which may be all) of the Net Condemnation Award referable to such taking as may be necessary to provide for full payment and retirement of the Bonds (as specified in Section 11.1 hereof) shall be paid or credited by the Trustee into the Bond Fund and the excess thereafter remaining (if any) shall be paid to the City after all the outstanding Bonds have been retired.

The Authority will cooperate fully with the City in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Facility or any part thereof and will follow all reasonable directions given to it by the City in connection with such proceeding. In no event will the Authority settle, or consent to the settlement of, any prospective

or pending condemnation proceeding with respect to the Facility or any part thereof without the prior written consent of the City.

**Section 7.3 City Obligations Upon Event of Damage or Condemnation.** .In the event of damage to or destruction of the Facility or any part thereof or the taking of less than all or less than substantially all the Facility through eminent domain proceedings, the City shall not be or become obligated to pay, or to make any arrangements for the payment of, any of the costs of repairing, replacing, rebuilding or restoring the property damaged, destroyed, or taken or any of the costs of rearranging the Facility or any other facilities then forming a part of the Facility, nor shall it be or become obligated to renew the Lease herein made for any Renewal Terms commencing after the occurrence of such damage, destruction or taking, and the exercise by the City of any of its rights hereunder (including, without limiting the generality of the foregoing, its exercise of the right herein granted to have such repair, replacement, rebuilding, restoration or rearrangement carried out in accordance with its requirements) shall not be deemed to impose any obligations, either direct or consequential, on the City in connection with any such repair, replacement, rebuilding, restoration or rearrangement that may be undertaken by the Authority. If such damage, destruction or taking occurs during the Initial Term or any Renewal Term for which the Lease herein made shall be in effect, then in such event the City shall remain obligated to pay the entire Basic Rent applicable to such term, even though it may be deprived of the use and occupancy of the whole or any part of the Facility during the remainder of such term. If prior to the occurrence of such damage, destruction or taking, the City shall have renewed the Lease herein made for a Renewal Term that commences after such occurrence, the City shall not be entitled to any rebate of any portion of the Basic Rent applicable to such term that it may have theretofore paid and it shall remain obligated to pay the entire Basic Rent applicable to such term, even though it may be deprived of the use and occupancy of the whole or any part of the Facility during the whole or any part of such term. If, after the occurrence of such damage, destruction or taking, the City exercises its option to renew the Lease herein made for any Renewal Term, it shall not be entitled to any reduction in the Basic Rent for such Renewal Term because during all or part thereof it may have been deprived of the use and occupancy of the Facility, in whole or in part, as a result of the Facility or any other facilities then forming a part of the Facility not having been restored to a usable condition.

**Section 7.4 Condemnation of Right to Use of Facility for Limited Period.** If the use, for a limited period, of all or part of the Facility is taken by any such eminent domain proceeding, this Lease Agreement (including, without limitation, the options of the City to renew the Lease herein made for successive Renewal Terms and the obligation of the City to pay the Basic Rent applicable to the Initial Term and all Renewal Terms for which said Lease shall be in effect) shall, unless as a result thereof the City is entitled to exercise the option to require the Authority to redeem all then outstanding Bonds granted in Section 11.1 hereof and duly does so in accordance with the provisions of said Section 11.1, continue in full force and effect, but with the consequences specified in the remaining provisions of this Section 7.4.

If such taking occurs during the Initial Term or any Renewal Term for which the Lease herein made shall be in effect, the City shall remain obligated to pay the entire Basic Rent applicable to such term, even though it may be deprived of the use and occupancy of the Facility for all or any part of the remainder of such term. If, prior to such taking, the City shall have

renewed the Lease herein made for a Renewal Term that commences after such taking, the City shall not be entitled to any rebate of any portion of the Basic Rent applicable to such term that it may have therefore paid and it shall remain obligated to pay the entire Basic Rent applicable to such term, even though it may be deprived of the use and occupancy of the whole or any part of the Facility during the whole or any part of such term. If, after such taking, the City shall exercise its option to renew the Lease herein made for any Renewal Term, it shall not be entitled to any reduction in the Basic Rent applicable to such Renewal Term for any portion of such term (which may be all) during which it may be deprived of the use and occupancy of the Facility, in whole or in part, because of the continuation of such taking. The City and the Authority will deposit in the Bond Fund, or will cause to be deposited therein, the total of all condemnation awards that may, from time to time, be made to either or both of them as compensation for the taking of the use by or interest in the Facility of either of them, whether by way of damages, rent or otherwise, and all condemnation awards referable to such taking that are deposited in the Bond Fund (whether initially received by the City, the Authority or the Trustee) shall be available as a credit on the Basic Rent payable by the City for any Renewal Term beginning after the deposit of such awards in the Bond Fund. If such taking ends during the Initial Term or any Renewal Term for which the Lease herein made shall be in effect, the City shall restore the Facility as nearly as practicable to the condition existing immediately prior to such taking, with such changes, alterations and modifications as will not change the character of the Facility as a "project" under the provisions of the Act; provided, however, that all costs and expenses that the City may be obligated to pay with respect to such restoration shall be payable solely out of the current revenues of the City for the fiscal year of the City during which such taking ends.

**Section 7.5 Condemnation of City-Owned Property.** In the event the Facility or any part thereof is taken through eminent domain proceedings, the City shall be entitled to any condemnation award or portion thereof made for damages to or takings of its own property, as well as all other sums awarded as compensation for the interest of the City in the part of the Facility taken and as damages to the interest of the City in any part thereof not taken (excluding, however, compensation and damages referable to the City's use of or interest in the Facility in the event of a taking of the Facility or any part thereof for a limited period), but there shall be deducted therefrom, or paid directly by the City, all attorneys' fees and other expenses incurred in connection with the receipt of such award or sum or portion thereof.

## **ARTICLE VIII**

### **PARTICULAR COVENANTS OF THE CITY**

**Section 8.1 General Covenants.** The City will not do or permit anything to be done on or about the Project that will affect, impair or contravene any policies of insurance that may be carried on the Project or any part thereof against loss or damage by fire, casualty or otherwise. The City will, in the use of the Facility and the Equipment and the public ways abutting the Site, comply with all applicable lawful requirements of all governmental bodies.

**Section 8.2 Release and Indemnification Covenants.** To the extent permitted by Alabama law, the City releases the Authority from, covenants that the Authority shall not be liable for, and agrees to hold the Authority harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned on account of any defect in the

Facility, including any expenses incurred by the Authority in connection with the defense of any claim against it arising out of any such loss, damage, injury or death; provided, however, that the City shall have no liability pursuant to this Section 8.2 unless such liability shall be fixed, both as to the obligation of the City to pay such liability and as to the amount thereof, during the Initial Term on any Renewal Term for which this Lease Agreement shall be in effect; provided further that any liability of the City pursuant to this Section 8.2 shall be payable solely out of the current revenues of the City for the fiscal year of the City during which such liability becomes so fixed; provided further that nothing herein contained shall be construed to indemnify the Authority against, or to release the Authority from liability for, any loss or damage that may result from wanton misconduct on the part of the Authority or from its own intentional wrongful acts. The City will provide for and insure, pursuant to the public liability provisions of Section 6.4 hereof, not only its own liability in respect of the matters there mentioned but also the liability assumed pursuant to this Section 8.2. The Authority will not, without the prior written consent of the City, settle or consent to the settlement of any prospective or pending litigation for which the City is or may be obligated, under the provisions of this Section 8.2, to indemnify the Authority, and the City shall have full and complete control of any such litigation, including (without limitation) the right to select counsel for the Authority.

**Section 8.3 Inspection of Facility.** The City will permit the Authority, the Trustee and their duly authorized agents at all reasonable times to enter upon, examine and inspect the Facility. So long as any of the Bonds are outstanding and unpaid, the City will also permit the Trustee and its duly authorized agents to take such action as may be necessary and convenient to cause the Facility to be kept in as reasonably safe condition as is reasonable for a public building of the size and character of the Facility and the Equipment and the other improvements on the Site to be kept in reasonable repair and operating condition, all as and to the extent provided in Sections 6.1 and 6.5 hereof.

**Section 8.4 Further Assurances.** The City will, at its own cost and expense, take all actions that may at the time and from time to time be necessary to perfect, preserve, protect and secure the interests of the Authority and the Trustee, or either, in and to the Facility, including, without limitation, the filing of all financing and continuation statements. The City further agrees, without in any way limiting the generality of the foregoing, to take any and all such actions that in the judgment of the Authority or the Trustee are necessary for the perfection, preservation, protection and securing of such interests.

**Section 8.5 Concerning Issuance of Additional Bonds.** The City and the Authority recognize that under the provisions of the Indenture, the Authority is authorized to issue one or more series of Additional Bonds on a parity with the Bonds, for certain purposes, provided that the conditions precedent specified in the Indenture are complied with. If the City is not in default hereunder, the Authority will, on the written request of the City and upon being furnished by the City with the documentation required therefor in subsections (c) and (d) of Section 8.2 of the Indenture, take such actions as are necessary to authorize the issuance and sale of such amount of Additional Bonds as is specified in such request and will use its best efforts to effect the sale thereof; provided that the interest rate or rates to be borne by such Additional Bonds and the purchase price to be paid therefor are approved in writing by the City.

**Section 8.6 Limitation on New Facilities When Lease Note Renewed.** The City hereby agrees that, during any period in which the Series 2022 Bonds are outstanding and the City has not renewed the term of this Lease, the City will not construct any new facilities, or lease any new space, in any building, structure or other facility in or about the City, for the same purpose for which the Facility was leased except pursuant to a supplemental Lease Agreement entered into between the City and the Authority pursuant to the provisions of the Indenture; provided, nothing herein shall prohibit or limit the ability of the City to conduct city hall and city management and operations functions in other facilities that the City owns or leases. For the avoidance of doubt, the City hereby declares and reserves its right to continue the conduct of city hall and city management operations and functions (including, without limitation, headquarter facilities for the operations of Huntsville Utilities and other facilities for the conduct of business and operations of the City) in facilities currently owned, leased or operated by the City at any time without regard to this Lease, the Indenture or the Series 2022 Bonds.

## **ARTICLE IX**

### **CERTAIN PROVISIONS RELATING TO ASSIGNMENT AND MORTGAGING AND TO THE BONDS**

**Section 9.1 Mortgaging of Facility by Authority.** It is understood and agreed that the Authority will mortgage, on a non-foreclosable basis, the Facility to the Trustee as security for the payment of the Bonds, subject to this Lease Agreement (which Lease Agreement and the estate of the City hereunder shall be prior and superior to the lien of the Indenture), and will assign its interest in and pledge any moneys receivable under this Lease Agreement to the Trustee as security for payment of the principal of and the interest and premium (if any) on the Bonds. The City hereby agrees to such mortgage and assignment and understands that such mortgage and assignment shall not be foreclosable. It is further understood and agreed that the Authority will in the Indenture obligate itself to follow the instructions of the Trustee or the holders of the Bonds or a certain percentage thereof in the election or pursuit of any remedies herein vested in it. Upon the assignment and pledge to the Trustee of the Authority's interest in this Lease Agreement, the Trustee shall have all rights and remedies herein accorded the Authority and any reference herein to the Authority shall be deemed, with the necessary changes in detail, to include the Trustee, and the Trustee and the holders of the Bonds shall be deemed to be third party beneficiaries of the covenants and agreements on the part of the City herein contained. Subsequent to the issuance of the Bonds and prior to their payment in full, the Authority and the City shall have no power to modify, alter, amend or (except as specifically authorized herein) terminate this Lease Agreement without the prior written consent of the Trustee and then only as provided in the Indenture. The Authority will not, so long as the City is not in default hereunder, amend the Indenture or any indenture supplemental thereto without the prior written consent of the City.

Without the prior written consent of the City, the Authority will not, at any time while the City is not in default hereunder, hereafter issue any bonds or other securities (including refunding securities), other than the Bonds and any Additional Bonds, that are payable out of or secured by a pledge of the revenues and receipts derived by the Authority from the leasing or sale of the Facility, nor, without such consent, will the Authority, at any time while the City is not in default hereunder, hereafter place any mortgage or other encumbrance (other than the

Indenture and supplemental indentures contemplated thereby) on the Facility or any part thereof. Neither the Authority nor the City will unreasonably withhold any consent herein or in the Indenture required of either of them.

**Section 9.2 References to Bonds Ineffective After Bonds Paid.** Upon full payment of the Bonds, all references in this Lease Agreement to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holders of any of the Bonds shall thereafter have any rights hereunder. For purposes of this Lease Agreement, any of the Bonds shall be deemed fully paid if there exist, with respect thereto, the applicable conditions specified in Section 17.1 of the Indenture.

## **ARTICLE X**

### **EVENTS OF DEFAULT AND REMEDIES**

**Section 10.1 Events of Default Defined.** The following shall be "events of default" under this Lease Agreement, and the terms "event of default" or "default" shall mean, whenever they are used in this Lease Agreement, any one or more of the following events:

(a) Failure by the City to pay the Basic Rent applicable to the Initial Term or any Renewal Term for which the Lease herein made shall be in effect, or the fees, charges or disbursements of the Trustee for its services, which failure shall result in funds not being available in the Bond Fund sufficient to pay the principal of and interest on the Bonds on any Interest Payment Date; or

(b) Failure by the City to perform or observe any of its other agreements or covenants contained in this Lease Agreement, which failure shall have continued for a period of sixty (60) days after written notice specifying, in reasonable detail, the nature of such failure and requiring the City to perform or observe the agreement or covenant with respect to which it is delinquent shall have been given to the City by the Authority or the Trustee, unless (i) the Authority and the Trustee shall agree in writing to an extension of such period prior to its expiration, or (ii) during such sixty (60) day period or any extension thereof, the City has commenced and is diligently pursuing appropriate corrective action, or (iii) the City is by reason of force majeure at the time prevented from performing or observing the agreement or covenant with respect to which it is delinquent; or

(c) Failure of the City to appropriate any amounts due hereunder for any term of the Lease then in effect; or

(d) The filing by the City of a voluntary petition in bankruptcy, or failure of the City promptly to lift any execution, garnishment or attachment of such consequences as will impair operations at the Facility, the seeking of or consenting to or acquiescing by the City in the appointment of a receiver of all, or substantially all, of the property thereof or of the Facility or the adjudication of the City as a bankrupt, or any assignment by the City for the benefit of its creditors

The term "force majeure" as used in subsection (b) of this section means acts of God or the



public enemy, strikes, labor disputes, lockouts, work slowdowns or stoppages or other industrial disturbances, insurrections, riots or other civil disturbances, orders of the United States of America, the State of Alabama or any department, agency or political subdivision of either thereof, or of other civil or military authority, or partial or entire failure of public utilities.

**Section 10.2 Remedies on Default.** Whenever any such event of default shall have happened and be continuing, the Authority and the Trustee (or the Trustee on behalf of the Authority) may:

(a) take possession of the Facility and rent all or any part thereof for the account of the City for the remainder of the Initial Term or any Renewal Term then in effect;

(b) terminate the Lease Agreement, take possession of the Facility and lease the same for the account of the Authority;

(c) declare all installments of Basic Rent payable for the remainder of the Initial Term or Renewal Term then in effect, as the case may be, immediately due and payable; and

(d) take whatever other action at law or in equity may appear necessary or desirable to collect the rent then due, or to enforce any obligation, covenant or agreement of the City under this Lease Agreement.

**Section 10.3 No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article X, it shall not be necessary to give any notice, other than such notice as is herein expressly required.

**Section 10.4 No Additional Waiver Implied by One Waiver.** In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. Further, neither the receipt nor the acceptance of rental hereunder by the Authority, or by the Trustee on its behalf, shall be deemed to be a waiver of any breach of any covenant or condition herein contained even though at the time of such receipt or acceptance there has been a breach of one or more covenants or conditions on the part of the City herein contained and the Authority or the Trustee (or both) have knowledge thereof.

## ARTICLE XI

### RIGHT OF CITY TO REQUIRE REDEMPTION OF BONDS

**Section 11.1 Right to Require Authority to Redeem Bonds.** The City shall have, and is hereby granted, the right to require the Authority to effect the redemption and retirement of all the Bonds in the event that:

(a) the Facility is damaged or destroyed, by fire or other cause, to such extent that in the opinion of an Independent Engineer, expressed in a written certificate filed with the Authority and the Trustee, (i) the Facility cannot reasonably be restored to the condition thereof immediately preceding such damage or destruction within a period of three (3) consecutive months, (ii) the City will thereby be prevented, or is likely to be thereby prevented, from using the Facility for a period of not less than three (3) consecutive months, or (iii) the cost of restoration thereof would exceed the sum of the Net Insurance Proceeds referable to such damage or destruction, or

(b) title to, or the temporary use of, any part of the Facility is taken under the exercise of the power of eminent domain by any governmental authority or person, firm or corporation acting under governmental authority and such taking or takings result (or, in the opinion of an Independent Engineer, expressed in a written certificate filed with the Authority and the Trustee, are likely to result) in the City being thereby prevented from using the Facility for a period of not less than three (3) consecutive months, or

(c) as a result of any changes in the Constitution of the State of Alabama or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal), entered after the contest thereof by the City in good faith, this Lease Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed herein or unreasonable burdens or excessive liabilities are imposed on the Authority or the City.

To exercise such option, the City

(i) shall, within sixty (60) days following the event authorizing the exercise of such right, give written notice to the Authority and the Trustee,

(ii) shall specify therein the date of redemption, which shall be not less than thirty (30) nor more than sixty (60) days after the date such notice is mailed, and

(iii) shall five (5) days prior to the date fixed for redemption pursuant to the preceding clause (ii) pay to the Trustee (for the account of the Authority), as consideration for the exercise of the right to require the redemption and retirement of the Bonds, an amount which, when added to the total of the amounts on deposit in the Bond Fund and the Construction Fund plus the amount of any Net Insurance Proceeds or Net Condemnation Award in the hands of the Trustee and referable to the damage, destruction or condemnation authorizing the exercise of such right, will be sufficient to pay, retire and redeem all the outstanding Bonds on the said date

fixed for redemption, including, without limitation, principal, premium (if any), all interest to mature until and on such date, expenses of redemption and Trustee's reasonable fees, charges and disbursements.

In the event that at the time of the exercise of any right herein granted, there have not been collected by the Authority, the Trustee or the City the entire insurance proceeds or condemnation award referable to any damage, destruction or condemnation authorizing the exercise of such option, all Net Insurance Proceeds and all Net Condemnation Awards thereafter collected and referable to such damage, destruction or condemnation shall be paid to the City, and the Authority will take all actions necessary to cause the amount of any such award or proceeds to be paid to the City. The provisions of this paragraph shall survive the expiration of the term of this Lease Agreement or any termination hereof unless at the time of such expiration or termination the City is in default hereunder.

**Section 11.2 City to Cause Bonds to be Redeemed.** The Authority hereby covenants and agrees not to call for redemption any Bonds pursuant to the optional redemption provisions of Section 7.2 of the Indenture unless directed by the City in writing. The Authority shall cause the terms of the Indenture to provide that Bonds may be called for redemption and payment pursuant to a resolution or ordinance adopted by the City and delivered to the Trustee. In the event the City is entitled to, and does elect to cause Bonds to be redeemed and retired pursuant to the Indenture, the Authority shall cooperate and provide such notices, directions, orders, requests, instruments, agreements and other reasonably requested documents and actions as shall be necessary or desirable to effectuate such redemption.

## **ARTICLE XII**

### **MISCELLANEOUS**

**Section 12.1 Limited Effect of Lease on Obligation of City.** Neither the execution and delivery of this Lease Agreement nor any other actions taken by the City in connection with the issuance and sale of the Bonds shall obligate the City to renew the Lease for any Renewal Term following the Initial Term.

**Section 12.2 Assignment.** This Lease Agreement will be assigned and pledged by the Authority as security for the Bonds to be issued to finance the construction of the Facility and the acquisition of the items of Equipment. This Lease Agreement shall not be assigned by the City, and any instrument purporting or attempting to assign the interest of the City hereunder shall be void.

**Section 12.3 Termination of the Lease Upon Full Payment of Bonds.** (a) All references in this Lease Agreement to the Bonds and the Trustee shall be ineffective, and neither the Trustee nor the holders of any of the Bonds shall thereafter have any rights under the Lease, and this Lease Agreement shall terminate upon full payment of the Bonds. For purposes of this Lease Agreement, the Bonds shall be deemed fully paid if there exist with respect thereto the applicable conditions specified in Section 17.1 of the Indenture.

(b) The Authority and the City hereby acknowledge that the Act provides, as of the time of the delivery of this Lease Agreement, that in the event the Authority shall at any

time have outstanding and unpaid bonds payable, in whole or in part, from the revenues derived from the Project, then, as and when the principal of and interest on all such bonds shall have been paid in full, title to the Project shall thereupon vest in the City. In order to conform this Lease Agreement to the aforesaid provision of the Act and in order to establish the City's right to the Project if, at such time as the Bonds shall have been fully paid, the Act does not then automatically vest title to the Project in the City, the Authority hereby conveys to the City all the Authority's right, title and interest in and to the Project, said right, title and interest to vest absolutely in the City upon full payment of the Bonds and all other indebtedness of the Authority secured (in whole or in part) by a lien on the Project or payable (in whole or in part) out of the revenues derived by the Authority therefrom. The Authority and the City hereby further agree that the right, title and interest of the Authority in and to the Project shall, without further action on the part of the Authority, automatically vest in the City upon full payment of the Bonds and such other indebtedness. In no event, however, shall the City be entitled to claim or enforce any rights in the Project pursuant to the aforesaid conveyance by the Authority which would in any way impair the rights of the Trustee, the holders of any of the Bonds, or any creditors of the Authority with respect to any other indebtedness. The estate of the City created by such conveyance is in the nature of a contingent remainder, and such estate shall not merge with the lease estate of the City created by the Lease until all conditions precedent to its vesting shall have been satisfied, including, without limitation thereto, the satisfaction and discharge of the lien of the Indenture in accordance with the provisions of Section 17.1 of the Indenture. The Authority will, at the expense of the City, execute and deliver such further instruments and do such further acts as may be necessary or appropriate to perfect and secure the title of the City to the Project, if and when the City's right thereto vests absolutely pursuant to the provisions of this paragraph. The provisions of this paragraph shall survive any termination of the Lease resulting from the full payment of the Bonds. If, upon full payment and retirement of all the Bonds, any moneys then remain in any of the special funds created in the Indenture, and if the Lease remains in effect until the full payment and retirement of all the Bonds and the City is not then in default under the Lease, the Authority will cause the Trustee to pay all such moneys to the City, and the Authority hereby assigns all such moneys to the City.

**Section 12.4 Binding Effect.** This Lease Agreement shall inure to the benefit of and shall be binding upon the Authority, the City and their respective successors and assigns.

**Section 12.5 Severability.** In the event that any provision of the Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such provision shall be deemed and construed to be severable from the remaining provisions of the Lease, with the intended result that such holding shall not invalidate or render unenforceable any other provisions of the Lease.

IN WITNESS WHEREOF, the Authority has caused this Lease Agreement to be executed by its Chairman, has caused its corporate seal to be hereunto affixed, and has caused this Lease Agreement to be attested by its Secretary, both of whom are hereunto duly authorized, and the City has caused this Lease Agreement to be executed by its Mayor, has caused its corporate seal to be hereunto affixed, and has caused this Lease Agreement to be attested by its City Clerk, both of whom are hereunto duly authorized, all in several counterparts, each of which shall be deemed an original, and the Authority and the City have caused this Lease Agreement to be dated March 3, 2022.

**THE PUBLIC BUILDING AUTHORITY OF  
THE CITY OF HUNTSVILLE**

By \_\_\_\_\_  
Its Chairman

[SEAL]

Attest:

\_\_\_\_\_  
Its Secretary

**CITY OF HUNTSVILLE, ALABAMA**

By \_\_\_\_\_  
Mayor

[SEAL]

Attest:

\_\_\_\_\_  
City Clerk

STATE OF ALABAMA

COUNTY OF MADISON

I, Lee V. Bradley, a Notary Public in and for said county in said state, hereby certify that **MARK RUSSELL**, whose name as Chairman of **THE PUBLIC BUILDING AUTHORITY OF THE CITY OF HUNTSVILLE**, a public corporation and instrumentality under the laws of the State of Alabama, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal of office, this 3<sup>rd</sup> day of March, 2022.

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Notary Public

(NOTARIAL SEAL)

STATE OF ALABAMA

COUNTY OF MADISON

I, Lee V. Bradley, a Notary Public in and for said county in said state, hereby certify that **TOMMY BATTLE**, as Mayor of the **CITY OF HUNTSVILLE**, a municipal corporation in the State of Alabama, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, she, as such officer and with full authority, executed the same voluntarily for and as the act of said municipal corporation.

Given under my hand and official seal of office, this 3<sup>rd</sup> day of March, 2022.

---

Notary Public

(NOTARIAL SEAL)

EXHIBIT A  
THE SITE

Lot 4 according to the Subdivision Plat of Urban Renewal Project ALA R-32 Big Spring Area, Huntsville, Alabama, Section "A," as the same is recorded in the Madison County Probate Records in Plat Book 8, Page 22, with said Property being bounded on the west and north by Fountain Circle, on the south by Gates Avenue, and on the east by Madison Street.

Less and Except and reserving unto the City of Huntsville, however, the designated rights-of-way for Fountain Circle, Gates Avenue, and Madison Street.



# EXHIBIT B

<b>Payment Date</b>	<b>Principal<sup>(1)</sup></b>	<b>Interest<sup>(1)</sup></b>	<b>Total<sup>(1)</sup></b>
8/1/2022	--	\$1,513,053	\$1,513,053
2/1/2023	\$1,115,000	1,840,200	2,955,200
8/1/2023	--	1,823,475	1,823,475
2/1/2024	1,155,000	1,823,475	2,978,475
8/1/2024	--	1,800,375	1,800,375
2/1/2025	1,210,000	1,800,375	3,010,375
8/1/2025	--	1,770,125	1,770,125
2/1/2026	1,270,000	1,770,125	3,040,125
8/1/2026	--	1,738,375	1,738,375
2/1/2027	1,335,000	1,738,375	3,073,375
8/1/2027	--	1,705,000	1,705,000
2/1/2028	1,405,000	1,705,000	3,110,000
8/1/2028	--	1,669,875	1,669,875
2/1/2029	1,475,000	1,669,875	3,144,875
8/1/2029	--	1,633,000	1,633,000
2/1/2030	1,550,000	1,633,000	3,183,000
8/1/2030	--	1,594,250	1,594,250
2/1/2031	1,630,000	1,594,250	3,224,250
8/1/2031	--	1,553,500	1,553,500
2/1/2032	1,715,000	1,553,500	3,268,500
8/1/2032	--	1,510,625	1,510,625
2/1/2033	1,805,000	1,510,625	3,315,625
8/1/2033	--	1,465,500	1,465,500
2/1/2034	1,895,000	1,465,500	3,360,500
8/1/2034	--	1,418,125	1,418,125
2/1/2035	1,990,000	1,418,125	3,408,125
8/1/2035	--	1,368,375	1,368,375
2/1/2036	2,095,000	1,368,375	3,463,375
8/1/2036	--	1,316,000	1,316,000
2/1/2037	2,200,000	1,316,000	3,516,000
8/1/2037	--	1,261,000	1,261,000
2/1/2038	2,315,000	1,261,000	3,576,000
8/1/2038	-	1,203,125	1,203,125
2/1/2039	2,435,000	1,203,125	3,638,125
8/1/2039	--	1,142,250	1,142,250
2/1/2040	2,560,000	1,142,250	3,702,250
8/1/2040	--	1,078,250	1,078,250
2/1/2041	2,690,000	1,078,250	3,768,250
8/1/2041	--	1,011,000	1,011,000
2/1/2042	2,830,000	1,011,000	3,841,000
8/1/2042	--	940,250	940,250
2/1/2043	2,970,000	940,250	3,910,250

Exhibit B

# EXHIBIT B

8/1/2043	--	866,000	866,000
2/1/2044	3,125,000	866,000	3,991,000
8/1/2044	--	787,875	787,875
2/1/2045	3,285,000	787,875	4,072,875
8/1/2045	--	705,750	705,750
2/1/2046	3,455,000	705,750	4,160,750
8/1/2046	--	619,375	619,375
2/1/2047	3,630,000	619,375	4,249,375
8/1/2047	--	528,625	528,625
2/1/2048	3,815,000	528,625	4,343,625
8/1/2048	--	433,250	433,250
2/1/2049	4,015,000	433,250	4,448,250
8/1/2049	-	332,875	332,875
2/1/2050	4,220,000	332,875	4,552,875
8/1/2050	--	227,375	227,375
2/1/2051	4,435,000	227,375	4,662,375
8/1/2051	--	116,500	116,500
2/1/2052	4,660,000	116,500	4,776,500

<sup>(1)</sup> Assumes renewal by the City of the Lease through final scheduled maturity of the Series 2022 Bonds.

**Exhibit II**  
**Form of Indenture**

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**MORTGAGE INDENTURE AND DEED OF TRUST**

*between*

**THE PUBLIC BUILDING AUTHORITY OF THE CITY OF HUNTSVILLE**

*and*

**REGIONS BANK**

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**\$74,285,000**  
**Lease Revenue Bonds**  
**Series 2022**  
**Dated March 3, 2022**

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This instrument prepared by  
Rod Kanter  
Bradley Arant Boult Cummings LLP  
One Federal Place  
1819 Fifth Avenue North  
Birmingham, AL 35203

**MORTGAGE INDENTURE AND DEED OF TRUST** dated March 3, 2022 between **THE PUBLIC BUILDING AUTHORITY OF THE CITY OF HUNTSVILLE**, a political subdivision of the State of Alabama, party of the first part, and **REGIONS BANK**, an Alabama banking corporation, party of the second part,

## **RECITALS**

The party of the first part makes the following recitals of fact as the basis for the undertaking following: it is duly incorporated under the provisions of Chapter 56 of Title 11 of the Code of Alabama 1975, as amended, by Certificate of Incorporation duly filed for record in the office of the Judge of Probate of Madison County, Alabama; its Certificate of Incorporation has not been amended or revoked; it is not in default under any of the provisions contained in its Certificate of Incorporation or in the laws of said state; by proper corporate action it has duly authorized the issuance of the Series 2022 Bonds hereinafter referred to; and to secure payment of the principal of and the interest (and premium, if any) on all bonds that may be issued hereunder, it has by proper corporate action duly authorized the execution and delivery of this Indenture.

## **NOW, THEREFORE, THIS INDENTURE**

## **WITNESSETH:**

For the aforesaid purpose and in consideration of the respective agreements herein contained, it is hereby agreed between the parties signatory hereto and the holders of all bonds issued hereunder (the holders of said bonds evidencing their consent hereto by their acceptance of the said bonds and the parties signatory hereto evidencing their consent hereto by their execution hereof), each with each of the others, as follows (provided, that in the performance of any of the agreements of the party of the first part herein contained, any obligation it may thereby incur for the payment of money shall not be a general debt on its part but shall be payable each fiscal year solely out of the current revenues from the property hereinafter referred to):

## **ARTICLE I**

### **DEFINITIONS AND USE OF PHRASES**

**Section 1.1 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 herein:

"**Act**" means Chapter 56 of Title 11 of the Code of Alabama of 1975, as it may from time to time be amended.

**"Additional Bonds"** means those authorized hereunder in Article VIII hereof.

**"Annual Debt Service Requirement"** means the amount of principal and interest having a stated maturity or payment due during a fiscal year of the City; provided however, that for purposes of this definition (a) the principal amount of any Bonds subject to a Mandatory Redemption Provision shall be considered as maturing during the fiscal year during which such redemption is required and not in the fiscal year in which their stated maturity occurs; and (b) Bonds that are deemed paid under the provisions of Section 17.1 shall not be deemed to be outstanding.

**"Authority"** means the party of the first part hereto and, subject to the provisions of Section 12.6, includes its successors and assigns, and any public corporation or political subdivision resulting from or surviving any consolidation or merger to which it or its successors may be a party.

**"Authorized Authority Representative"** means the Chairman, the Vice-Chairman, the Secretary and the Treasurer of the Authority, or any officer of the Authority, or such other representative of the Authority designated in writing to the Trustee by the said Chairman, Vice-Chairman, Secretary, or Treasurer of the Authority.

**"Authorized City Representative"** means the Mayor, the Finance Director, and the City Clerk of the City, or any of them, or such other representative of the City designated in writing to the Trustee by any of the foregoing.

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

**"Basic Rent"** means the cash rental payable by the City in each fiscal year under the Lease Agreement to provide for the payment of the principal of and the interest (and premium, if any) on the Series 2022 Bonds and any other moneys payable by the City under the Lease Agreement that are therein referred to as Basic Rent.

**"Bond Counsel"** means Independent Counsel whose opinions respecting the legality or validity of securities issued by or on behalf of states or political subdivisions thereof are nationally recognized.

**"Bond Fund"** means the Bond Fund created in Section 10.1.

**"Bondholder"** means any person who shall be the registered owner of any outstanding Bond or Bonds.

**"Bonds"** means all obligations of the Authority issued hereunder, including the Series 2022 Bonds.

**"Business Day"** means any day other than a Saturday, a Sunday or a day on which the offices of the Trustee or the offices of the Federal Reserve Bank are authorized by law to close and are closed.

**"Callable Bonds"** means those of the Bonds which under the terms thereof are subject to redemption by the Authority prior to their respective maturities.

**"Capital Improvements"** means the acquisition, construction, equipment, and improvements to the Site and the Facility that are properly chargeable to fixed capital account by generally accepted accounting principles and includes (i) real property (and easements and other interests therein) on, under or over which any such improvements are, or are proposed to be, located, and (ii) furniture, furnishings, fixtures and equipment useful in connection with the operation of the Facility.

**"City"** means the City of Huntsville, Alabama, and any municipal corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

**"Completion Certificate"** means a certificate signed by the Independent Architect and an Authorized Authority Representative stating that the construction of the Facility has been completed in substantial accordance with the plans and specifications therefor, and the date on which such construction was completed.

**"Completion Date"** means the date on which the construction of the Facility is completed, as stated in the Completion Certificate.

**"Construction Fund"** means the Construction Fund created in Section 9.2.

**"Counsel"** means an attorney duly admitted to practice before the highest court of any state of the United States of America or of the District of Columbia, or a firm of attorneys all the members of which are so admitted.

**"Development Costs"** means all costs incurred or assumed by the City or the Authority in connection with the acquisition, construction, and equipping of the Project, as described in the Lease, including the payment of issuance expenses.

**"Directors"** means the Board of Directors of the Authority.

**"Eligible Certificates"** means certificates of deposit issued by any bank organized under the laws of the United States of America or any state thereof and designated as a Qualified Public Depository under the laws of the State of Alabama pursuant to the provisions of Chapter 42A of Title 41 of the Code of Alabama 1975.

**"Eligible Investments"** means (i) Federal Securities; (ii) certificates of deposit of national or state banks located within Alabama which have deposits insured by the Federal Deposit Insurance Corporation and which deposit is collaterally secured by the issuing bank by

pledging Federal Securities having a market value (exclusive of accrued interest) not less than the face amount of such certificate, (iii) Money market funds customarily utilized by the Trustee for the investment of public funds and rated "AAm" or AAm-G or better by S&P, and (iv) any other securities legally permitted for investment of funds of the Authority under Alabama law.

**"Equipment"** means all furniture, furnishings, fixtures, machinery and equipment acquired or to be acquired by the Authority the costs of which are or were, in whole or in part, paid, or to be paid, out of the proceeds of the Series 2022 Bonds and on deposit in the Construction Fund.

**"Facility"** means a new municipal city hall and related parking and other facilities to be located on the real property specifically described in Exhibit A attached hereto and made a part hereof, including, the Equipment and other personal property located thereon as the said Facility may at any time exist.

**"Federal Securities"** means (a) any debt securities that are direct general obligations of the United States of America and (b) any debt securities payment of the principal of and the interest on which is unconditionally guaranteed by the United States of America.

**"Holder"** shall mean the person or persons in whose names any Bond or Bonds are registered on the books and records of the Bond Registrar.

**"Indenture"** means this Trust Indenture and every supplemental agreement with the Trustee in pursuance hereof.

**"Independent Architect"** means an architect or architectural firm qualified to practice the profession of architecture under the laws of Alabama and not employed full time by the Authority or the City.

**"Independent Counsel"** means Counsel not employed full time by the Authority or the City.

**"Independent Engineer"** means an engineer or engineering firm qualified to practice the profession of engineering under the laws of Alabama and not employed full time by the Authority or the City .

**"Interest Payment Date"** means each August 1 and February 1, commencing August 1, 2022.

**"Lease Agreement"** means that certain Lease Agreement dated the date of the Series 2022 Bonds between the Authority, as lessor, and the City, as lessee, as said lease now exists or as it may hereafter be amended and supplemented.

**"Mandatory Redemption Provision"** means the provision for mandatory redemption set forth in Section 7.2(b) hereof or in Section and any provision set forth in a



Supplemental Indenture for scheduled mandatory redemption of Bonds at a Redemption Price equal to the face amount thereof.

**"Newspaper"** means a newspaper printed in the English language and published not less than six days during each calendar week in the locality specified, if there be any such; otherwise published not less than once during each calendar week.

**"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 Trustee, pursuant to the provisions of Section 5.2 hereof, for payment of Overdue Interest.

**"Permitted Encumbrances"** means, as of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) the Lease Agreement, (iii) the Indenture, (iv) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that, in the opinion of an Independent Architect or Independent Engineer, will not materially interfere with or impair the operations being conducted in the Facility (or, if no operations are being conducted therein, the operations for which the Facility was designed or last modified), (v) any inchoate mechanic's, materialman's or vendor's lien if payment is not yet due and payable under the contract giving rise to such lien, (vi) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in size and character to the Project and as do not, in the opinion of Counsel, in the aggregate materially impair the property affected thereby for the purpose for which it was acquired or is held by the Authority, and (vii) the Site Deed.

**"Project"** means the Site, the Facility, the Improvements, and the Equipment, as they may at any time exist and all other property and rights referred to or intended so to be in the granting clauses hereof.

**"Record Date"** means the fifteenth (15th) calendar day next preceding any Interest Payment Date.

**"Redemption Date"** means the date fixed for the redemption of Callable Bonds in any Resolution adopted pursuant to the provisions of Section 6.1(a) or any date fixed for redemption of Bonds in any Mandatory Redemption Provision.

**"Redemption Price"** means the price at which Callable Bonds called for redemption may be redeemed pursuant to the provisions hereof.

**"Resolution"** means a resolution duly adopted by the Directors.

**"Responsible Officer"** when used with respect to the Trustee, means any officer within the corporate trust administrative department of the Trustee, including any vice president, any assistant vice president, any trust officer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also

means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject.

"**S&P**" means S&P Global Ratings, a division of The McGraw Hill Companies, Inc.

"**Series 2022 Bonds**" means those Bonds bearing the designation Series 2022 and authorized to be issued in Article VII.

"**Site**" means the real property described on Exhibit A hereto.

"**Site Deed**" means the deed pursuant to which the City has heretofore conveyed the Site to the Authority.

"**Supplemental Indenture**" means an agreement supplemental hereto.

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

"**Trustee**" means the party of the second part hereto and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"**Trustee Prime Rate**" means the rate of interest established (whether or not charged) from time to time by the Trustee its general reference rate of interest, after taking into account such factors as may from time to time deem appropriate in its sole discretion (it being understood, however, that the Trustee may from time to time make various loans at rates of interest having no relationship to such general reference rate of interest).

**Section 1.2 Use of Phrases.** "Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to the Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders. Any percentage of Bonds, specified herein for any purpose, is to be figured on the unpaid principal amount thereof then outstanding. Unless otherwise expressly stated, all references herein to article and section numbers are to articles and sections of the Indenture.

## ARTICLE II

### GRANTING CLAUSES

**Section 2.1 Granting Clauses.** In order to secure to the Holders thereof payment of the principal of and the interest (and premium, if any) on the Bonds and the performance and the observance of the covenants and conditions herein and therein contained, and in consideration of their purchase and acceptance of the Bonds and of the acceptance by the Trustee of the trusts herein provided, the Authority does hereby grant, bargain, sell and convey,

assign, transfer and pledge to and with the Trustee, subject to Permitted Encumbrances, the following described properties of the Authority, whether the same are now owned by it or may be hereafter acquired:

**I.**

The real property situated in the City of Huntsville, Alabama constituting the Site, as such real property is specifically described in Exhibit A attached hereto and made a part hereof;

**II.**

All machinery, equipment, personal property and fixtures acquired with Bonds proceeds, and all other machinery, equipment, personal property and fixtures acquired in substitution therefore or as a renewal or replacement thereof;

**III.**

Also, all other Equipment, Improvements, the Facility and all other buildings and improvements to the real property now or hereafter constructed or situated on the Site, and all permits, easements, rights-of-way, contracts, leases, privileges, immunities and hereditaments pertaining or applicable to the Site, and all fixtures now or hereafter installed on the Site or in the Facility and in any such other building or improvement now or hereafter located on the Site, it being the intention hereof that all property, rights and privileges hereafter acquired by the Authority for use as a part of or in connection with or as an improvement to the Site shall be as fully covered hereby as if such property, rights and privileges were now owned by the Authority and were specifically described herein;

**IV.**

Also, subject to the provisions of Section 13.1, all rents, revenues, receipts, issues, earnings and income from the above-described property; and

**V.**

Also, all right, title and interest of the Authority in and to the Lease Agreement, including, but not limited to, the present and continuing right to make claim for, collect, receive and receipt for any of the sums, amounts, income, revenues, rentals, issues and profits and any other sums of money payable or receivable under the Lease Agreement, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer is or may become entitled to do under the Lease Agreement.

**VI.**

All right, title and interest of the Authority in and to all moneys and securities from time to time held by the Trustee in the Bond Fund, the Construction Fund, and other funds and accounts under the terms of this Indenture.

**TO HAVE AND TO HOLD** the same unto the Trustee, its successor trustees and assigns forever; **IN TRUST NEVERTHELESS**, upon the terms and trusts herein set forth for the equal and pro rata protection and benefit of the Holders, present and future, of the Bonds equally and ratably, without preference, priority or distinction of any over others by reason of priority in issuance or acquisition or otherwise, as if all the Bonds at any time outstanding had been executed, sold, authenticated, delivered and negotiated simultaneously with the execution and delivery hereof.

**PROVIDED, HOWEVER**, that the grant, conveyance, assignment, transfer and pledge herein made are subject to Permitted Encumbrances and the provisions of Section 2.2.

**Section 2.2 Defeasance Clauses.** These presents are upon the condition that if the Authority shall pay or cause to be paid the principal of and the interest (and premium, if any) on all Bonds secured hereby, or shall provide for such payment as specified in Section 17.1 hereof, and shall pay or cause to be paid all other sums payable hereunder by it, then the Indenture and the rights granted hereby shall cease, determine and be void; otherwise the Indenture shall be and remain in full force and effect.

### **ARTICLE III**

#### **ISSUANCE OF BONDS IN SERIES**

**Section 3.1 Issuance of Bonds in Series.** The Bonds may be issued in different series, and each issue shall have an appropriate series designation. All the Bonds issued hereunder shall be issued in the denomination of \$5,000 or any integral multiple thereof. All the Bonds shall be equally and ratably secured by the Indenture and by the pledge herein contained, it being expressly understood and agreed that no Bonds issued hereunder shall be prior to any other Bonds thereafter issued hereunder, but shall be on a parity therewith, with respect to said pledge. All Bonds issued hereunder shall be registered as to both principal and interest on the registry books of the Trustee pertaining to the Bonds.

**Section 3.2 General Provisions Respecting Bonds.** Each of the series of the Bonds shall bear such date or dates as shall be specified in the Indenture or Supplemental Indenture providing therefor and shall mature in such years and in such amounts as shall be fixed therefor prior to its issuance. In the event that all or any part of the Bonds of any series are (by the terms of any Supplemental Indenture) subject to a Mandatory Redemption Provision, such redemption shall be required to be effected in such years and amounts as shall be specified prior to the issuance of such series. Interest on the Bonds from their respective dates until their respective maturities shall be payable, at such per annum rate or rates as shall be fixed therefor prior to their issuance, on August 1 and February 1, commencing August 1, 2022. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the designated office of the Trustee in Birmingham, Alabama. Interest on the Bonds shall be paid in accordance with the procedures of the book-entry system or by check mailed or otherwise delivered by the Trustee to the respective Holders thereof at their addresses as they

appear on the registry books of the Trustee pertaining to the registration of the Bonds; provided that the final payment of such interest shall be made only upon surrender of the appropriate Bond. Payment of interest on the Bonds shall be deemed timely made if mailed on the Interest Payment Date or, if any Interest Payment Date is not a Business Day, then on the first Business Day immediately following such Interest Payment Date. Except as otherwise provided herein or in any Supplemental Indenture, the Bonds shall be numbered in such manner as the officers of the Authority may determine, such determination by said officers to be evidenced by their signing of the Bonds.

**Section 3.3 Form of Bonds, Etc.** The Series 2022 Bonds shall be in substantially the form provided therefor in Section 7.3 hereof. The Bonds of each series of Additional Bonds shall be in substantially the forms respectively provided therefor in the Supplemental Indenture providing therefor, which shall in general be similar to the forms applicable to the Series 2022 Bonds, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof and such Supplemental Indenture.

## **ARTICLE IV**

### **EXECUTION AND AUTHENTICATION OF THE BONDS**

**Section 4.1 Execution of Bonds.** The Bonds shall be manually executed by the Chairman or Vice-Chairman of the Authority and manually attested by the Secretary/Treasurer of the Authority, and the seal of the Authority shall be manually imprinted on each of the Bonds. Signatures on the Bonds by persons who were officers of the Authority at the time such signatures were written shall continue effective although such persons cease to be such officers prior to the authentication or the delivery of the Bonds.

**Section 4.2 Authentication Certificate of Trustee.** A duly executed authentication certificate by the Trustee in substantially the form hereinafter recited shall be endorsed on each of the Bonds.

**Section 4.3 Dating of and Accrual of Interest on Bonds.** Each Bond issued hereunder shall bear interest from its date.

**Section 4.4 Replacement of Mutilated, Lost, Stolen or Destroyed Bonds.** In the event any Bond is mutilated, lost, stolen or destroyed, the Authority may execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor as that mutilated, lost, stolen or destroyed; provided that (a) in the case of any such mutilated Bond, such Bond is first surrendered to the Authority and the Trustee, and (b) in the case of any such lost, stolen or destroyed Bond, there is first furnished to the Authority and the Trustee evidence of such loss, theft or destruction satisfactory to each of them, together with indemnity satisfactory to each of them and as may be required by law; and provided, further, that the new Bond delivered in lieu thereof shall be issued in the denomination aggregating the unpaid principal balance of such mutilated, lost, stolen or destroyed Bond. The Authority may charge the Holder with the expense of issuing any such new Bond.

## ARTICLE V

### REGISTRATION, TRANSFERS AND EXCHANGES OF THE BONDS

**Section 5.1 Registration and Transfer of Bonds.** The Trustee shall be the registrar and transfer agent of the Authority and shall keep at its office proper registry and transfer books in which it will note the registration and transfer of such Bonds as are presented for those purposes, all in the manner and to the extent hereinafter specified.

All Bonds issued hereunder shall be registered as to both principal and interest by the Trustee as registrar and transfer agent for the Authority and shall be transferable only on the transfer books of the Trustee. No transfer of a Bond shall be valid hereunder unless such Bond is presented at the office of the Trustee with written power to transfer signed by the registered Owner thereof in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the Trustee, whereupon the Authority shall execute, and the Trustee shall authenticate and deliver to the transferee, a new Bond, registered in the name of such transferee and of like tenor as that presented for transfer. The person in whose name a Bond is registered on the books of the Trustee shall be the sole person to whom or on whose order payments on account of the principal thereof and of the interest (and premium, if any) thereon may be made.

The Trustee shall not be required to register or transfer any Bond during the period of fifteen days next preceding any Interest Payment Date with respect thereto; and if any Bond is duly called for redemption (in whole or in part), the Trustee shall not be required to register or transfer such Bond during the period of forty-five days next preceding the date fixed for its redemption.

**Section 5.2 Persons to Whom Payment of Interest on Bonds is to be Made.** Interest on the Bonds shall, except as provided in the next succeeding paragraph of this Section 5.2, be payable in lawful money of the United States of America in accordance with the procedures of the book-entry system or by check or draft mailed by the Trustee to the lawful Holders of the Bonds on the Record Date at the address shown on the registry books of the Trustee pertaining to the Bonds. Payment of interest on the bonds shall be deemed timely made if mailed to the Holders on the Interest Payment Date with respect to which such payment is made, or, if such Interest Payment Date is not a Business Day then on the first Business Day following such Interest Payment Date. Each Holder of any of the Bonds takes it subject to all payments of interest in fact made with respect thereto.

Any provision hereof to the contrary notwithstanding, Overdue Interest shall not be payable to the Holder of the Bonds solely by reason of such Holder having been the Holder on the Interest Payment Date on which such interest became due and payable, but shall be payable by the Trustee as follows:

- (a) Not less than ten (10) days following receipt by the Trustee of immediately available funds in an amount sufficient to enable the Trustee to pay

all Overdue Interest, the Trustee shall fix an Overdue Interest Payment Date for payment of such Overdue Interest.

(b) Such Overdue Interest Payment Date fixed by the Trustee shall be a date not more than twenty (20) days following the expiration of the period described in the foregoing subparagraph (a).

(c) Overdue Interest shall be paid by check or draft mailed by the Trustee to the persons in whose names the Bonds were registered on the Overdue Interest Payment Date.

Payment of Overdue Interest in the manner prescribed in this paragraph to the persons in whose names the Bonds were registered on the Overdue Interest Payment Date shall fully discharge and satisfy all liability for the same.

**Section 5.3 Persons Deemed Owners of Bonds.** The Trustee may deem and treat the person in whose name a Bond is registered as the absolute owner thereof for all purposes; they shall not be affected by notice to the contrary; and all payments by any of them to the person in whose name a Bond is registered, shall to the extent thereof fully discharge and satisfy all liability for the same.

**Section 5.4 Exchange of Bonds.** The Bonds shall be freely exchangeable within the limits provided in the Indenture providing therefor; provided, however, that under no circumstances shall a Bond be issuable in exchange for two or more Bonds unless all the Bonds being so exchanged bear interest at the same rate and have the same stated maturity. Upon the request of a Holder of two or more Bonds, the Authority shall execute, and the Trustee shall thereupon authenticate and deliver, upon surrender to the Trustee of such Bonds and in exchange therefor, a new Bond of like tenor as the Bonds so surrendered and in an authorized denomination aggregating the same principal amount as the Bonds so surrendered. Upon the request of the Holder of one Bond so authenticated and delivered in a denomination larger than \$5,000, the Authority shall execute, and the Trustee shall thereupon authenticate and deliver, upon surrender to the Trustee of such Bond and in exchange therefor, two or more Bonds of like tenor and aggregating the same principal amount as the then unpaid principal amount of the Bond so surrendered, all as may be requested by the person surrendering such Bond. Any Bonds surrendered for exchange pursuant to the provisions of this Section 5.4 shall be accompanied by a written power to transfer signed by the registered Owner thereof in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the Trustee.

The Trustee shall not be required to exchange any Bond or Bonds for other Bonds pursuant to the provisions of this Section 5.4 during the period of fifteen days next preceding the thirty-day period immediately prior to any Interest Payment Date; and if any Bond shall be duly called for redemption (in whole or in part), the Trustee shall not be required so to exchange such Bond during the period of forty-five days next preceding the date fixed for such redemption.

**Section 5.5 Expenses of Registration, Transfer and Exchange.** The Authority and the Trustee will charge the Holder with their reasonable fees and expenses in connection with any transfer, registration or exchange of any of the Bonds (including, without limitation, the expenses of printing any new Bonds that may be necessitated by any transfer, registration or exchange). In every case involving any transfer, registration or exchange of any of the Bonds that is requested by the Holder thereof, such Holder shall pay all taxes and other governmental charges required to be paid in connection with such transfer, registration or exchange.

**Section 5.6 Denominations and Registration of Bonds as Initially Issued.** The Bonds of each maturity shall be initially issued in Authorized Denominations as requested by the purchaser and registered in the names of the persons specified by the initial purchaser of the Bonds from the Authority. If, for any reason, the Trustee is unable to prepare or cause to be prepared Bonds in the Authorized Denominations requested by the purchaser and registered in the names of the persons specified by the purchaser, the Authority may deliver one Bond for each maturity in the principal amount of such maturity, each registered in the name of the initial purchaser of the Bonds from the Authority.

**Section 5.7 Notations on Bonds by Trustee.** The Trustee is hereby authorized to cause numbers or other notations to be printed or otherwise placed on the Bonds for the convenience of the Trustee in performing the registration and other duties imposed on it hereunder. Any such numbers or other notations that may appear on the Bonds and that are not specifically herein provided for shall be for the sole convenience of the Trustee and, insofar as the Authority is concerned, should not be construed as conferring any rights on the Holders of the Bonds.

## **ARTICLE VI**

### **GENERAL PROVISIONS RESPECTING REDEMPTION OF BONDS**

**Section 6.1 Manner of Effecting Redemption of Bonds.** Any redemption of any Bonds shall be effected in the following manner:

(a) **Call.** The Authority or the City, acting by and on behalf of the Authority, shall, not more than sixty (60) nor less than thirty (30) days prior to the Redemption Date, adopt a resolution or an ordinance calling such Bonds for redemption.

(b) **Notice by Registered or Certified Mail.** The Trustee shall cause to be forwarded by United States Registered or Certified Mail to the registered Owner thereof, at the address of such registered Owner as such address appears on the registry books of the Trustee pertaining to the registration of the Bonds, notice of such redemption. Except as hereinafter provided, such notice shall be so mailed not more than sixty (60) nor less than thirty (30) days prior to the Redemption Date. The Holders of any Bonds may waive the requirements of this



subsection with respect to the Bonds held by them without affecting the validity of the call for redemption of any other Bonds.

(c) **Deposit.** Prior to the Redemption Date, the Authority shall cause to be deposited with the Trustee the total Redemption Price of the Bonds so called for redemption.

**Section 6.2 Presentation of Bonds for Redemption. Bonds Called for Redemption to Cease to Bear Interest.** Upon compliance by the Authority with the requirements contained in the preceding Section 6.1 hereof and, unless all the Bonds then outstanding are to be redeemed (or unless a portion of such outstanding Bonds are to be redeemed and the remainder are, simultaneously with or prior to such redemption, to be otherwise retired), if the Authority is not on the Redemption Date in default in payment of the principal of or the interest on any of the Bonds, the Bonds so called for redemption (or, in the case of any Bonds called for redemption in part, the portions thereof called for redemption) shall become due and payable at the place or places at which the same shall be payable at the Redemption Price or Prices and on the Redemption Date specified in such notice, anything herein or in the Bonds to the contrary notwithstanding, and the Holders thereof shall then and there surrender them for redemption; provided, however, that with respect to any Bond called for partial redemption, the Holder thereof shall surrender such Bond to the Trustee in exchange for one or more new Bonds in Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered, all as shall be requested by the Holder of such Bond so called for partial redemption. All future interest on the Bonds so called for redemption shall cease to accrue after the Redemption Date; and the Bonds so called (or, in the case of any Bonds called for redemption in part, the portions thereof called for redemption) shall no longer be entitled to the benefit of the lien hereof but shall look solely to the moneys deposited with the Trustee under the provisions of this article; and out of the moneys so deposited with it, the Trustee shall make provision for payment of the Bonds so called for redemption (or, in the case of any Bonds called for redemption in part, the portions thereof called for redemption) at the Redemption Price and on the Redemption Date.

## **ARTICLE VII**

### **SERIES 2022 BONDS**

**Section 7.1 Series 2022 Bonds. (a) Issuance of Bonds.** There is hereby authorized to be issued under the Indenture an issue or series of bonds designated "Lease Revenue Bonds, Series 2022", dated the date of issuance and delivery, limited in aggregate principal amount to \$74,285,000 (the "Series 2022 Bonds"), which shall initially be issued pursuant to the Book-Entry System. The Series 2022 Bonds shall be in fully registered form without coupons, shall be in the denomination of \$5,000 or any integral multiple thereof, and shall be numbered in such manner as the Trustee may determine. The Series 2022 Bonds, subject to prior optional and mandatory redemption, shall mature on February 1 in years and principal amounts as follows and shall bear interest at the following per annum rates for all Series 2022 Bonds maturing on the date set opposite such rates:

<b>Year (February 1)</b>	<b>Principal Amount Maturing</b>	<b>Interest Rate</b>
2023	\$1,115,000	3.000%
2024	1,155,000	4.000
2025	1,210,000	5.000
2026	1,270,000	5.000
2027	1,335,000	5.000
2028	1,405,000	5.000
2029	1,475,000	5.000
2030	1,550,000	5.000
2031	1,630,000	5.000
2032	1,715,000	5.000
2033	1,805,000	5.000
2034	1,895,000	5.000
2035	1,990,000	5.000
2036	2,095,000	5.000
2037	2,200,000	5.000
2038	2,315,000	5.000
2039	2,435,000	5.000
2040	2,560,000	5.000
2041	2,690,000	5.000
2042	2,830,000	5.000
2047	16,465,000	5.000
2052	21,145,000	5.000

Interest on the Series 2022 Bonds shall be computed on the basis of a 360 day year of twelve (12) consecutive thirty (30) day months. The Series 2022 Bonds shall be initially issued in the Authorized Denominations and registered in the names of the Holders as shall, pursuant to the provisions of Section 5.6 hereof, be designated by the purchaser of the Series 2022 Bonds from the Authority. All installments of principal of and interest (and premium, if any) on each Series 2022 Bonds shall bear interest after the respective maturities of such principal and interest (and premium, if any) until paid or until moneys sufficient for payment thereof shall have been deposited for the purpose with the Trustee, whichever first occurs, at the rate of interest borne by such Series 2022 Bonds. Principal of the Series 2022 Bonds shall be payable at the designated office of the Trustee in Birmingham, Alabama, upon surrender and presentation of the Series 2022 Bonds as the same become due and payable.

**Section 7.2 Redemption Provisions.** The Series 2022 Bonds may be redeemed and paid prior to maturity as follows:

(a) Optional Redemption. Those of the Series 2022 Bonds maturing or being subject to mandatory redemption on February 1, 2033, and thereafter, will be subject to redemption, at the option of the Authority (which option shall be exercisable upon direction of the City if the Lease Agreement is still in effect and no default exists thereunder) or, if at such time no default exists under the Lease Agreement, at the option of the City exercised on behalf of the Authority, as a whole or in part (but if in part only in installments of \$5,000 or any integral multiple thereof

and in such order and amount of their maturities as the Authority or the City, as the case may be, shall determine, and if less than all the Series 2022 Bonds of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot as selected by the Trustee) on February 1, 2032, and on any date thereafter, such redemption, whether in whole or in part, to be at and for a redemption price equal to the principal amount (or portion thereof) to be redeemed plus accrued interest thereon to the Redemption Date, without premium or penalty.

(b) Mandatory Redemption. (i) Those of the Series 2022 Bonds with a stated maturity on February 1, 2047, are required to be redeemed on February 1 in the following principal amounts at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon, without any premium or penalty:

<b>Year</b>	<b>Principal Amount to be Redeemed</b>
2043	\$2,970,000
2044	3,125,000
2045	3,285,000
2046	3,455,000
2047 (maturity)	3,630,000

(ii) Those of the Series 2022 Bonds with a stated maturity on February 1, 2052, are required to be redeemed on February 1 in the following principal amounts at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon, without any premium or penalty:

<b>Year</b>	<b>Principal Amount to be Redeemed</b>
2048	\$3,815,000
2049	4,015,000
2050	4,220,000
2051	4,435,000
2052 (maturity)	4,660,000

In the event the City or Authority shall have caused to be partially redeemed Series 2022 Bonds or shall have provided for a partial redemption of Series 2022 Bonds in such a manner that, under the provisions of this Indenture, the Series 2022 Bonds for the redemption of which provision is made are considered as fully paid, the City, on behalf of the Authority, may elect to apply all or any part (but only in integral multiples of \$5,000) of the principal amount of such Series 2022 Bonds so redeemed or to be redeemed to the reduction of the principal amount of Series 2022 Bonds required to be redeemed pursuant to the schedule set forth immediately above on any February 1 coterminous with or subsequent to the date such optional redemption actually occurs. Such notice shall be deemed effective only if it is given prior to the Trustee having given notice of redemption contrary to the provisions of such notice pursuant to the provisions of the Indenture.

(c) Extraordinary Redemption. The Series 2022 Bonds will be subject to redemption to the extent of moneys on deposit with the Trustee for such purpose at any time, at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, in the event that (a) the Facility, or any parts thereof, is damaged or destroyed to such extent that in the opinion of the City, (i) the Facility cannot reasonably be substantially restored to the condition thereof immediately preceding such damage or destruction within a period of six (6) consecutive months, (ii) the City will thereby be prevented, or is likely to be thereby prevented, from using the Facility for a period of not less than six (6) consecutive months, or (iii) the cost of restoration thereof would exceed by more than \$10,000 the sum of the net insurance proceeds referable to such damage or destruction, or (b) title to, or the temporary use of, any part of the Facility is taken under the exercise of the power of eminent domain by any governmental authority or person, firm or corporation acting under governmental authority and such taking or takings result (or, in the opinion of the City are likely to result) in the City being thereby prevented from using the Facility for a period of not less than six (6) consecutive months, or (c) as a result of any changes in the Constitution of the State of Alabama or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal), entered after the contest thereof by the City in good faith, the Lease Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed to herein or unreasonable burdens or excessive liabilities are imposed on the Authority or the City.

**Section 7.3 Form of Series 2022 Bonds.** The Series 2022 Bonds shall be in substantially the following form, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

*Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.*

**UNITED STATES OF AMERICA  
STATE OF ALABAMA  
THE PUBLIC BUILDING AUTHORITY OF THE CITY OF HUNTSVILLE  
LEASE REVENUE BOND  
SERIES 2022**

No. R -

\$ \_\_\_\_\_

INTEREST RATE:

MATURITY DATE:

CUSIP:

For value received, **THE PUBLIC BUILDING AUTHORITY OF THE CITY OF HUNTSVILLE**, a political subdivision of the State of Alabama (herein called the "Authority"), will pay to **CEDE & CO.**, or registered assigns, in lawful money of the United States of America, solely out of the sources hereinafter referred to, the principal sum of

\_\_\_\_\_ **DOLLARS**

and to pay solely from said sources hereinafter referred to interest on said principal sum from the date hereof at the per annum interest rate specified above payable on each August 1 and February 1 in each year, commencing August 1, 2022, until said principal sum is paid. Interest on this bond shall be computed on the basis of a 360-day year of twelve (12) consecutive 30-day months.

Subject to the requirements of the Book-Entry System hereinafter described, the principal of and premium (if any) on this bond is payable in lawful money of the United States of America at the designated corporate trust office of Regions Bank, in Birmingham, Alabama, or its successor as trustee under the Indenture hereinafter referred to, and the interest on this bond shall be remitted, by the trustee hereinafter referred to, by check or draft mailed to the then registered holder hereof on the Record Date (as defined in the Indenture) at the addresses shown on the registry books of the Trustee pertaining to the Series 2022 Bonds. Payment of interest on this bond shall be deemed timely made if mailed to the registered holder on the interest payment date with respect to which such payment is made or, if such interest payment date is not a Business Day (as defined in the Indenture), then on the first Business Day following such interest payment date. Both the principal of and the interest on this bond shall bear interest after their respective maturities until paid or until moneys sufficient for payment thereof have been deposited for that purpose with the said trustee at the per annum rate of interest stated above. The Indenture provides that all payments by the Authority or the Trustee to the person in whose name a bond is registered shall to the extent thereof fully discharge and satisfy all liability for the same. Any transferee of this bond takes it subject to all payments of principal and interest in fact made with respect hereto.

This bond is one of a duly authorized issue of bonds limited in aggregate principal amount of \$74,285,000 and designated "Lease Revenue Bonds, Series 2022" (the "Series 2022 Bonds"). The Series 2022 Bonds have been issued under a Mortgage Indenture and Deed of Trust dated the date of the Series 2022 Bonds (the "Indenture"), from the Authority to Regions Bank, Birmingham, Alabama (the "Trustee"), for the purpose of providing funds to acquire, construct, and equip a new city hall and related parking and other related facilities for use by the City.

The Authority has leased to the City, under a Lease Agreement dated the date of the Series 2022 Bonds (the "Lease Agreement") certain real property, the building to be constructed thereon and the equipment to be installed therein (said real property, the building and the furnishings and equipment forming a part thereof, as they may at any time exist, being herein together called the "Facility"). For so long as any of the Series 2022 Bonds shall remain outstanding and unpaid, the City has the option to renew the Lease Agreement for successive

terms of one year commencing on October 1 and ending on September 30 of the next succeeding calendar year (which terms of one year coincide with the fiscal year of the City). During the term of the Lease Agreement now in effect, and during each renewal term for which the City may renew the Lease Agreement, the City is obligated to pay rent directly to the Trustee, for the account of the Authority, in amounts sufficient to provide for the payment of the principal of and the interest on the Series 2022 Bonds that will become due and payable during each such term. The obligation of the City to pay the rental under the Lease Agreement and to perform the covenants contained therein shall be a limited obligation of the City to be payable and performed solely out of the current revenues of the City received during the fiscal year during which any amount is payable or obligation required to be performed.

The Series 2022 Bonds are initially issued in Authorized Denominations pursuant to a Book-Entry System to be administered by the Securities Depository and registered in the name of and held by the Securities Depository Nominee, all as more particularly provided in the Indenture. During a period in which the Book-Entry System is in effect for the Series 2022 Bonds, the provisions of the Indenture and the Series 2022 Bonds shall be construed in accordance with the Letter of Representations and to give full effect to such Book-Entry System. In the event the Book-Entry System for the Series 2022 Bonds is discontinued, Series 2022 Bonds in certificated form in Authorized Denominations will be distributed to the Beneficial Owners thereof, the Series 2022 Bonds will be registered in the names of the owners thereof on the Bond Register, the Trustee shall make payments of principal of, premium (if any) and interest on the Series 2022 Bonds to the registered owners thereof as provided in the Series 2022 Bonds and the Indenture, and the provisions of this Series 2022 Bonds and of the Indenture, with respect to registration, transfer and exchange of Series 2022 Bonds by the registered owners thereof, shall apply.

The Series 2022 Bonds are issuable only as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof. Provision is made in the Indenture for the exchange of Series 2022 Bonds for a like aggregate principal amount of Series 2022 Bonds of the same maturity and in authorized denomination, all upon the terms and subject to the conditions set forth in the Indenture with respect thereto.

Those of the Series 2022 Bonds maturing or being subject to mandatory redemption on February 1, 2033, and thereafter, will be subject to redemption, at the option of the Authority (which option shall be exercisable upon direction of the City if the Lease Agreement is still in effect and no default exists thereunder) or, if at such time no default exists under the Lease Agreement, at the option of the City exercised on behalf of the Authority, as a whole or in part (but if in part only in installments of \$5,000 or any integral multiple thereof and in such order and amount of their maturities as the Authority or the City, as the case may be, shall determine, and if less than all the Series 2022 Bonds of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot as determined by the Trustee) on February 1, 2032, and on any date thereafter, such redemption, whether in whole or in part, to be at and for a redemption price equal to the principal amount (or portion thereof) to be redeemed plus accrued interest thereon to the Redemption Date, without premium or penalty.

Those of the Series 2022 Bonds with a stated maturity on February 1, 2047 and on February 1, 2052 are subject to mandatory redemption to the extent and as provided in Section 7.2(b) of the Indenture and elsewhere in the Indenture.

The Series 2022 Bonds are further subject to extraordinary redemption and payment upon the occurrence of certain events as set forth and described in Section 7.2(c) of the Indenture.

If the Book-Entry System is in effect, then redemption shall be made as herein described under the Book-Entry System and in accordance with the provisions of the Letter of Representation and the Indenture. If less than all of the Series 2022 Bonds at the time outstanding are redeemed at the time the Book-Entry System is not in effect, then any redemption shall be in such amount and order of maturities as the Authority shall determine in its sole discretion. In the event that less than all of the principal of the Series 2022 Bonds of a maturity is to be redeemed, the Trustee shall assign a number to each \$5,000 principal portion of all of the Series 2022 Bonds of such maturity and shall, by process of random selection based upon such numbers, select the principal portion of Series 2022 Bonds of such maturity to be redeemed. Notice of any intended redemption shall be given by United States registered or certified mail not less than 30 days prior to the proposed redemption date to the registered owner of each Series 2022 Bonds, all or a portion of the principal of which is to be redeemed, at the address thereof as it last appears on the registration books of the Trustee pertaining to the Series 2022 Bonds. Notice having been so given and payment of the redemption price duly made or provided, (or portions thereof) so called for redemption shall cease to bear interest from and after the redemption date unless default is made in the payment of the redemption price.

The principal of and the interest (and premium, if any) on the Bonds are payable solely out of the rentals and other revenues to be derived by the Authority from the leasing of the Facility, and the payment of said principal and interest (and premium, if any) is secured, pro rata and without preference or priority of one Bond over another by a valid pledge of said revenues (including specifically the amounts payable to the Authority by the City under the Lease Agreement), by the provisions of the Indenture and by an assignment to the Trustee of all right, title and interest of the Authority under the Lease Agreement.

For the purposes and subject to the conditions specified in the Indenture, additional bonds, without express limit as to principal amount and secured on a parity of lien with the Series 2022 Bonds, may be issued in one or more series (the Series 2022 Bonds and all such additional bonds being herein together called the "Bonds"). Reference is hereby made to the Indenture and to the Lease Agreement for a description of the Facility, the nature and extent of the security afforded thereby, the rights and duties of the Authority and the Trustee with respect thereto, the rights of the holders of the Bonds and the terms and conditions on which additional series of Bonds may be issued. The Indenture provides, inter alia, (1) that in the event of default by the Authority in the manner and for the time therein provided, the Trustee may declare the principal of this bond immediately due and payable, whereupon the same shall thereupon become immediately due and payable and the Trustee shall be entitled to pursue the remedies provided in the Indenture, (2) that the Indenture shall not be subject to foreclosure in the event of default by the Authority thereunder, and (3) that all remedies thereunder are vested exclusively in the Trustee for the equal and pro rata benefit of all the holders of the Bonds, unless the Trustee

refuses or neglects to act within a reasonable time after written request so to act addressed to the Trustee by the holders of twenty-five per cent (25%) in principal amount of the outstanding Bonds, accompanied by indemnity satisfactory to the Trustee, in which event the holder of any of the Bonds may thereupon so act in the name and behalf of the Trustee or may so act in his own name in lieu of action by or in the name and behalf of the Trustee, but that otherwise no holder of any of the Bonds shall have the right to enforce any remedy thereunder, and then only for the equal and pro rata benefit of the holders of all the Bonds. The Indenture also provides that the Authority and the Trustee, with the written consent of the holders of not less than 66-2/3% in aggregate principal amount of the Bonds then outstanding under the Indenture, may at any time and from time to time amend the Indenture or any Indenture supplemental thereto, provided that no such amendment shall (1) without the consent of the holder of each bond affected, reduce the principal of, the rate of interest on, or the premium (if any) payable on redemption of, any bond, or (2) without the consent of the holders of all the bonds then outstanding under the Indenture, extend the maturity of any installment of principal or interest on any of the Bonds, create a lien or charge on the Facility or the revenues and receipts therefrom ranking prior to or on a parity with the lien and charge thereon contained in the Indenture, change any mandatory redemption provision, effect a preference or priority of any Bond over any other Bond or reduce the aggregate principal amount of Bonds the holders of which are required to consent to any such amendment.

The Authority is a political subdivision of the State of Alabama organized under the provisions of Chapter 56 of Title 11 of the Code of Alabama of 1975, and the Series 2022 Bonds are authorized to be issued for purposes for which bonds are authorized to be issued under and are issued under the provisions of said act. The covenants and representations herein contained or contained in the Indenture do not and shall never constitute a personal or pecuniary liability or charge against the general credit of the Authority, nor shall the City of Huntsville in any manner be liable for payment of the principal of or the interest on the Bonds or for the performance of the undertakings of the Authority contained herein or in the Indenture.

It is hereby certified that all conditions, actions and things required by the Constitution and laws of Alabama to exist, be performed and happen precedent to or in the issuance of this bond do exist, have been performed and have happened in due and legal form.

The Bonds are issuable only as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof. Provision is made in the Indenture for the exchange of bonds for a like aggregate principal amount of Bonds of the same maturity and interest rate and in an authorized denomination all as may be requested by the holder surrendering the Bond or Bonds and upon the terms specified in the Indenture.

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



The Trustee shall not be required so to transfer or exchange this bond during the period of fifteen days next preceding any interest payment date with respect thereto; and in the event this bond (or any portion of the principal hereof) is duly called for redemption, the Trustee shall not be required so to transfer or exchange it during the period of forty-five days next preceding the date fixed for such redemption.

Execution by the Trustee of its authentication certificate hereon is essential to the validity hereof and is conclusive of the due issue hereof under the Indenture.

**IN WITNESS WHEREOF**, the Authority has caused this bond to be executed in its name and behalf by its Chairman, has caused its corporate seal to be hereunto imprinted, has caused this bond to be attested by the signature of its Secretary, and has caused this bond to be dated March 3, 2022.

**THE PUBLIC BUILDING AUTHORITY  
OF THE CITY OF HUNTSVILLE**

By \_\_\_\_\_  
Its Chairman

[SEAL]

Attest:

\_\_\_\_\_  
Secretary

**Form of Trustee's Authentication Certificate**

The within bond is one of those described in the within-mentioned Trust Indenture.

**REGIONS BANK**  
Trustee

By \_\_\_\_\_  
Its Authorized Officer

(Form of Assignment)

For value received, \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto \_\_\_\_\_ the within bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, with full power of substitution in the premises, to transfer this bond on the books of the within-mentioned Trustee.

DATED this \_\_\_\_\_ day of \_\_\_\_\_.

NOTE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within bond in every particular, without alteration, enlargement or change whatsoever.

\_\_\_\_\_  
(Bank, Trust Company or Firm)\*

By \_\_\_\_\_  
Authorized Officer

Its Medallion Number: \_\_\_\_\_

\* Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

#### **Section 7.4 Execution and Delivery of the Series 2022 Bonds and Book Entry System.**

(a) All of the Series 2022 Bonds shall, upon the execution and delivery of this Indenture, be executed by the Chairman of the Board of Directors and the Secretary of the Authority and delivered to the Trustee for authentication and registration and the Trustee shall authenticate and register said Bonds and deliver them as the Authority may direct in writing. All of the Series 2022 Bonds shall be delivered at one time. The receipt of the Secretary of the Authority shall be full acquittal to any purchaser or purchasers for the purchase price of any Series 2022 Bonds, and such purchaser or purchasers shall be under no obligation to see to the application thereof. Nevertheless, the Secretary of the Authority shall hold the proceeds from the sale of the Series 2022 Bonds in trust and shall dispose of the same only as provided in Section 7.5 hereof.

(b) The Series 2022 Bonds shall initially be issued pursuant to a Book-Entry System administered by the Securities Depository with no physical distribution of any Bond to any person. One Bond for each maturity will be issued, registered in the name of the Securities Depository Nominee, and immobilized in the custody of the Securities Depository. Beneficial ownership interests in Series 2022 Bonds held by the Securities Depository may be purchased by or through Direct Participants. The holders of these beneficial ownership interests in the Series 2022 Bonds are referred to as the "Beneficial Owners." The Beneficial Owners will not receive certificated Series 2022 Bonds representing their beneficial ownership interests. Ownership of the interests in Series 2022 Bonds in Authorized Denominations will be evidenced on the records of the Securities Depository and the Direct Participants and Indirect Participants pursuant to rules and procedures established by the Securities Depository. During a period in which the Book-Entry System is in effect for the Series 2022 Bonds the Authority and the Trustee shall treat the Securities Depository or the Securities Depository Nominee as the only registered owner of the Series 2022 Bonds for all purposes under this Indenture, including, without limitation, receipt of all principal of, premium (if any) and interest on the Series 2022 Bonds, receipt of notices, voting, and requesting or directing the Trustee or the Authority to take or not to take, or consenting to, certain actions under this Indenture. In the event the Securities Depository or the Securities Depository Nominee assigns its rights to consent or vote under this Indenture to any Direct Participant or Indirect Participant, the City and the Trustee shall treat such assignee or assignees as the only registered owner or owners of the Series 2022 Bonds for the purpose of exercising such rights so assigned.

(c) During a period in which the Book-Entry System is in effect for the Series 2022 Bonds, payments of principal, interest, and redemption premium, if any, with respect to the Series 2022 Bonds will be paid by the Trustee directly to the Securities Depository, or the Securities Depository Nominee, as Holder, and as provided in the Letter of Representations; provided, however, that payment of the principal of (and premium, if any, on) the Series 2022 Bonds due at final maturity or upon redemption in whole or any of the Series 2022 Bonds shall be made only upon surrender thereof at the designated corporate trust office of the Trustee. The Securities Depository and the Direct Participants and the Indirect Participants shall be responsible for the disbursement of such payments to the Beneficial Owners. All such payments to the Securities Depository or the Securities Depository Nominee, as Holder, of principal of, premium (if any) and interest on the Series 2022 Bonds on behalf of the Authority or the Trustee shall be valid and effectual to satisfy and discharge the liability of the Authority and the Trustee to the extent of the amounts so paid, and the Authority and the Trustee shall not be responsible or liable for payment to any Beneficial Owner by the Securities Depository or by any Direct Participant or by any Indirect Participant, or for sending transaction statements or for maintaining, supervising or reviewing records maintained by the Securities Depository or the Direct Participants or the Indirect Participants.

(d) Transfers of ownership interests in the Series 2022 Bonds, by the Beneficial Owners thereof, and conveyance of notices and other communications by the Securities Depository to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of the Series 2022 Bonds, will be governed by arrangements among the Securities Depository, Direct Participants, Indirect Participants and the Beneficial Owners, subject to any statutory and regulatory requirements as

may be in effect from time to time. For every transfer and exchange of beneficial ownership in the Series 2022 Bonds, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

(e) Redemption notices respecting Series 2022 Bonds held by the Securities Depository shall be sent to the Securities Depository Nominee by the Trustee, and redemption of Series 2022 Bonds shall be effected as provided in the face of the Bonds and as governed by the Letter of Representations.

(f) In the event that the Securities Depository ceases to act as the securities depository for the Series 2022 Bonds the Authority may discontinue the Book-Entry System for the Series 2022 Bonds. If the Authority fails to appoint another qualified securities depository to replace the then acting Securities Depository, the Authority will cause the Trustee to authenticate and deliver fully registered certificated Series 2022 Bonds to each Beneficial Owner in evidence of the ownership interests thereof. If the Book-Entry System is discontinued for the Series 2022 Bonds, payments to, and transfers of Series 2022 Bonds by, the Beneficial Owners shall be governed by the provisions set forth in the Indenture with respect thereto.

(g) The Authority may enter into a custody agreement with any bank or trust company serving as custodian (which may be the Trustee serving in the capacity of custodian) to provide for a Book-Entry System or similar method for the registration and transfer of the Series 2022 Bonds.

(h) During a period in which the Book-Entry System is in effect for the Series 2022 Bonds in accordance herewith, the provisions of this Indenture and the Series 2022 Bonds shall be construed in accordance with the Letter of Representations and to give full effect to such Book-Entry System.

(i) The Beneficial Owners of the Series 2022 Bonds, by their acquisition of any beneficial interest in a Series 2022 Bond or Series 2022 Bonds, and the Securities Depository, the Securities Depository Nominee, and all Direct Participants and all Indirect Participants, severally agree that the Authority and the Trustee shall not have any responsibility or obligation to any Direct Participant or any Indirect Participant or any Beneficial Owner with respect to (1) the accuracy of any records maintained by the Securities Depository or any Direct Participant or any Indirect Participant; (2) the payment by the Securities Depository or any Direct Participant or any Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of, premium (if any) and interest on the Series 2022 Bonds; (3) the delivery or timeliness of delivery by the Securities Depository or any Direct Participant or any Indirect Participant of any notice due to any Beneficial Owner which is required or permitted under the terms of this Indenture to be given to Beneficial Owners; or (4) any consent given or other action taken by the Securities Depository, or the Securities Depository Nominee, as owner.

(j) The Securities Depository may determine to discontinue the Book-Entry System with respect to the Series 2022 Bonds at any time upon notice to the Authority and the Trustee and upon discharge of its responsibilities with respect thereto under applicable law. Upon such

notice and compliance with law the Book-Entry System for the Series 2022 Bonds will be discontinued unless a successor Securities Depository is appointed by the Authority.

(k) In the event the Book-Entry System for the Series 2022 Bonds is discontinued, Bonds in certificated form in Authorized Denominations will be physically distributed to the Beneficial Owners thereof and such Bonds will be registered in the names of the owners thereof on the Bond Register. The Trustee will make payments of principal of, premium (if any) and interest on such Bonds to the registered owners thereof as provided in the Series 2022 Bonds and this Indenture, and the provisions with respect to registration, transfer and exchange of the Series 2022 Bonds by the registered owners thereof heretofore set out in this Indenture shall apply.

(l) The Authority shall cause to be kept at the designated corporate office of the Trustee a register (the "Bond Register") in which, subject to such reasonable regulations as it may prescribe, the Authority shall provide for the registration of Series 2022 Bonds and registration of transfers of Series 2022 Bonds entitled to be registered or transferred as herein provided. The Trustee is hereby appointed "Bond Registrar" for the purposes of registering Series 2022 Bonds and transfers of Series 2022 Bonds as herein provided.

**Section 7.5 Application of Proceeds from Sale of Series 2022 Bonds.** The entire proceeds derived from the sale of the Series 2022 Bonds, less the sum of \$259,997.50 representing the underwriter's discount to be retained by the underwriter for the Series 2022 Bonds, shall be paid to the Trustee and promptly thereafter applied by the Trustee for the following purposes and in the following order (and in the amounts specified by or on behalf of the Authority to the Trustee):

(a) deposited into the Construction Fund the sum of \$90,000,000 for payment of the costs of the Facility (including reimbursement to the City of costs paid by the City for design, development, construction, equipping and installation of the Project); and

(b) the balance (\$276,575.35) shall be applied by the Trustee for payment of the costs of issuing the Series 2022 Bonds on the date of issuance thereof, with any remaining amount to be deposited into the Construction Fund and used for payment of the costs of issuing the Series 2022 Bonds or for the costs of developing the Facility as directed by an Authorized Authority Representative.

## **ARTICLE VIII ADDITIONAL BONDS**

**Section 8.1 Additional Bonds - In General.** In the event the Authority desires (a) to provide funds to pay costs of the Project for the payment of which the moneys on deposit in the Construction Fund are insufficient, or (b) to acquire or construct Capital Improvements (including, without limitation, any additional real property and any additional personal property for use in the Facility), or (c) to refund or retire all or any portion of any one or more series of Bonds then outstanding hereunder or any other obligations of the Authority, or (d)

to accomplish any two or more of the objectives referred to in the preceding clauses (a), (b) and (c), it may at any time and from time to time, if it is not in default under the Indenture, issue Additional Bonds for such purpose, within the limitations of and upon compliance with the provisions of this Article VIII.

The Additional Bonds may be in such denomination or denominations, shall bear interest at such rate or rates, shall bear such dates not inconsistent with the provisions hereof, shall mature in such amounts and at such times as are not in conflict with the provisions hereof, shall be in such form and may contain such provisions for redemption prior to maturity, all as may be provided in the Supplemental Indenture under which they are issued. Any redemption of Additional Bonds prior to maturity shall be effected in the manner set forth in and shall be subject to the provisions of Article VI hereof. The Additional Bonds so issued shall contain an appropriate series designation.

**Section 8.2 Conditions Precedent to Issuance of Additional Bonds.** Prior to the issuance of any Additional Bonds, the Authority shall deliver to the Trustee the Additional Bonds proposed to be issued, duly executed and sealed, accompanied by the following:

(a) **Supplemental Indenture.** A Supplemental Indenture duly executed, sealed and acknowledged on behalf of the Authority and containing the following: (i) a description of the Additional Bonds proposed to be issued, including the aggregate principal amount, the numbers and series designation, the denomination or denominations, the date, the interest rate or rates and the maturity or maturities thereof, the provisions for redemption thereof prior to maturity and the forms of such Additional Bonds, (ii) a statement that all property acquired and to be acquired by the Authority with the proceeds of such Additional Bonds shall be subject to the demise of the Lease Agreement, (iii) a provision requiring that all such property be located in the Facility or elsewhere on the Site, and (iv) any other provisions that do not conflict with the provisions hereof;

(b) **Proceedings.** A certified copy of the proceedings taken by the Directors authorizing the issuance of the Additional Bonds proposed to be issued and the execution and delivery of the Supplemental Indenture providing therefor, which said proceedings shall include a Resolution requesting the Trustee to authenticate and deliver the Additional Bonds proposed to be issued and reciting the following: (i) that the Authority is not at the time in default hereunder and that no such default is imminent, (ii) the person or persons to whom such Additional Bonds have been sold and awarded and shall be delivered, (iii) the purchase price of such Additional Bonds, and (iv) a list of all Additional Bonds previously issued by the Authority hereunder and at the time outstanding and of the Supplemental Indentures under which they were issued;

(c) **Supplemental Lease.** A fully executed and acknowledged copy of an agreement between the Authority and the City supplemental to the Lease Agreement containing the following: (i) an agreement by the City to pay additional Basic Rent in amounts at least sufficient to pay the principal of, premium (if any) and the interest on such Additional Bonds (except any amount of such interest that is specifically provided in the aforesaid Supplemental Indenture to be initially paid out of the proceeds from the sale of such Additional Bonds) on or prior to the respective due dates of such principal, premium (if any) and interest, (ii) a

recognition and agreement by the City and the Authority that from and after the issuance of such Additional Bonds, any reference in the Lease Agreement to the "Bonds" shall, unless the context clearly indicates otherwise, be construed to refer both to all the Bonds then outstanding under the Indenture and to the Additional Bonds proposed to be issued, (iii) a statement that all property acquired and to be acquired by the Authority out of the proceeds of such Additional Bonds shall be subject to the demise of the Lease Agreement, (iv) a provision requiring that all such property be located in the Facility or elsewhere on the Site, and (v) any other provisions not in conflict with the Indenture or the Lease Agreement; and

(d) **Opinion of Bond Counsel.** An opinion dated on the date of issuance of such Additional Bonds, signed by Bond Counsel and approving the validity and legality of such Additional Bonds.

Upon receipt of the documents required by the provisions of this section to be furnished to it, the Trustee shall, unless it has cause to believe any of the statements set out in said documents to be incorrect, thereupon execute the Supplemental Indenture so presented, and the Trustee shall further authenticate the Additional Bonds with respect to which the said documents shall have been made and shall, upon receipt of evidence satisfactory to it that the Authority has received the purchase price or other consideration therefor, deliver the Additional Bonds so authenticated to the person or persons to whom the Resolution provided for in subsection (b) of this Section directed that such Additional Bonds be delivered.

## **ARTICLE IX**

### **AGREEMENTS RESPECTING COMPLETION OF CONSTRUCTION OF FACILITY**

**Section 9.1 Construction of Facility.** The Authority will proceed with all due diligence to complete the acquisition, construction, and equipment of the Facility in accordance with the plans and specifications approved by the City therefor, delays incident to strikes, riots, acts of God and the public enemy and similar acts or circumstances beyond the reasonable control of the Authority only excepted. In the manner and subject to the conditions provided in Section 9.2, the Authority will pay, as and when due, all costs and expenses incurred in connection with the foregoing undertakings and all other Development Costs, but the Authority's obligation to pay such costs shall be limited to moneys on deposit in the Construction Fund and such other funds for the payment of such costs as may be made available by the City under the provisions of the Lease Agreement.

The Authority will not suffer or permit any mechanics' or materialmen's liens that might be filed or otherwise claimed or established upon or against the Project or any part thereof, and which might be or become a lien superior to the lien hereof, to remain unsatisfied and undischarged for a period exceeding thirty (30) days after the filing or establishment thereof; provided however, that the Authority may in good faith contest any such mechanics' or materialmen's lien claims so filed or established, and, in the event that such lien claims are so contested, may permit the mechanics' or materialmen's liens so contested to remain unsatisfied and undischarged during the period of such contest and any appeal therefrom, irrespective of

whether such period extends beyond the thirty (30) day period after the filing or establishment of such liens, unless the Trustee shall be of the opinion that by such action the lien of the Indenture to any part of the Project shall be materially endangered or that the Project or any part thereof shall be subject to loss or forfeiture, in which event such mechanics' or materialmen's liens shall (unless they are warranted or superseded in a manner satisfactory to the Trustee) be satisfied prior to the expiration of said thirty (30) day period.

**Section 9.2 Construction Fund.** There is hereby created a special fund in the name of the Authority to be held by the Trustee and designated as the "Construction Fund." The Trustee shall be the depository, custodian and disbursing agent for the Construction Fund. The proceeds of the Series 2022 Bonds shall be deposited in the Construction Fund and applied to the payment of approved issuance expenses and the acquisition, construction, and equipment of the Project. The Trustee may pay approved issuance expenses without the need for a requisition form, but for all construction costs the Trustee must receive a signed requisition form, a form of which is attached hereto as Exhibit B and incorporated herein by reference.

**Section 9.3 Trustee Protected in Construction Fund Payments. Additional Evidence May Be Required.** The Trustee shall be fully protected in making withdrawals and payments out of any account forming a part of the Construction Fund for the purposes specified in Section 9.2 hereof.

## ARTICLE X

### APPLICATION OF REVENUES OF AUTHORITY AND CREATION OF SPECIAL FUNDS

**Section 10.1 Bond Fund.** There is hereby created a special trust fund, the full name of which shall be the "Bond Fund." The Trustee shall be and remain the depository, custodian and disbursing agent for the Bond Fund. There shall be paid into the Bond Fund, the following:

(a) On or before each August 1 and February 1, commencing August 1, 2022, the Authority will cause to be paid into the Bond Fund an amount equal to the interest that will be payable with respect to the Bonds on the next succeeding Interest Payment Date; and

(b) On or before each February 1, commencing February 1, 2023, the Authority will cause to be paid into the Bond Fund an amount equal to the principal maturing on such February 1.

Any sums deposited in the Bond Fund in accordance with Section 7.5 of this Indenture and amounts transferred to the Bond Fund from the Construction Fund pursuant to the last paragraph of Section 11.2 shall be credited on the then ensuing payments required by the provisions of this subsection to be paid into the Bond Fund until the entire amount of the said sums shall have been so credited.



All moneys paid into the Bond Fund shall be used only for payment of the principal, interest and scheduled mandatory redemption requirements under any Mandatory Redemption Provision on the Bonds, upon or after the respective maturities of such principal and interest; provided, however, that if at the final maturity of the Bonds, howsoever the same may mature, there shall be in the Bond Fund a sum in excess of the amount required to pay in full the principal and interest then due on the Bonds, then any such excess shall thereupon be returned to the Authority. When the amount of moneys on deposit in the Bond Fund equals or exceeds the aggregate of the principal and interest then remaining unpaid with respect to the Bonds, no further payments need be made into the Bond Fund except to make good moneys paid therein which may have become lost or which may not be immediately available for withdrawal under the provisions of this section.

There shall also be credited on the payments due under this Section 10.1 to be made into the Bond Fund on each Interest Payment Date all earnings on investments made pursuant to the provisions of Section 11.2 hereof and all amounts transferred into the Bond Fund pursuant to the provisions of the last paragraph of Section 11.2 hereof, to the end that all moneys held in the Bond Fund (exclusive of amounts constituting interest capitalized beyond the then next succeeding Interest Payment Date and amounts held therein for the payment of matured but unrepresented Bonds) shall be paid out for purposes for which the Bond Fund was created within (13) months from the date such moneys first become available for such purposes.

**Section 10.2 Depository.** The Trustee shall at all times be the depository, custodian and disbursing agent for the Bond Fund and the Construction Fund; and all moneys herein required to be paid into any of said funds shall be remitted to the Trustee. Out of the moneys deposited with it in the Bond Fund or transferred thereto, the Trustee shall make provision for payment of the interest on the Bonds as said interest matures; and out of the moneys deposited with it in the Bond Fund or transferred thereto, the Trustee shall make provision for payment of the principal of the Bonds as said principal matures and for payment, on the applicable required Redemption Date, of the Redemption Price of any Bonds required to be redeemed prior to their respective maturities by any Mandatory Redemption Provision.

**Section 10.3 Continuance of Special Funds.** The special funds created in this Article shall be continued until all of the Bonds shall have been paid or surrendered for cancellation, or until provision for such payment has been made, in the manner contemplated by Section 17.1.

## **ARTICLE XI**

### **SECURITY FOR FUNDS; INVESTMENTS**

**Section 11.1 Security for Funds.** The moneys at any time on deposit in the Construction Fund and the Bond Fund shall be and at all times remain public funds impressed with a trust for the purpose for which each of said funds was created. The Trustee shall at all times keep the moneys on deposit in any such fund continuously secured for the benefit of the Authority and the Holders of the Bonds, either

(a) by holding on deposit, as collateral security, Federal Securities having a market value at any date of calculation (exclusive of accrued interest) not less than the amount of moneys on deposit in the fund being secured, or

(b) if the furnishing of security in the manner provided in (a) above is not permitted by the then applicable law and regulations, then in such other manner as may be required or permitted by the then applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of trust funds;

provided, however, that it shall not be necessary for the Trustee to secure (i) any portion of the moneys on deposit in any such fund 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 (ii) any portion of the moneys that are invested in Eligible Investments as herein provided.

### **Section 11.2 Investment of Funds**

(a) All funds held by the Trustee hereunder shall be invested or reinvested by the Trustee, to the extent permitted by law, at the written request of and as directed in writing by the Authority, in Eligible Investments.

(b) Any moneys held as a part of the Bond Fund or the Construction Fund shall be invested or reinvested by the Trustee, at the written direction of the Authority, with such maturities as shall be required in order to assure full and timely payment of amounts required to be paid from the Bond Fund.

## **ARTICLE XII**

### **PARTICULAR COVENANTS OF THE AUTHORITY**

**Section 12.1 Payment of the Bonds.** The Authority will pay or will cause to be paid out of the revenues from the leasing or operation of the Facility, the principal of and the interest (and premium, if any) on the Bonds as specified therein, and it will otherwise perform all obligations that, either expressly or by reasonable implication, are imposed on it in the Indenture, and it will not default hereunder.

**Section 12.2 Priority of Pledge.** The pledge herein made of the rentals and other receipts from the Facility shall be prior and superior to any pledge thereof hereafter made for the benefit of any other securities (other than Additional Bonds) hereafter issued payable, in whole or in part, out of the rentals and other receipts to be derived from the Facility or for which any part of the Facility may be mortgaged (on a non-foreclosable basis) or any contract hereafter made by the Authority. In the event the Authority should hereafter issue any other securities (other than Additional Bonds) payable, in whole or in part, out of said rentals or other receipts or for which any part of said rentals or other receipts may be pledged or any part of the Facility may be mortgaged (on a non-foreclosable basis), or in the event the Authority should hereafter make

any contract payable, in whole or in part, out of said rentals and other receipts or for which any part of said rentals and other receipts may be pledged or any part of the Facility may be mortgaged (on a non-foreclosable basis), the Authority will, in the proceedings under which any such securities or contract are hereafter authorized, recognize the priority of the pledge of said revenues and receipts made herein for the benefit of the Bonds. The Authority agrees

(a) not to issue any securities, other than the Bonds, that are payable out of or secured by a pledge of the rentals and other receipts derived by the Authority from the Facility or any part thereof, and

(b) not to place any (non-foreclosable) mortgage or other encumbrance (other than the Indenture or Supplemental Indentures contemplated thereby) on the Facility or any part thereof,

without, in either case, the prior written consent of the City.

**Section 12.3 Concerning the Lease Agreement.** The Indenture and the rights and privileges of the Trustee and the Holders of the Bonds hereunder are specifically made subject to the rights, options and privileges of the City under the Lease Agreement, and nothing herein contained shall be construed to impair the rights, options and privileges granted to the City by the Lease Agreement. The Authority will perform and observe, or cause to be performed and observed, all agreements, covenants, terms and conditions required to be observed and performed by it in the Lease Agreement. Without relieving the Authority from the consequences hereunder of any default in connection therewith, the Trustee (on behalf of the Authority) may perform and observe, or cause to be performed and observed, any such agreement, covenant, term or condition, all to the end that the Authority's rights under the Lease Agreement may be unimpaired and free from default.

The Authority will promptly notify a Responsible Officer of the Trustee in writing of (a) the occurrence of any event of default by the City under the Lease Agreement (as the term "event of default" is used and defined in the Lease Agreement), provided that the Authority has knowledge of such default, and (b) the giving of any notice of default under the Lease Agreement. The Authority will also promptly notify a Responsible Officer of the Trustee in writing if, to the knowledge of the Authority, the City fails to perform or observe any of the agreements or covenants on its part contained in the Lease Agreement. In the event of any such occurrence of an event of default, any such giving of notice of default or any such failure, whether notice thereof is given to the Trustee by the Authority, as aforesaid, or whether the Trustee independently has knowledge thereof, the Trustee will promptly give written notice thereof to the City and shall in such notice expressly require the City to perform or observe the agreement or covenant with respect to which the City is delinquent, all to the end that if the City does not perform or observe such agreement or covenant (or cause such agreement or covenant to be performed or observed) in the manner and within the time provided by the Lease Agreement, a default may be declared thereunder without delay.

So long as the Lease Agreement shall remain in effect the Authority will cause the Basic Rent payable thereunder to be paid to the Trustee as provided in the Lease Agreement.

The Authority will not cancel, terminate or modify, or consent to the cancellation, termination or modification of, the Lease Agreement (except as is specifically provided, authorized or contemplated therein or herein) unless and until the principal of and the interest (and premium, if any) on the Bonds shall have been paid in full or provision for such payment, as specified in Section 17.1 hereof, shall have been made. In the event of any default under the Lease Agreement, the Authority will exhaust or cause to be exhausted, as promptly as may be practicable, all legal remedies that it may have against the City to obtain compliance with the lease provisions, including payment of the rentals therein provided and performance and observance of all agreements and covenants on the part of the City therein contained.

**Section 12.4 Maintenance, Repairs, Changes, Alterations, Taxes and Other Charges.** The Authority will continuously maintain the Facility, the Equipment and the other improvements located on the Site in good repair and in good operating condition (reasonable wear and tear excepted), making from time to time all necessary and proper renewals thereof and repairs and replacements thereto (including, without limitation, exterior and structural repairs, renewals and replacements); or it will cause the Facility, the Equipment and said improvements to be so maintained and such repairs and replacements to be so made; provided however, that the Authority shall not be obligated to renew, repair or replace any of the Equipment that may become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary in the City's use of the Facility, or to cause any such Equipment to be renewed, repaired or replaced. Without the prior written consent of the Trustee (and, unless the City is in default under the Lease Agreement, the City) the Authority will not itself make, or permit to be made, any change or alteration in the Facility or the other buildings and improvements situated on the Site other than those permitted or contemplated by the Lease Agreement.

The City will pay, or will cause to be paid, (a) all taxes and governmental charges of any kind whatsoever that may be lawfully assessed or levied against or with respect to the Project or any part thereof including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the Project (or the receipts, income or profits of the Authority therefrom) which, if not paid, would become a lien on the Project prior to the lien of the Indenture or a charge on the rentals and other receipts therefrom prior to the charge thereon and the pledge and assignment thereof created and made therein, (b) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project, and (c) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project, provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Authority shall be obligated to pay, or cause to be paid, only such installments as come due while any part of the principal of and the interest on the Bonds remains outstanding and unpaid. The Authority may, however, defer or cause to be deferred payment of any such taxes, charges or assessments pending the bona fide contest thereof unless the Trustee shall be of the opinion that by such action the lien of the Indenture as to any part of the Project shall be materially endangered or the Project or any part thereof shall be subject to loss or forfeiture, in which event any such payment then due shall not be deferred.

**Section 12.5 Warranty of Title.** The Authority warrants its title to the property described on the attached Exhibit A as being free and clear of every lien, encumbrance, trust or

charge prior hereto, other than Permitted Encumbrances; warrants that it has power and authority to subject the said property to the lien hereof and that it has done so hereby; and warrants that it will forever warrant and defend the title to the said property unto the Trustee against the lawful claims of all persons whomsoever, except those claiming under Permitted Encumbrances.

**Section 12.6 Sale of Project Prohibited.** The Authority will not hereafter sell or otherwise dispose of the whole or any integral part of the Project until the principal of and the interest (and premium, if any) on all the Bonds have been paid in full, or unless and until provision for such payment has been made.

**Section 12.7 Freedom of Facility from Prior Liens.** The Authority will keep the Facility free from all liens and encumbrances prior to the lien hereof (other than Permitted Encumbrances).

**Section 12.8 Inspections by Trustee.** The Authority will permit the Trustee and its duly authorized agents to inspect, at any reasonable time, any and every part of the Project and will permit the Trustee and the Holder of any Bond to inspect, at any reasonable time, the books and records of the Authority pertaining to the Project. The Authority will assist in furnishing facilities for any such inspection. The Authority will discharge, pay or satisfactorily provide to the Trustee, or cause to be discharged, paid or provided, all liabilities, expenses and advances reasonably incurred, disbursed or made by the Trustee in the execution of the trusts hereby created (including the reasonable compensation and expenses and disbursements of its counsel and of all other persons not regularly in its employ), and it will from time to time pay to the Trustee, or cause to be paid, reasonable compensation for its services hereunder, including extra compensation for unusual or extraordinary services.

**Section 12.9 Recordation. Further Assurances.** The Authority will file the Indenture, and all Supplemental Indentures hereafter executed, in such public office or offices in which said documents are required by law to be filed in order to constitute constructive notice thereof and to preserve and protect fully the rights and security afforded thereby to the Trustee and the Holders of the Bonds. In addition, the Authority

(a) will, upon reasonable request, execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out more effectually the purpose of the Indenture, and in particular (without in any way limiting the generality of the foregoing) to make subject to the lien hereof any property hereafter acquired as a part of the Facility and to transfer to any successor trustee or trustees the assets, powers, instruments and funds held in trust hereunder and to confirm the lien of the Indenture with respect to any bonds issued hereunder, and

(b) will take all actions that at the time and from time to time may be necessary (or, in the opinion of the Trustee, may be necessary) to perfect, preserve, protect and secure the interests of the Authority and the Trustee, or either, in and to the Facility.

No failure to request such further instruments or further acts shall be deemed a waiver of any right to the execution and delivery of such instruments or the doing of such acts or be deemed to affect the interpretation of any provisions of the Indenture.

**Section 12.10 Concerning the Tax Code.** (a) **General.** The Authority recognizes that the Tax Code imposes certain conditions to the exemption from Federal income taxation of interest income on the Bonds. Accordingly, the Authority agrees that it will continually comply with all requirements imposed by the Tax Code as a condition to the exemption from Federal income taxation of the interest income on the Bonds. With respect to any question arising under this Section 12.10, the Authority may rely upon an opinion of nationally recognized Bond Counsel acceptable to it.

(b) **Bonds Not To Be "Private Activity Bonds".** The Authority will not permit the application of proceeds of the Bonds or the use of any facilities financed with proceeds of the Bonds to be used in a manner that would cause any of the Bonds to be "private activity bonds" within the meaning of Section 141(a) of the Tax Code. The City has agreed in the Lease with the Authority that no federal prisoners will be housed in the Facility and the City will not enter into any agreement with any private party, including the federal government, to house any prisoners or other private occupants at the Facility.

(c) **Concerning the Arbitrage Provisions of the Tax Code.** The Authority agrees that it will comply with all provisions of the Tax Code necessary to preclude the Bonds being considered "arbitrage bonds" within the meaning of Section 148 or Section 149 of the Tax Code. Anything herein to the contrary notwithstanding, the Authority will not request any investment of any moneys held under the Indenture, or any sale or other conversion into cash of any such investments, or take any other action if as a result thereof any of the Bonds would be considered "arbitrage bonds" within the meaning of Sections 103(b)(2) and Sections 148 and 149 of the Tax Code and any applicable regulations and, in particular, will not make any investment that would result in amounts on deposit in the funds held hereunder by the Trustee being invested at a yield in excess of the yield on the Bonds, as such yield is required to be computed in accordance with the Tax Code and applicable regulations.

The Trustee will, on behalf of the Authority, keep and maintain such records respecting the investment of funds held under the Indenture for such period of time as shall be necessary in order to determine the yield on investment of proceeds of the Bonds of paragraphs (2) and (3) of Section 148(f) of the Tax Code, and any applicable regulations thereunder; and it will make available to the Authority such information as shall be necessary or desirable to enable the Authority to determine what action (if any) should be taken, under the provisions of Section 148(f) of the Tax Code and any applicable regulations, to avoid the treatment of the Bonds as "arbitrage bonds" within the meaning of said Section 148(f) and applicable regulations (if any).

If, a rebate to the United States of America should be necessary in order to preserve the exemption of the interest income on the Bonds from federal income taxation, the Authority agrees to make such rebate out of rental payments made by the City for such purpose or out of any other funds lawfully available to it.

## **ARTICLE XIII**

### **CERTAIN PROVISIONS RELATING TO THE POSSESSION, USE AND RELEASE OF THE PROJECT AND TO THE DISPOSITION OF INSURANCE PROCEEDS AND CONDEMNATION AWARDS**

**Section 13.1 Retention of Possession of Project by Authority.** While the Authority is not in default hereunder, it may retain actual possession of the Project and may manage and lease the same, and may collect, use and enjoy the rents, revenues, income and profits thereof to such extent as is in nowise violative of the Authority's covenants herein contained or contained in the Lease Agreement.

**Section 13.2 Release of Equipment.** Reference is hereby made to Section 6.2 of the Lease Agreement which permits the City to remove, in some cases without any accountability to the Authority or the Trustee, items of the Equipment from the Site and to sell or otherwise dispose of the same free and clear of the demise of the Lease Agreement and of the lien of the Indenture. Any item of the Equipment released from the demise of the Lease in accordance with the provisions thereof shall also be released from the lien of the Indenture, and the Trustee shall at the request of the Authority or the City execute and deliver all instruments that may be necessary to confirm such release.

**Section 13.3 Release Upon Payment of Condemnation Award to Trustee.** If the Project or any part thereof shall be taken through the exercise of the power of eminent domain, the entire condemnation award referable thereto shall be paid directly to the Trustee. Upon payment to the Trustee of such award, the Trustee shall, at the expense of the Authority, execute and deliver to the Authority or to the corporation or governmental agency successfully exercising such power of eminent domain any and all instruments that may be necessary (i) to release from the demise of the Lease all property forming part of the Project that shall be so taken and (ii) to release from the lien of the Indenture all property forming part of the Project that shall be so taken.

**Section 13.4 Disposition of Condemnation Award.** Reference is hereby made to the Lease Agreement wherein it is provided that if title to all or any part of the Project shall be taken through the exercise of the power of eminent domain, the entire condemnation award referable thereto shall be paid to and held by the Trustee and shall thereafter be applied by the Trustee in the manner and for the purposes specified in Section 7.2 of the Lease Agreement. The Trustee hereby accepts the duties and obligations on its part specified in the Lease Agreement with respect to such condemnation award and agrees that such condemnation award shall be applied in accordance with the applicable provisions of the Lease Agreement.

**Section 13.5 Disposition of Insurance Proceeds.** Reference is hereby made to the Lease Agreement wherein it is provided that if the Facility is destroyed, in whole or in part, or is damaged, by fire or other casualty, then all "Net Insurance Proceeds" (as defined in the Lease) recovered by the Authority, the City and the Trustee shall be paid to and held by the Trustee and shall thereafter be applied by the Trustee in the manner and for the purposes specified in Section 7.1 of the Lease Agreement. The Trustee hereby accepts the duties and

obligations on its part specified in the Lease Agreement with respect to such proceeds and agrees that such proceeds shall be applied in accordance with the applicable provisions of the Lease Agreement. All proceeds of insurance shall be deposited into the Construction Fund and applied for payment of the costs of restoration of the Facility or the redemption of Series 2022 Bonds, at the direction of and upon requisition approved by the Authority and the City.

## **ARTICLE XIV**

### **EVENTS OF DEFAULT AND REMEDIES OF TRUSTEE AND BONDHOLDERS**

**Section 14.1 Events of Default Defined.** Any of the following shall constitute default hereunder by the Authority:

(a) Failure by the Authority to pay the principal of, the interest on or the premium (if any) on any Bond as and when the same become due as therein and herein provided (whether such shall become due by maturity, any Mandatory Redemption Provision or otherwise);

(b) A default by the City under the Lease Agreement and the continuance thereof during the grace period, if any, provided in the Lease Agreement;

(c) Failure by the Authority to perform and observe any of the agreements and covenants on its part herein contained, other than (i) its agreement to pay the principal of, the interest of and the premium (if any) on the Bonds, and (ii) any other agreement with respect to which its failure to perform is the result of an "event of default" by the City under the Lease Agreement, after thirty (30) days' written notice to it of such failure made by the Trustee or by the Holders of not less than twenty-five per cent (25%) in principal amount of the Bonds then outstanding and secured hereby, unless during such period or any extension thereof the Authority has commenced and is diligently pursuing appropriate corrective action; or

(d) Any warranty, representation or other statement by or on behalf of the Authority in the Lease Agreement or this Indenture or in any certificate furnished with respect thereto being false and misleading in any material respect at the time made.

**Section 14.2 Remedies on Default.** Upon any default in any one of the ways defined in the preceding Section 14.1 hereof, the Trustee shall have the following rights and remedies:

(a) **Acceleration.** The Trustee may, by written notice to the Authority, declare the principal of and the interest accrued on all the Bonds forthwith due and payable, and such principal and interest shall thereupon become



and be immediately due and payable, anything herein or therein to the contrary notwithstanding. If, however, the Authority makes good that default and every other default hereunder (except for those installments of principal and interest declared due and payable that would, absent such declaration, not be due and payable), with interest on all overdue payments of principal and interest, and makes reimbursement of all the reasonable expenses of the Trustee, then the Trustee may (and, if requested in writing by the Holders of a majority in principal amount of the then outstanding Bonds, shall), by written notice to the Authority, waive such default and its consequences, but no such waiver shall affect any subsequent default or right relative thereto.

(b) **Suits at Law or in Equity.** The Trustee is empowered, (i) to sue on the Bonds, (ii) by mandamus, suit or other proceeding, to enforce all agreements of the Authority herein contained, including the fixing of rentals, the collection and proper segregation of the revenues from the Facility and the proper application thereof, (iii) by action or suit in equity, to require the Authority to account as if it were the trustee of an express trust for the Holders of the Bonds, and (iv) by action or suit in equity, to enjoin any action or things which may be unlawful or a violation of the rights of the Holders of the Bonds.

(c) **Receivership.** The Trustee shall be entitled to and shall have, regardless of the sufficiency of any security or the availability of any other remedy, the appointment of a receiver to administer and operate the Facility and to perform the covenants on the part of the Authority herein contained. Any receiver so appointed shall be entitled to take over and administer all of the following then on hand which shall be applicable to the Facility: cash on hand or on deposit, accounts and notes receivable, stocks, evidences of indebtedness, choses in action, and lease agreements with respect to the Facility or any part thereof.

Nothing herein contained, however, shall be construed to give any authority to the Trustee or the Holders of any of the Bonds to compel a sale of the Facility or any part thereof, and no foreclosure proceedings or sale shall ever be had under the authority of this Indenture with respect to the Facility or any part thereof.

**Section 14.3 Application of Moneys Received from Facility.** Any moneys received by the Trustee or by a receiver from the Facility pursuant to the provisions of this article or pursuant to any right given to it or action taken by it under the provisions of this article, together with all other funds then held by it hereunder, shall, after payment of all proper costs, expenses and liabilities incurred and disbursements made by the Trustee hereunder, and all liens and charges on the Facility prior hereto which in the opinion of the Trustee it is advisable to pay, be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

**FIRST** - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, with interest on overdue installments of interest, and, if the amount available shall not be sufficient to pay in full any particular installment plus said interest thereon, then to the payment ratably, according to the amounts due on such installments and with respect to said interest, to the persons entitled thereto, without any discrimination or privilege;

**SECOND** - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on overdue installments of principal, and, if the amount available shall not be sufficient to pay in full all such principal (and premium, if any), together with such interest, then to the payment of such principal, premium (if any) and interest ratably, without any discrimination or privilege; and

**THIRD** - The surplus, if any there be, into the Bond Fund, or in the event the Bonds have been fully paid, to the Authority or to whomsoever may be entitled thereto.

(b) If the principal of all the Bonds shall have become or been declared due and payable, all such moneys shall be applied as follows:

**FIRST** - To the payment of the principal and interest then due and unpaid upon the Bonds (with interest on overdue principal and interest), without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege; provided however, that if the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded under the provisions of Section 14.2, then, subject to the provisions of this subsection (b) in the event that the principal of all the Bonds shall later become or be declared due and payable, such moneys shall be applied in accordance with the provisions of subsection (a) of this Section 14.3; and

**SECOND** - The surplus, if any there be, or in the event the Bonds have been fully paid, to the Authority or to whomsoever may be entitled thereto.

Whenever moneys are to be applied pursuant to the provisions of this Section 14.3, such moneys shall be applied at such time or times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal and interest to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the holder of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

**Section 14.4 Remedies Vested in Trustee.** All remedies hereunder are vested exclusively in the Trustee for the equal and pro rata benefit of all the Holders of the Bonds, unless the Trustee refuses or neglects to act within a reasonable time after written request so to act addressed to the Trustee by the Holders of twenty-five per cent (25%) in principal amount of the outstanding Bonds, accompanied by indemnity satisfactory to the Trustee, in which event the Holder of any of the Bonds may thereupon so act in the name and behalf of the Trustee or may so act in his own name in lieu of action by or in the name and behalf of the Trustee. Except as above provided, no Holder of any of the Bonds shall have the right to enforce any remedy hereunder, and then only for the equal and pro rata benefit of the Holders of all the Bonds.

Notwithstanding any other provision hereof, the right of the Holder of any Bond, which is absolute and unconditional, to receive payment of the principal of and the interest on such Bond on or after the due date thereof, but solely from the revenues from the Facility as therein and herein expressed, or to institute suit for the enforcement of such payment on or after such due date, or the obligation of the Authority, which is also absolute and unconditional, to pay, but solely from said revenues and receipts, the principal of and the interest on the Bonds to the respective Holders thereof at the time and place in said Bonds expressed, shall not be impaired or affected without the consent of such Holder.

**Section 14.5 Delay No Waiver.** No delay or omission by the Trustee or by any Bondholder to exercise any available right, power or remedy hereunder shall impair or be construed a waiver thereof or an acquiescence in the circumstances giving rise thereto; every right, power or remedy given herein to the Trustee or to the Bondholders may be exercised from time to time and as often as deemed expedient.

## ARTICLE XV

### CONCERNING THE TRUSTEE

**Section 15.1 Acceptance of Trusts.** The Trustee accepts the trusts hereby created and agrees to perform the duties herein required of it, either expressly or by reasonable implication, subject, however, to the following conditions:

(a) It shall not be liable hereunder except for its non-compliance with the provisions hereof, its willful misconduct or its gross negligence.

(b) It may execute any of the trusts and powers conferred on it hereunder or perform any duty hereunder either directly or through agents and attorneys in fact who are not regularly in its employ and who are selected by it with reasonable care.

(c) It may consult Counsel on any matters connected herewith and shall not be answerable for any action taken or failure to take any action in good faith on the advice of Counsel, provided that its action or inaction is not contrary to any express provision hereof.

(d) It need not recognize a Holder of a Bond or Bonds as such without the satisfactory establishment of his title to such Bond or Bonds.

(e) It shall not be answerable for any action taken in good faith on any notice, request, consent, certificate or other paper or document which it believes to be genuine and signed or acknowledged by the proper party.

(f) It need not notice any default hereunder unless requested so to do by the Holders of twenty-five per cent (25%) of the then outstanding Bonds.

(g) In the event of default by the Authority hereunder, the Trustee need not exercise any of its rights or powers specified in Section 14.2 hereof or take any action under said Section 14.2 unless requested in writing so to do by the Holders of twenty-five per cent (25%) of the then outstanding Bonds; it may exercise any such rights or powers or take any such action, if it thinks advisable, without any such request; it shall do so when so requested; provided that the furnishing of indemnity, satisfactory to the Trustee, against its prospective liabilities and expenses by the Holders requesting any action by the Trustee under said Section 14.2 shall be a condition precedent to the duty of the Trustee to take or continue any action under said Section 14.2 which in the opinion of the Trustee would involve it in any such liabilities or expenses. Whenever it has a choice of remedies under said Section 14.2 or a discretion as to details in the exercise of its powers thereunder, it must follow any specific directions given by the Holders of a majority of the Bonds at the time outstanding, anything therein or herein to the

contrary notwithstanding, unless the observance of such directions would, in the opinion of the Trustee, unjustly prejudice the non-assenting Bondholders.

(h) It shall be entitled to reasonable compensation for its services hereunder, including extra compensation for unusual or extraordinary services, and reimbursement of all advances, reasonable counsel fees and other reasonable expenses reasonably made or incurred by the Trustee in connection with such services. It shall pay the fees and charges of any co-paying agents for any of the Bonds (for which it shall be entitled to reimbursement from the Authority).

(i) Any action taken by the Trustee at the request of and with the consent of the Holder of a Bond will bind all subsequent Holders of the same Bond and any Bond issued hereunder in lieu thereof.

(j) It may be the Holder of Bonds as if not Trustee hereunder.

(k) It shall not be liable for the proper application of any moneys other than those that may be paid to or deposited with it.

(l) It shall not unreasonably withhold or delay any consent or approval required of it under the provisions hereof or of the Lease Agreement.

(m) All moneys received by the Trustee to be held by it hereunder shall be held as trust funds until disbursed in the manner herein provided therefor. The Trustee shall not be liable to pay or allow interest thereon or otherwise to invest any such moneys except as specifically required herein.

(n) It may make any investments permitted hereby through its own Bond Department, and any Eligible Certificates issued by it hereunder shall be deemed investments and not deposits.

(o) It shall, upon reasonable request, advise the Authority or the City of the amount at the time on deposit in any of the special funds herein created.

(p) It shall, upon reasonable request, issue to the Authority or the City certificates indicating whether, to the knowledge of the Trustee, the Authority or the City is in default under the provisions of the Indenture or the Lease Agreement, respectively.

(q) The recitals of fact herein and in the Bonds are statements by the Authority and not by the Trustee, and the Trustee is in no way responsible for the validity or security of the Bonds, insuring the Facility, the existence of any part of the Facility, the value thereof, the title of the Authority thereto, the security afforded hereby or the validity or priority of the lien hereof.

(r) The Trustee shall have no responsibility for filing or recording of this Indenture or any other document or instrument including, without limitation, any initial financing statements.

(s) The Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(t) When the Trustee incurs expenses or renders services after the occurrence of an act of bankruptcy with respect to the Authority, the expenses and the compensation for the services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

(u) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except for the default specified in Section 14.1(b), unless a Responsible Officer of the Trustee shall be specifically notified in writing of such default by the Authority or by the Holders of at least fifty percent (50%) in aggregate principal amount of outstanding Bonds, and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the designated office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(v) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed by an Authorized Authority Representative or an Authorized City Representative as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which a Responsible Officer of the Trustee has been notified as provided in Section 15.1(v) hereof, or of which by said subsection the Trustee is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same.

(w) The Trustee may accept a certificate of the officials of the Authority (or their successors in office) who executed the Bonds to the effect that a Resolution in the form set forth in such certificate has been adopted by the Authority as conclusive evidence that such Resolution has been duly adopted and is in full force and effect.

(x) The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment, redemption or defeasance of the Bonds.

All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

**Section 15.2 Trustee Authorized to Pay Certain Charges.** Without relieving the Authority from the consequences of any default in connection therewith, the Trustee may pay any charge which the failure of the Authority to pay has made or will make an encumbrance or lien prior hereto on the Facility, and in the event the City or the Authority shall fail to take out or cause to be taken out insurance on the Facility to the extent required by the Indenture, the Trustee may take out any such insurance on the Facility that the Authority has failed to furnish or cause to be furnished and may pay the premiums thereon; provided that in each case (a) the Trustee first gives to the Authority such notice as is reasonable under the circumstances of the Authority's failure to pay such charge or take out or cause to be taken out such insurance, and (b) the Authority does not within such time thereafter as the Trustee deems reasonable under the circumstances pay such charge or take out or cause to be taken out such insurance. The Trustee, however, shall not be required to pay any such charge or take out any such insurance, and it shall not be liable in any manner for any failure to do so. All sums expended by the Trustee under the provisions of this section shall be secured by the Indenture, shall bear interest at the rate of 2% above the Trustee Prime Rate from the date of payment thereof, and shall be entitled to priority of payment over the principal of or the interest (and premium, if any) on any of the Bonds. The Authority will reimburse the Trustee on demand for all sums so expended by the Trustee, together with interest at said rate.

**Section 15.3 Trustee May File Claims.** The Trustee may at any time file a claim in its own name or for the benefit of the Holders of the Bonds in any court proceeding where any such claim may be permitted or required, whether such proceeding be by way of reorganization, bankruptcy, receivership or of any other nature. The Holders of the Bonds do hereby constitute and appoint the Trustee as their irrevocable agent and attorney in fact for the purpose of filing any such claim, but such authorization shall not include the power to agree to accept new securities of any nature in lieu of the Bonds or to alter the terms of the Bonds.

**Section 15.4 Resignation and Discharge of Trustee.** The Trustee may resign and be discharged of the trusts hereby created upon thirty (30) days written notice to the Authority and the Holders of the Bonds specifying the effective date of such resignation. The Trustee may at any time be removed by a written instrument upon thirty (30) days written notice signed by the Authority (so long as no event of default exists hereunder) or by Holders of a majority in Outstanding Amount of the Bonds then outstanding. No resignation or removal of the Trustee shall be effective until the appointment of a successor as provided below. If the Trustee shall resign or be removed, it shall be reimbursed for all its proper prior expenses reasonable under the circumstances and that would be due under this Indenture.

**Section 15.5 Appointment of Successor Trustee.** If the Trustee shall resign, be removed, be placed by a court or governmental authority under the control of a receiver or other public officer or otherwise become incapable of acting, a successor may be appointed by a written instrument signed by the Holders of a majority in outstanding amount of the Bonds and in the interim by an instrument executed by the Authority, such interim successor Trustee to be immediately and ipso facto superseded by the one appointed as above by the said Holders. The

Authority shall give written notice of such interim appointment, in the event such is made, to the Holders of the Bonds, and when the appointment of a successor Trustee, as selected by the Holders of a majority in outstanding amount of the Bonds, becomes effective, such successor Trustee shall give written notice of that fact to the Holders of the Bonds. Any successor Trustee shall be a bank or trust company authorized to administer trusts and having, at the time of its acceptance of such appointment combined capital, surplus and undivided profits of at least \$50,000,000. If no successor Trustee shall have been appointed and accepted appointment within sixty (60) days of the resignation, removal, or the occurrence of a vacancy in the office of Trustee in the manner herein provided, the Trustee or any Holder may petition any court of competent jurisdiction for the appointment of a successor Trustee until a successor shall have been appointed as above provided.

**Section 15.6 Concerning Any Successor Trustee.** Any successor Trustee shall execute and deliver to the Authority an instrument accepting the trusts and shall thereupon ipso facto succeed to all the estate and title of the retiring Trustee to the Facility and to its rights, powers and responsibilities hereunder. The Authority will, upon request of the successor Trustee, execute and deliver to it any instrument reasonably requested in further assurance thereof. Any such instrument so executed shall be filed for record in the office of the Judge of Probate of the county in which the Facility is located. Any successor Trustee may effectively adopt the authentication certificate of a predecessor Trustee on Bonds already authenticated and not delivered, and may so deliver them; and it may effectively authenticate Bonds in its own name.

## **ARTICLE XVI**

### **AUTHORIZATION OF SUPPLEMENTAL INDENTURES, MODIFICATION OF THE INDENTURE, THE LEASE AGREEMENT AND SUPPLEMENTAL INDENTURES**

**Section 16.1 Supplemental Indentures without Bondholder Consent.** The Authority and the Trustee may at any time and from time to time enter into such Supplemental Indentures (in addition to such Supplemental Indentures as are otherwise provided for herein or contemplated hereby) as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(a) To add to the covenants and agreements of the Authority herein contained other covenants and agreements thereafter to be observed and performed by the Authority, provided that such other covenants and agreements shall not either expressly or impliedly limit or restrict any of the obligations of the Authority contained in the Indenture;

(b) To cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained in the Indenture or in any Supplemental Indenture or to make any provisions with respect to matters arising under the Indenture or any Supplemental Indenture for any other purpose if such provisions are necessary or desirable and are not inconsistent with the provisions of the Indenture or any Supplemental Indenture and do not adversely affect the interests of the Holders of the Bonds; and



(c) To subject to the lien of the Indenture and the pledge herein contained additional property and the revenues therefrom.

Any Supplemental Indenture entered into under the provisions of and pursuant to this section shall not require the consent of any Bondholders.

**Section 16.2 Supplemental Indenture Requiring Bondholder Consent.** In addition to those Supplemental Indentures permitted by Section 16.1, the Authority and the Trustee may, at any time and from time to time, with the written consent of the Holders of not less than sixty-six and two-thirds per cent (66-2/3%) of the Bonds then outstanding, enter into such Supplemental Indentures as shall be deemed necessary or desirable by the Authority and the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, that without the written consent of the Holder of each Bond affected, no reduction in the principal amount of, rate of interest on, or the premium payable upon the redemption of, any Bond shall be made; and provided further, that without the written consent of the Holders of all the Bonds none of the following shall be permitted:

- (a) An extension of the maturity of any installment of principal of or interest on any Bond;
- (b) The creation of a lien or charge on the Facility or the revenues therefrom ranking prior to or on a parity with the lien and charge thereon contained herein;
- (c) A change in any Mandatory Redemption Provision;
- (d) The establishment of preferences or priorities as between the Bonds; or
- (e) A reduction in the aggregate principal amount of Bonds the Holders of which are required to consent to such Supplemental Indenture.

Upon the execution of any Supplemental Indenture under and pursuant to the provisions of this section, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the Trustee and all Holders of the Bonds then outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

**Section 16.3 Execution of Supplemental Indentures.** The Authority and the Trustee recognize that, to the extent specified in Section 9.1 of the Lease Agreement, they may not make any amendment of the Indenture or any Supplemental Indenture without the prior written consent of the City. Subject to such consent, the Trustee is authorized to join with the Authority in the execution of any Supplemental Indenture authorized under the provisions of this article and to make the further agreements and stipulations which may be contained therein, but

the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects its rights, duties or immunities under the Indenture. Any Supplemental Indenture executed in accordance with the provisions of this article shall thereafter form a part of the Indenture, and all the terms and conditions contained in such Supplemental Indenture as to any provisions authorized to be contained therein, shall be deemed to be a part of the terms and conditions of the Indenture for any and all purposes.

**Section 16.4 Amendments to Lease Agreement.** The Authority may, with the written consent of the Trustee but without the consent of or any notice to the holders of any of the Bonds,

(a) amend, change or modify the Lease Agreement so as to identify more precisely the Equipment or additional rights and interests in property acquired in accordance with the provisions of the Lease Agreement, and

(b) amend, change or modify the Lease Agreement to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained in the Lease Agreement, or to make provision with respect to matters arising under the Lease Agreement for any other purpose if such provisions are necessary or desirable and are not inconsistent with the provisions of the Lease Agreement or the Indenture and do not, in the sole and uncontrolled judgment of the Trustee, adversely affect the interests of the holders of the Bonds.

The Authority may, at any time and from time to time, with the written consent of the Trustee and the written consent of the holders of not less than sixty-six and two-thirds per cent (66-2/3%) of the Bonds then outstanding, amend, change or modify the Lease Agreement to such extent as shall be deemed necessary or desirable by the Authority and the Trustee, provided that without the written consent of the holders of all the Bonds, no such amendment, modification or change with respect to the Lease Agreement shall permit (i) a reduction in the amount of Basic Rent prior to payment in full of the principal of and the interest (and premium, if any) on the Bonds, (ii) any reduction of or change in the due dates of Basic Rent payments prior to such full payment of the Bonds, or (iii) any other change that, in the sole and uncontrolled judgment of the Trustee, might adversely affect the interests of the holders of the Bonds.

**Section 16.5 Discretion of the Trustee.** In the case of any Supplemental Indenture or amendment, modification or change with respect to the Lease Agreement authorized under the provisions of this article, the Trustee shall be entitled to exercise its discretion in determining whether or not any proposed Supplemental Indenture or amendment, modification or change with respect to the Lease Agreement, or any term or provision therein contained, is proper or desirable, having in view the purposes of such instrument, the needs of the Authority and the Facility and the rights and interests of the Bondholders, and the Trustee shall not be under any responsibility or liability to the Authority or to any Bondholder or to anyone whomsoever for any act or thing which it may in good faith do or decline to do under the provisions of this article. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of Independent Counsel acceptable to it as conclusive evidence that any

such Supplemental Indenture or any such amendment, modification or change with respect to the Lease Agreement complies with the provisions of the Indenture and that it is proper for the Trustee acting under the provisions of this article to join in the execution of such Supplemental Indenture or to consent to such amendment, modification or change with respect to the Lease Agreement.

**ARTICLE XVII**  
**PAYMENT AND CANCELLATION OF THE BONDS**  
**AND SATISFACTION OF THE INDENTURE**

**Section 17.1 Satisfaction of Indenture.** Whenever the entire indebtedness secured by the Indenture, including all proper charges of the Trustee hereunder, shall have been fully paid, the Trustee shall cancel, satisfy and discharge the lien of the Indenture and shall execute and deliver to the Authority such deeds and instruments as shall be requisite to satisfy of record the lien hereof and to reconvey and transfer the Facility to the Authority. For purposes of the Indenture, any of the Bonds shall be deemed to have been paid when there shall have been irrevocably deposited with the Trustee for payment thereof the entire amount (principal, interest and premium, if any) due or to be due thereon until and at maturity, and, further, any of the Callable Bonds shall also be deemed to have been paid when the Authority shall have deposited with the Trustee the following:

- (a) the applicable Redemption Price of such Bond, including the interest that will mature thereon to the earliest date on which it may, under the terms of the Indenture, be redeemed,
- (b) a certified copy of the Resolution required by subsection (a) of Section 6.1 (if, under the terms of said subsection (a), the adoption of such a Resolution is required), and
- (c) either (i) evidence satisfactory to the Trustee that notice of redemption of such Bond has been given as provided in Article VI, or (ii) irrevocable powers authorizing the Trustee to give such redemption notice.

In addition, any Bonds shall, for all purposes of the Indenture, be deemed fully paid if there shall be filed with the Trustee each of the following:

- (1) a trust agreement between the Authority and the Trustee making provision for the retirement of such Bonds by creating for that purpose an irrevocable trust fund sufficient to provide for payment and retirement of such Bonds (including payment of the interest that will mature thereon until and on the dates they are retired, as such interest becomes due and payable), either by redemption prior to their respective maturities, by payment at their respective maturities or by payment of part thereof at their respective maturities and redemption of the remainder prior to their respective maturities, which said trust fund shall consist of (A) Federal Securities which are not subject to redemption prior to their respective maturities at the option of the issuer and which, if the

principal thereof and the interest thereon are paid at their respective maturities, will produce funds sufficient so to provide for payment and retirement of such Bonds, or (B) both cash and such securities which together will produce funds sufficient for such purpose, or (C) cash sufficient for such purpose;

(2) a certified copy of a Resolution calling for redemption those of such Bonds that, according to said trust agreement, are to be redeemed prior to their respective maturities; and

(3) evidence that notice of such redemption has been given pursuant to the requirement of Article VI or that irrevocable powers for the giving of such redemption notice have been conferred on the Trustee.

**Section 17.2 Cancellation of Paid Bonds.** When and as the Bonds are paid, those so paid shall be forthwith cancelled by the Trustee and delivered to the Authority. Likewise all mutilated Bonds replaced by new Bonds shall forthwith be cancelled by the Trustee and delivered to the Authority. The Trustee may, in either case, deliver to the Authority a certificate of cancellation in lieu of the delivery of the cancelled Bonds.

**Section 17.3 Payment of Certain Surplus Moneys to the City.** At such time as the Bonds and any other indebtedness secured by the Indenture shall have been fully paid in accordance with the provisions of Section 17.1, the Trustee shall, if the Lease Agreement has not theretofore been terminated as a result of a default by the City, pay to the City any surplus moneys then remaining in any of the funds created under the Indenture.

## **ARTICLE XVIII MISCELLANEOUS PROVISIONS**

**Section 18.1 Disclaimer of General Liability.** It is hereby expressly made a condition of this Indenture that any agreements, covenants or representations herein contained or contained in the Bonds do not and shall never constitute or give rise to any personal or pecuniary liability or charge against the general credit of the Authority, and in the event of a breach of any such agreement, covenant or representation, no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the Authority shall arise therefrom. Further, none of the members of the Directors and none of the officers, employees or agents of the Authority shall have any personal or pecuniary liability whatever hereunder or any liability for the breach by the Authority of any of the agreements on its part herein contained. Nothing contained in this section, however, shall relieve the Authority from the observance and performance of the several covenants and agreements on its part herein contained.

**Section 18.2 Retention of Moneys for Payment of Bonds.** Should any of the Bonds not be presented for payment when due, whether by maturity or otherwise, the Trustee shall, subject to the provisions of any applicable escheat or other similar law, retain from any moneys transferred to it for the purpose of paying said Bonds so due, for the benefit of the Holders thereof, a sum of money sufficient to pay such Bonds when the same are presented by the Holders thereof for payment (upon which sum the Trustee shall not be required to pay

interest). All liability of the Authority to the Holders of such Bonds and all rights of such Holders against the Authority under the Bonds or under the Indenture shall thereupon cease and determine, and the sole right of such Holders shall thereafter be against such deposit. Moneys set aside for payment of matured but unrepresented Bonds may not, any provisions hereof to the contrary notwithstanding, be invested, and such moneys shall not, for the purposes of determining the amount on deposit in any of the funds, be considered as moneys on deposit therein. If any Bond shall not be presented for payment within a period of three (3) years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall, subject to the provisions of any applicable escheat or other similar law, return to the Authority any moneys theretofore held by it for payment of such Bond, and such Bond shall (subject to the defense of any applicable statute of limitation) thereafter be an unsecured obligation of the Authority.

**Section 18.3 Form of Requests, etc., by Bondholders.** Any request, direction or other instrument required to be signed or executed by Holders of the Bonds may be in any number of concurrent instruments of similar tenor, signed, or executed in person or by agent appointed in writing. Such signature or execution may be proved by the certificate of a notary public or other officer at the time authorized to take acknowledgments to deeds to be recorded in Alabama, stating that the signer was known to him and acknowledged to him the execution thereof.

**Section 18.4 Limitation of Rights.** Nothing herein or in the Bonds shall confer any right on anyone other than the Authority, the Trustee, the City, and the Holders of the Bonds.

**Section 18.5 Manner of Proving Ownership of Bonds.** The ownership at any given time of a Bond may be proved by a certificate of the Trustee stating that on the date stated the Bond described was registered on its books in the name of the stated party.

**Section 18.6 Indenture Governed by Alabama Law.** It is the intention of the parties hereto that the Indenture shall in all respects be governed by the laws of the State of Alabama.

**Section 18.7 Notices.** All notices, demands, requests and other communications hereunder shall be deemed sufficient and properly given if in writing and delivered in person to the following addresses or received by certified or registered mail, postage prepaid with return receipt requested, at such addresses:

(a) If to the Authority:

The Public Building Authority of the City of Huntsville  
308 Fountain Circle  
Huntsville, Alabama 35810

(b) If to the City:

the City of Huntsville

308 Fountain Circle  
Huntsville, Alabama 35810

(c) If to the Trustee:

Regions Bank  
1900 5<sup>th</sup> Avenue North, 26<sup>th</sup> Floor  
Birmingham, Alabama 35203

Any of the above-mentioned parties may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. The Trustee and the Authority will send a copy of each notice that either thereof gives to the other pursuant to the provisions hereof to the City so long as no default under the Lease Agreement shall have occurred and be continuing; provided however, that the failure of either the Authority or the Trustee to send a copy of any such notice to the City shall not invalidate such notice or render it ineffective unless notice to the City is otherwise expressly required herein. Any notice hereunder signed on behalf of the notifying party by a duly authorized attorney at law shall be valid and effective to the same extent as if signed on behalf of such party by a duly authorized officer or employee.

**IN WITNESS WHEREOF**, the Authority has caused this Indenture to be executed in its corporate name and behalf by its Chairman, has caused its corporate seal to be hereunto affixed and has caused this Indenture to be attested by its Secretary, and the Trustee, to evidence its acceptance of the trusts hereby created, has caused this Indenture to be executed in its name and behalf, has caused its seal to be hereunto affixed and has caused this Indenture to be attested, by its duly authorized officers, all as of the 3<sup>rd</sup> day of March, 2022.

**THE PUBLIC BUILDING AUTHORITY OF  
THE CITY OF HUNTSVILLE**

By \_\_\_\_\_  
Its Chairman

[SEAL]

ATTEST:

\_\_\_\_\_  
Its Secretary

**REGIONS BANK**

By \_\_\_\_\_  
Its \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Its \_\_\_\_\_

STATE OF ALABAMA     )  
                                     :  
MADISON COUNTY     )

I, Lee V. Bradley, a Notary Public in and for said county in said state, hereby certify that **MARK RUSSELL**, whose name as Chairman of **THE PUBLIC BUILDING AUTHORITY OF THE CITY OF HUNTSVILLE**, a political subdivision of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

GIVEN under my hand and official seal of office, this 3<sup>rd</sup> day of March, 2022.

(NOTARIAL SEAL)

---

Notary Public



STATE OF ALABAMA     )  
                                     :  
JEFFERSON COUNTY     )

I, Lee V. Bradley, a Notary Public in and for said county in said state, hereby certify that Dian Wilson, whose name as a duly authorized representative of **REGIONS BANK**, a banking corporation under the laws of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, she, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

GIVEN under my hand and official seal of office, this 3<sup>rd</sup> day of March, 2022.

( NOTARIAL SEAL )

---

Notary Public

## **EXHIBIT A**

### **SITE DESCRIPTION**

Lot 4 according to the Subdivision Plat of Urban Renewal Project ALA R-32 Big Spring Area, Huntsville, Alabama, Section "A," as the same is recorded in the Madison County Probate Records in Plat Book 8, Page 22, with said Property being bounded on the west and north by Fountain Circle, on the south by Gates Avenue, and on the east by Madison Street.

Less and Except and reserving unto the City of Huntsville, however, the designated rights-of-way for Fountain Circle, Gates Avenue, and Madison Street.

**EXHIBIT B**

**REQUISITION AND PAYMENT REQUEST**

No. \_\_\_\_\_

TO: Regions Bank, the Trustee of the Construction Fund under that certain Mortgage Indenture and Deed of Trust dated \_\_\_\_\_, 2022 (the "Indenture"), between The Public Building Authority of the City of Huntsville and Regions Bank. Capitalized terms not otherwise defined herein shall have the meanings assigned in the Indenture.

A requisition and payment request is hereby made to you, as custodian of the Construction Fund, for the payment of \_\_\_\_\_ to:

\_\_\_\_\_  
(Name of person to whom payment is to be made)

whose address is \_\_\_\_\_

\_\_\_\_\_  
The purpose for which such payment (or reimbursement) is to be made is as follows:

\_\_\_\_\_  
The Authorized Authority Representative does hereby certify that the purpose for which such payment is to be made is one for which Construction Fund moneys are authorized under the Indenture to be expended. Attached hereto is an invoice (or invoices) from the payee named showing that the amount requested to be paid is or was due and payable for the purpose stated in this requisition and payment request, or, in the case of reimbursement, certification from the payee as to the amount to be reimbursed and the purpose or purposes for which such payee expended funds for which reimbursement is hereunder requested for Capital Improvements for the Project or otherwise for the Project.

This \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

THE PUBLIC BUILDING  
AUTHORITY OF THE CITY OF  
HUNTSVILLE

By: \_\_\_\_\_  
Authorized Authority Representative

**Exhibit III**  
**Preliminary Official Statement**

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

## PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 9, 2022

**Ratings:**  
**Moody's: Aa1**  
**Standard & Poor's: AA+**  
(See "RATINGS" herein)

### ***New Issue – Book Entry Only***

*In the opinion of Bond Counsel to the Authority, assuming continuing compliance by the Authority with the covenants set forth in the Indenture and the proceedings under which the Series 2022 Bonds are issued with respect to certain conditions imposed by Section 103 of the Internal Revenue Code of 1986, as amended, the interest income on the Series 2022 Bonds will be excludable from gross income of the recipients thereof for federal income tax purposes. Bond Counsel to the Authority is also of the opinion that the interest income on the Series 2022 Bonds is, under existing statutes and regulations, exempt from Alabama income taxation. See "TAX MATTERS" herein.*

**\$73,705,000\***  
**THE PUBLIC BUILDING AUTHORITY**  
**OF THE CITY OF HUNTSVILLE (ALABAMA)**  
**Lease Revenue Bonds**  
**Series 2022**

**Dated: Date of Delivery**

**Due: February 1, as shown on  
the inside cover hereof**

### **SEE INSIDE COVER FOR AMOUNTS, MATURITIES, INTEREST RATES AND YIELDS**

Interest on the Series 2022 Bonds is payable on August 1 and February 1 of each year, commencing August 1, 2022. The Series 2022 Bonds will be issued as fully registered bonds in the denominations of \$5,000 and any integral multiple thereof. Principal of and any premium on the Series 2022 Bonds will be payable at the corporate trust office of Regions Bank, Birmingham, Alabama, as Trustee under the Indenture hereinafter defined. Interest on the Series 2022 Bonds will be payable by check or draft mailed by the Trustee to the registered owners thereof.

The Series 2022 Bonds are special, limited obligations of The Public Building Authority of the City of Huntsville (the "Authority") payable solely from, and secured by a pledge of, the revenues and receipts derived by the Authority from the leasing by the City of Huntsville (the "City") of the Facility described herein. The Series 2022 Bonds will not constitute an indebtedness of the State of Alabama or of the City, or give rise to a pecuniary liability or charge against the general credit or taxing powers of the State of Alabama or the City. The Authority has no taxing power and no source of payment of the principal of and premium (if any) and interest on the Series 2022 Bonds other than revenues derived from or with respect to the Lease (hereinafter defined) and, in certain cases, proceeds of insurance or condemnation awards respecting the Facility. The Series 2022 Bonds will not be obligations or debts of the City or any other political subdivision or instrumentality of the State of Alabama (other than the Authority to the extent provided in the Indenture), and except for the obligation of the City to pay rentals with respect to the Series 2022 Bonds coming due during the initial term or any renewal term of twelve months for which the Lease shall be in effect, neither the City nor any such political subdivision or instrumentality (other than the Authority to the extent provided in the Indenture) shall in any manner be liable for the payment of the principal of or the interest on the Series 2022 Bonds or for the performance of the undertakings of the Authority contained in the Series 2022 Bonds or in the Indenture.

The Series 2022 Bonds will be issued as fully registered Series 2022 Bonds and will be registered in the name of Cede & Co., nominee of The Depository Trust Company ("DTC"), to which principal and interest payments on the Series 2022 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2022 Bonds. Individual purchases of the Series 2022 Bonds will be made in book-entry form only, and individual purchasers ("Beneficial Owners") of the Series 2022 Bonds will not receive physical delivery of Series 2022 Bond certificates. So long as DTC or its nominee is the registered owner of the Series 2022 Bond, disbursements of such payments to DTC is the responsibility of the Trustee, disbursements of such payment to DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC Participants or Indirect Participants as more fully described herein.

[Certain of the Series 2022 Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity as described herein.]

**THIS COVER PAGE CONTAINS ONLY A SUMMARY OF INFORMATION REGARDING THE SERIES 2022 BONDS. POTENTIAL INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES HERETO, PRIOR TO MAKING AN INVESTMENT DECISION.**

*The Series 2022 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of validity thereof by Bradley Arant Boult Cummings LLP, Bond Counsel to the Authority, and certain other conditions. PFM Financial Advisors LLC is serving as Financial Advisor to the Authority and the City. Certain matters will be passed upon for the Underwriters by their counsel, Gilpin Givhan, P.C., Montgomery, Alabama. It is expected that the Series 2022 Bonds in definitive form will be available for delivery through DTC on or about [\_\_\_\_\_] 2022.*

**STIFEL**

**PIPER | SANDLER**

Dated: \_\_\_\_\_

\* Preliminary; subject to change.

# AMOUNTS, MATURITIES, INTEREST RATES AND YIELDS

## \$73,705,000\* Lease Revenue Bonds Series 2022

Maturity Date (February 1)	Principal Amount*	Interest Rate	Yield	CUSIP <sup>(1)</sup>
2023	\$1,095,000			
2024	1,140,000			
2025	1,200,000			
2026	1,260,000			
2027	1,325,000			
2028	1,395,000			
2029	1,465,000			
2030	1,540,000			
2031	1,620,000			
2032	1,700,000			
2033	1,790,000			
2034	1,880,000			
2035	1,975,000			
2036	2,080,000			
2037	2,185,000			
2038	2,300,000			
2039	2,415,000			
2040	2,540,000			
2041	2,670,000			
2042	2,805,000			
2043	2,950,000			
2044	3,100,000			
2045	3,260,000			
2046	3,430,000			
2047	3,605,000			
2048	3,790,000			
2049	3,980,000			
2050	4,185,000			
2051	4,400,000			
2052	4,625,000			

<sup>(1)</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the registered owners of the Series 2022 Bonds. The Authority and the Underwriter are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness by the Authority on the Series 2022 Bonds and by the Underwriter on the Series 2022 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2022 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2022 Bonds.

\* Preliminary; subject to change.

**THE PUBLIC BUILDING AUTHORITY OF  
CITY OF HUNTSVILLE**

Post Office Box 308  
308 Fountain Circle  
Huntsville, Alabama 35804-0308  
(256) 427-5080

**Board of Directors**

Mark Russell  
Chairman

Bob Broadway  
Vice-Chairman

DeMarco McClain  
Secretary/Treasurer

**Financial Advisor**

PFM Financial Advisors LLC  
Huntsville, Alabama

**Bond Counsel**

Bradley Arant Boult Cummings LLP  
Birmingham, Alabama

**Trustee**

Regions Bank  
Birmingham, Alabama

**Underwriters**

Stifel, Nicolaus & Company, Incorporated  
Montgomery, Alabama

Piper Sandler & Co.  
Birmingham, Alabama

**Counsel to Underwriters**

Gilpin Givhan, PC  
Montgomery, Alabama

Certain information contained in or incorporated by reference in this Official Statement has been obtained by the Authority and the City from DTC and other sources that are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information by the Underwriter or the Authority or the City. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Underwriter. This Official Statement is being used in connection with the sale of securities as referred to herein and may not be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

No dealer, broker, salesperson or any other person has been authorized by the Authority, the City, or the Underwriter to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the inside cover page, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the Series 2022 Bonds.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information based on the Authority's beliefs as well as assumptions made by and information currently available to the Authority.

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## OFFICIAL STATEMENT

\$73,705,000\*

### THE PUBLIC BUILDING AUTHORITY OF THE CITY OF HUNTSVILLE

#### Lease Revenue Bonds Series 2022

## INTRODUCTION

### General

The purpose of this Official Statement, including the cover page and the appendices hereto, is to set forth information in connection with the offering by The Public Building Authority of the City of Huntsville (the "Authority") of the above-referenced bonds (the "Series 2022 Bonds"), dated their date of initial delivery. The Authority is a public corporation organized and existing under and pursuant to the provisions of Chapter 56 of Title 11 of the Code of Alabama 1975, as amended (the "Act") and a resolution adopted by the governing body of the City of Huntsville, Alabama (the "City").

The Authority is issuing the Series 2022 Bonds to pay a portion of the costs to design, develop, construct, equip and install the Facility hereinafter described and to pay the costs of issuing the Series 2022 Bonds. The Series 2022 Bonds will be issued pursuant to the provisions of the Act and under a Mortgage Indenture and Deed of Trust dated the date of the Series 2022 Bonds (the "Indenture") between the Authority and Regions Bank, as trustee (the "Trustee"). The Series 2022 Bonds and any additional parity bonds hereafter issued under the Indenture ("Additional Parity Bonds") are herein from time to time together called the "Bonds." See "THE SERIES 2022 BONDS – Purpose" herein; See also "THE AUTHORITY, THE FACILITY AND THE LEASE" herein.

### The Facility

The Series 2022 Bonds are being issued to pay the costs to design, develop, construct, equip and install a new city hall facility, including among other features administrative, storage and parking facilities for use by the City (the "Facility") for lease by the Authority to the City.

### The Lease

The Act authorizes the City to lease the Facility from the Authority. Upon issuance of the Series 2022 Bonds, the City and the Authority will enter into a Lease Agreement dated the date of the Series 2022 Bonds (the "Lease") under which the City will lease the Facility from the Authority on a year-to-year basis. The Lease will have an initial term commencing on the date of its delivery and continuing until and including September 30, 2022. The Lease provides that the rental required to be paid and the agreements required to be performed by the City during any fiscal year of the City during which the Lease may be in effect shall be payable solely out of the current revenues of the City for such fiscal year. The financing authorized by the Act and by the proceedings under which the Series 2022 Bonds will be issued is that of a limited obligation of the City payable solely out of the revenues and receipts of the City for the fiscal year during which the Lease is in effect. The Act permits, but does not require, the City to renew the Lease at the beginning of each successive fiscal year of the City. A determination by the City not to renew the Lease for a subsequent fiscal year would result in the City being liable only for the rental required to be paid and agreements performed during the fiscal year during which the Lease was last in effect, such liability to be satisfied solely out of the revenues of the City for the last fiscal year during which the Lease was in effect. See "SECURITY – Lease Term" herein.

Prospective investors in the Series 2022 Bonds should examine the form of the Lease to be entered upon issuance of the Series 2022 Bonds. See also APPENDIX H – "FORM OF THE LEASE" hereto.

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\* Preliminary; subject to change.

## **THE AUTHORITY**

The Authority is a public corporation organized and existing under and pursuant to the provisions of the Act and a resolution adopted by the governing body of the City. The Authority was organized for the purpose of constructing certain public facilities for lease by the Authority to the City. The powers of the Authority are vested in its Board of Directors, consisting of three members elected by the governing body of the City for staggered terms. Each director must be a duly qualified resident of the City, but no director may be an officer of the State of Alabama or of the City.

The following consist of the initial Board of Directors of the Authority:

<b>Name</b>	<b>Title</b>
Mark Russell	Chairman
Bob Broadway	Vice-Chairman
DeMarco McClain	Secretary/Treasurer

The Authority already owns and leases certain facilities to the City. Specifically, the Authority owns and, under a Lease Agreement between the Authority and the City dated September 1, 2007, as supplemented by a First Supplemental Lease Agreement dated October 12, 2017 (the "Public Safety Facility Lease"), leases to the City a municipal court and fire and police administration facility (the "Public Safety Facility"), and the Authority owns and, under a Lease Agreement between the Authority and the City dated March 18, 2021 (the "Amphitheater Lease"), leases to the City, a public amphitheater facility currently under construction (the "Amphitheater").

Under the Public Safety Facility Lease, the City pays the debt service on the Authority's \$46,965,000 initial principal amount Lease Revenue Refunding Bonds, Series 2017 (the "Series 2017 Bonds"), which were issued to finance and refinance the costs of the Public Safety Facility. Under the Amphitheater Lease, the City pays the debt service on the Authority's \$37,000,000 initial principal amount Taxable Lease Revenue Bonds, Series 2021, of the Authority (the "Series 2021 Bonds"), which were issued to finance the costs of the Amphitheater.

The Series 2022 Bonds are not secured by, and holders thereof have no claim to any amounts or other obligations of the City whatsoever under, the Public Safety Facility Lease or the Amphitheater Lease or otherwise in connection with the Public Safety Facility, the Amphitheater, the Series 2017 Bonds, or the Series 2021 Bonds.

## **THE CITY OF HUNTSVILLE**

For information concerning the City of Huntsville, prospective investors in the Series 2022 Bonds are encouraged to review the various appendices to this Official Statement, including without limitation APPENDIX A – "CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION OF THE CITY OF HUNTSVILLE", APPENDIX B – "GOVERNMENTAL ORGANIZATION AND FUNCTIONS OF THE CITY OF HUNTSVILLE", APPENDIX C "CERTAIN FINANCIAL, DEBT AND RELATED INFORMATION OF THE CITY OF HUNTSVILLE", AND APPENDIX G – "AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020".

## **THE SERIES 2022 BONDS**

### **General**

The Series 2022 Bonds will be dated the date of their initial issuance, will bear semiannual interest payable on each August 1 and February 1, commencing August 1, 2022, at the rates set forth on the inside of the cover page hereof, and will mature on February 1 in the years and in the principal amounts set forth on said inside cover page. Interest on the Series 2022 Bonds is computed on the basis of a 360 day year of twelve (12) consecutive thirty (30) day months. The Series 2022 Bonds will be issued as fully registered bonds, registerable as to both principal and interest, in the denominations of \$5,000 or any integral multiple thereof. The principal of and premium (if any) on the Series 2022 Bonds will be payable at the designated corporate trust office of the Trustee in Birmingham, Alabama, and the interest on the Series 2022 Bonds will be paid by the Trustee by draft or check mailed to the registered owner as such registered owner's name shall appear on the registry books of the Trustee on the fifteenth (15th) calendar day next preceding any interest payment date. Payments of interest with respect to the Series 2022 Bonds shall be deemed timely made if made by check or draft mailed by the Trustee no later than the respective due dates of such interest.

The principal of and the interest and premium (if any) on the Series 2022 Bonds will be payable in lawful money of the United States of America.

#### **Purpose; Scheduled Debt Service**

The Series 2022 Bonds are being issued to pay a portion of the costs of the Facility and to pay costs of issuing the Series 2022 Bonds. See "PLAN OF FINANCING" herein. The scheduled debt service requirements for the Series 2022 Bonds is as follows<sup>(1)</sup>:

<b>Year (February 1)</b>	<b>Principal<sup>(1)*</sup></b>	<b>Interest<sup>(1)*</sup></b>	<b>Total<sup>(1)*</sup></b>
2022	--	\$1,607,804	\$1,607,804
2023	\$1,095,000	3,646,925	4,741,925
2024	1,140,000	3,602,000	4,742,000
2025	1,200,000	3,543,500	4,743,500
2026	1,260,000	3,482,000	4,742,000
2027	1,325,000	3,417,375	4,742,375
2028	1,395,000	3,349,375	4,744,375
2029	1,465,000	3,277,875	4,742,875
2030	1,540,000	3,202,750	4,742,750
2031	1,620,000	3,123,750	4,743,750
2032	1,700,000	3,040,750	4,740,750
2033	1,790,000	2,953,500	4,743,500
2034	1,880,000	2,861,750	4,741,750
2035	1,975,000	2,765,375	4,740,375
2036	2,080,000	2,664,000	4,744,000
2037	2,185,000	2,557,375	4,742,375
2038	2,300,000	2,445,250	4,745,250
2039	2,415,000	2,327,375	4,742,375
2040	2,540,000	2,203,500	4,743,500
2041	2,670,000	2,073,250	4,743,250
2042	2,805,000	1,936,375	4,741,375
2043	2,950,000	1,792,500	4,742,500
2044	3,100,000	1,641,250	4,741,250
2045	3,260,000	1,482,250	4,742,250
2046	3,430,000	1,315,000	4,745,000
2047	3,605,000	1,139,125	4,744,125
2048	3,790,000	954,250	4,744,250
2049	3,980,000	760,000	4,740,000
2050	4,185,000	555,875	4,740,875
2051	4,400,000	341,250	4,741,250
2052	4,625,000	115,625	4,740,625

<sup>(1)</sup> Assumes annual renewal by the City of the Lease through the final estimated maturity date of Series 2022 Bonds.

\* Preliminary; subject to change.

#### **Registration and Transfer**

SO LONG AS DTC ACTS AS THE SECURITIES DEPOSITORY FOR THE SERIES 2022 BONDS ALL REFERENCES HEREIN TO "OWNER" OF "HOLDER" OF THE SERIES 2022 BONDS ARE DEEMED TO BE CEDE & CO., AS NOMINEE FOR DTC, AND NOT TO PARTICIPANTS OR BENEFICIAL OWNERS. SEE APPENDIX F - "BOOK-ENTRY ONLY SYSTEM" HERETO.

The Series 2022 Bonds shall be registered as to both principal and interest and may be transferred only on the registry books of the Trustee pertaining to the Series 2022 Bonds. No transfer of the Series 2022 Bonds shall be permitted except upon presentation and surrender of such Series 2022 Bond at the office of the Trustee with written power to transfer signed by the registered owner thereof in person or by a duly authorized attorney in form and with guaranty of signature satisfactory to the Trustee. The holder of one or more of the Series 2022 Bonds may,

upon request, and upon the surrender to the Trustee of such Series 2022 Bonds, exchange such Series 2022 Bonds for Series 2022 Bonds of other authorized denominations (\$5,000 principal amount or any integral multiple thereof) of the same maturity and interest rate and together aggregating the same principal amount as the Series 2022 Bonds so surrendered. Any registration, transfer and exchange of Series 2022 Bonds at the request of a holder thereof shall be without expense to such holder, except that the holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange. The holder of any Series 2022 Bond will be required to pay any expenses incurred in connection with the replacement of a mutilated, lost or stolen or destroyed Series 2022 Bond.

The Indenture provides that interest on the Series 2022 Bonds shall be payable solely by check or draft mailed by the Trustee to the holders of the Series 2022 Bonds shown on the registry books of the Trustee pertaining to the Series 2022 Bonds on the Record Date (defined in the Indenture as the 15<sup>th</sup> calendar day next preceding an interest payment date). The Indenture makes special provision for payment of overdue interest which may be paid to a holder other than the registered holder of a Series 2022 Bond at the time such overdue interest becomes due and payable.

The Indenture provides that each holder of the Series 2022 Bonds, by receiving or accepting the Series 2022 Bonds, consents and agrees and is estopped to deny that, insofar as the Authority and the Trustee are concerned, the Series 2022 Bonds may be transferred only in accordance with the provisions of the Indenture. The Indenture also provides that each transferee of the Series 2022 Bonds takes them subject to all principal and interest payments in fact made with respect to the Series 2022 Bonds.

The Indenture provides that the trustee shall not be required to register or transfer any Series 2022 Bond during the period of 15 days next preceding any August 1 or February 1, and if any Series 2022 Bond is called for redemption, the Trustee is not required to register or transfer any such Series 2022 Bond during the period of 45 days next preceding the date fixed for its redemption.

Reference is made to the provisions of the Indenture in full for its provisions pertaining to the registration, transfer and exchange of Series 2022 Bonds and the method of payment of the principal thereof and interest thereon.

#### **Discontinuation of Book-Entry Only System**

DTC may determine to discontinue providing its services with respect to the Series 2022 Bonds at any time by giving notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the book-entry only system for the Series 2022 Bonds will be discontinued unless a successor securities depository is appointed by the Authority.

In the event that the book-entry only system for the Series 2022 Bonds is discontinued, the following provisions would apply, subject to the further conditions set forth in the Indenture.

The principal of and premium, if any, on the Series 2022 Bonds will be payable when due upon their presentation and surrender at the office of the Trustee in Birmingham, Alabama. Interest payments on the Series 2022 Bonds will be made to the persons who are the registered owners by check or draft mailed to such owners at their addresses as they appear on the registration books of the Trustee.

The Series 2022 Bonds will be transferable only upon presentation to the Trustee with written power to transfer signed by the registered owner thereof in person or by duly authorized attorney. Upon the request of the owner of any Bond, the Authority will execute and the Trustee will authenticate and deliver, upon surrender to the Trustee of such Bond and in exchange therefor, as may be requested by the person surrendering such Bond, other Series 2022 Bonds in different authorized denominations (\$5,000 or any integral multiple thereof) of like tenor and together aggregating the same principal amount as the then outstanding unpaid principal amount of Bond so surrendered. The Trustee will not be required to register or transfer any Bond during the period beginning January 15 or July 15 next preceding any interest payment date with respect thereto. If any such Bond is called for redemption, the Trustee will not be required to register, transfer or exchange such Bond during the period beginning 45 days next preceding the redemption date with respect thereto.

## Redemption Provisions

**Optional Redemption.** Those of the Series 2022 Bonds maturing or being subject to mandatory redemption on [February 1, \_\_\_\_], and on any date thereafter, will be subject to redemption, at the option of the Authority (which shall be evidenced by the direction of the City) or, while no default by the City exists under the Lease Agreement, at the option of City exercised on behalf of the Authority, as a whole or in part (but if in part only in installments of \$5,000 or any integral multiple thereof and in such maturities as the Authority or the City, as the case may be, shall designate, and if less than all the Series 2022 Bonds of a single maturity are to be redeemed, those to be called for redemption shall be selected by the Trustee by lot) on [February 1, \_\_\_\_], and on any date thereafter, such redemption to be at and for a redemption price for each Series 2022 Bond redeemed equal to the par or principal amount to be redeemed plus accrued interest thereon to the redemption date.

**Mandatory Redemption.** Those of the Series 2022 Bonds having a stated maturity in [\_\_\_\_\_] will be subject to mandatory redemption on February 1 in the following years and in the following aggregate principal amounts at a redemption price for each such Series 2022 Bond redeemed equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption:

Year (February 1)	Amount to be Redeemed
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In the event the City or the Authority shall have caused to be partially redeemed Series 2022 Bonds or shall have provided for a partial redemption of Series 2022 Bonds in such a manner that, under the provisions of the Indenture, the Series 2022 Bonds for the redemption of which provision is made are considered as fully paid, the City, on behalf of the Authority, may elect to apply all or any part (but only in integral multiples of \$5,000) of the principal amount of such Series 2022 Bonds so redeemed or to be redeemed to the reduction of the principal amount of Series 2022 Bonds required to be redeemed pursuant to the schedule set forth immediately above on any February 1 coterminous with or subsequent to the date such optional redemption actually occurs. Such notice shall be deemed effective only if it is given prior to the Trustee having given notice of redemption contrary to the provisions of such notice pursuant to the provisions of the Indenture.

**Extraordinary Redemption.** The Series 2022 Bonds will be subject to redemption as a whole only at any time, at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, but only in the event of the taking by eminent domain of all or substantially all the Facility or the exercise by the City of its right under the Lease to require the Authority to redeem and retire all bonds then outstanding under the Indenture, which right shall be exercisable only if (a) any part of the Facility is damaged or destroyed to such extent that, in the opinion of an independent engineer, (i) the Facility cannot reasonably be restored to the condition thereof immediately preceding such damage or destruction within a period of six (6) consecutive months, (ii) the City will thereby be prevented, or is likely to be thereby prevented, from using the Facility for a period of not less than six (6) consecutive months, or (iii) the cost of restoration thereof would exceed the sum of the net insurance proceeds referable to such damage or destruction; or (b) title to, or the temporary use of, any part of the Facility is taken under the exercise of the power of eminent domain by any governmental authority or person, firm or corporation acting under governmental authority and such taking or takings result (or, in the opinion of an independent engineer are likely to result) in the City being thereby prevented from using the Facility for a period of not less than six (6) consecutive months; or (c) as a result of any changes in the Constitution of the State of Alabama or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal), entered after the contest thereof by the City in good faith, the Lease becomes void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed herein or unreasonable burdens or excessive liabilities are imposed on the Authority or the City.

**Notice of Redemption of Series 2022 Bonds.** Notice of the proposed redemption (other than mandatory redemption) of any of the Series 2022 Bonds prior to their respective stated maturities will be given, not more than 60 nor less than 30 days prior to the proposed redemption date, by registered or certified mail to the registered holders of any Series 2022 Bonds called for redemption. If on the applicable redemption date the redemption price of any Series 2022 Bond (or portion thereof) duly called for redemption is on deposit at the principal

corporate trust office of the Trustee, such Series 2022 Bond (or portion thereof) will cease to bear interest on such date.

## **PLAN OF FINANCING**

Simultaneously with the issuance of the Series 2022 Bonds, the Authority will deposit the proceeds of the Series 2022 Bonds into a special fund or account designated by the City to be used to construct and build the Facility (the "Construction Fund"). Such proceeds will also be used to pay the costs of issuing the Series 2022 Bonds.

## **SECURITY**

**Limited Obligation.** The Series 2022 Bonds will be limited obligations of the Authority payable solely from rental income derived by the Authority from the City under the Lease, except to the extent that they may be paid out of income from investments or, under certain circumstances, proceeds of insurance or condemnation awards respecting the Facility. See "THE CITY OF HUNTSVILLE" herein, and other information in this appendix respecting the City. See also APPENDIX G – "AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020" for additional information respecting the City and its finances.

**Lease Term.** The initial term (the "Initial Term") of the Lease will expire on September 30, 2022. So long as any of the Series 2022 Bonds remain outstanding and unpaid, the City will have the option to renew the Lease for successive terms of one year, commencing on October 1 and ending on September 30 of the next succeeding calendar year, which terms of one year coincide with the fiscal year of the City (any such term being herein called a "Renewal Term"). Neither any provision of the Lease, nor any other action taken by the City in connection with the issuance and sale of the Series 2022 Bonds, obligates the City to renew the Lease for any Renewal Term after the expiration of the Initial Term, or after the expiration of any Renewal Term for which the City may have renewed the Lease, nor obligates the City to make any rental payment or perform any agreement under the Lease with respect to any fiscal year during which the Lease may be in effect except out of the revenues of the City for the same fiscal year.

Subject to the terms of the Indenture, the Authority will, for the benefit of the holders of the Series 2022 Bonds and to secure payment of the principal thereof and the interest and premium (if any) thereon, assign and pledge to the Trustee:

- (i) all rents, rentals and other receipts from the Facility, and
- (ii) all right, title and interest of the Authority in and to the Lease insofar as such right, title and interest pertain to (a) the obligation of the City with respect to the use, maintenance and preservation of the Facility, and (b) the right to receive and collect all rents and other payments due from the City under the Lease.

As further security for the payment of the principal of and the interest (and premium, if any) on all Bonds issued under the Indenture, the Indenture will constitute a non-foreclosable mortgage on the Facility and the equipment and furnishings forming a part thereof and on the real property on which the Facility is located and all other buildings and improvements now or hereafter constructed or situated on said real property, subject to "Permitted Encumbrances" (as that term is defined in the Indenture).

The Lease will require the City to pay rent (directly to the Trustee for the account of the Authority) during each fiscal year of the City during which the Lease shall be in effect in an amount sufficient to pay the principal of and interest on the Series 2022 Bonds that will become due during such fiscal year. During the Initial Term, and during each Renewal Term (if any) of the Lease, the obligations of the City to pay rent and to make all other payments provided for in the Lease, and to perform the other agreements on its part contained therein, shall constitute limited obligations of the City payable solely out of the current revenues of the City received during such Initial Term and such Renewal Term (if any), as the case may be.

**The Series 2022 Bonds will not be general obligations of the Authority, and the covenants and representations contained in the Series 2022 Bonds and in the Indenture do not and will not constitute a liability or charge against the general credit of the Authority. The Series 2022 Bonds will not be obligations or debts of the City or any other political subdivision or instrumentality of the State of Alabama other than the Authority, and except for the obligation of the City to pay rentals in respect to the Series 2022 Bonds coming due during the**

**Initial Term, or during any Renewal Term for which the Lease shall be in effect, neither the City nor any such political subdivision or instrumentality, other than the Authority, shall in any manner be liable for the payment of the principal of or the interest on the Series 2022 Bonds or for the performance of the undertakings of the Authority contained in the Series 2022 Bonds or in the Indenture.**

**Additional Parity Bonds.** The Indenture authorizes the Authority to issue additional bonds ("Additional Parity Bonds"), secured on a parity of lien with the Series 2022 Bonds and any other Bonds outstanding under the Indenture, for any purpose for which the Authority may issue its bonds under the provisions of the Act. As conditions precedent to the issuance of such Additional Parity Bonds, the Authority will be required to furnish to the Trustee, among other things:

(a) A supplemental indenture authorizing such Additional Parity Bonds and specifying the details with respect thereto;

(b) A certificate signed by the Mayor, the City Clerk or the Finance Director of the City stating that there has been no default in the payment of any amounts required to be paid under the Lease; and

(c) A supplemental lease between the Authority and the City containing the following:

(i) an agreement that such supplemental lease agreement shall be in effect for a primary term beginning on the date of its delivery and ending on the date on which the then current fiscal year of the City will end,

(ii) an agreement by the City to pay, for the current term of the Lease and for each Renewal Term, on or before the first day of each such term, additional, supplemental or changed rent in an amount sufficient to provide for the payment of the principal of and the interest on such Additional Parity Bonds becoming due during each such term, and

(iii) in the event the last maturity of such Additional Parity Bonds is subsequent to the last maturity of the Bonds then outstanding under the Indenture, provisions enabling the City to renew, at its option, the Lease for such additional consecutive one-year Renewal Terms as may be necessary to cause the last of such terms to commence on the February 1 next preceding the last maturity of such Additional Parity Bonds.

Additional Parity Bonds, irrespective of when issued, shall have the same priorities and be entitled to the same security, with respect to both the lien of the Indenture and the pledge of the rentals and other revenues of the Authority from the Facility, as the Series 2022 Bonds.

**Prospective investors in the Series 2022 Bonds should examine the form of the Lease to be entered upon issuance of the Series 2022 Bonds. See also APPENDIX H – "FORM OF THE LEASE" hereto.**

#### **ESTIMATED SOURCES AND USES OF PROCEEDS**

The Authority expects that the proceeds from the sale of the Series 2022 Bonds will be applied substantially as follows:

##### **Sources**

Par amount

[Plus/Less] [Net] Original Issue [Premium/Discount]

##### **Total Sources**

##### **Uses**



Construction of Facility  
Costs of Issuance <sup>(1)</sup>  
**Total Uses**

<sup>(1)</sup> Includes underwriting discount, financial advisory fee, rating agency fees, legal, trustee's, printing and other issuance costs

**SUMMARY OF CERTAIN PROVISIONS OF THE LEASE**

The following, in addition to certain information hereinabove contained, summarizes certain provisions of the Lease. Prospective investors in the Series 2022 Bonds should carefully examine all terms of the Lease as shown in the form of Lease attached hereto. See APPENDIX H – "FORM OF THE LEASE".

**Initial Term of Lease; Renewal Terms**

Contemporaneously with the issuance of the Series 2022 Bonds, the City and the Authority will enter into the Lease under which the City will agree to lease the Facility on a year-to-year basis. The Lease will have an initial term commencing on the date of its delivery and continuing until and including September 30, 2022. So long as any of the Series 2022 Bonds remain outstanding and unpaid, the City will have the option (but not be required) to renew the Lease for successive terms of one year commencing on October 1 and ending on September 30 of the next succeeding calendar year (which terms of one year coincide with the fiscal year of the City). Such option shall be deemed to have been exercised and shall be automatically exercised for a fiscal year in any of the following circumstances:

- (a) if the City continues in occupancy of the Facility on the first day of such fiscal year;
- (b) if, on or prior to the first day of such fiscal year, the governing body of the City shall adopt a resolution electing to exercise such option for such fiscal year; or
- (c) if the City elects to pay all or any part of the Basic Rent referable to such fiscal year prior to the commencement thereof.

Neither any provision of the Lease nor any other actions taken by the City in connection with the issuance and sale of the Series 2022 Bonds will obligate the City to renew the Lease for any Renewal Term after the expiration of the Initial Term, or after the expiration of any Renewal Term.

**Rental Provisions**

**General.** The Lease requires the City to make, for each fiscal year during which the Lease shall be in effect, rental payments directly to the Trustee for the account of the Authority.

**Rent for Renewal Terms.** At the beginning of each Renewal Term for which the City may renew the Lease, the Lease will obligate the City to make rental payments with respect to the Series 2022 Bonds in an amount sufficient to provide for the payment of the principal of and the interest on the Series 2022 Bonds due during such Renewal Term. The rent due during each Renewal Term in respect of the Series 2022 Bonds (which rent is herein called the "Basic Rent") shall be an amount which, when added to the amount then on deposit in the Debt Service Fund from whatever source derived, but exclusive of any amount held therein for payment of matured but unrepresented bonds and bonds called for redemption and not yet presented, equals:

- (a) the principal (if any) that will mature with respect to the Series 2022 Bonds on the next succeeding February 1, and
- (b) the interest that will mature on the next succeeding February 1 and August 1.

The Lease will require that the Basic Rent shall be paid directly to the Trustee not later than 15 days prior to each February 1 and August 1.

**Other Rent Payments.** As additional rental under the Lease, the City will also be obligated to pay directly to the Trustee the fees, charges, expenses and disbursements of the Trustee in connection with the performance of its duties under the Indenture.

#### **Obligations of the City under the Lease**

The Lease will provide that the obligations of the City to pay the Basic Rent, to make all other payments provided for in the Lease and to perform and observe the other agreements and covenants on its part therein contained will, during the Initial Term and any Renewal Term for which the Lease may be renewed by the City, constitute limited obligations of the City payable or otherwise dischargeable solely out of the City's current revenues for the fiscal year of the City during which the City becomes obligated to pay or discharge such obligations. The Lease will expressly provide that nothing contained therein shall be construed as imposing upon the City any obligation to pay or otherwise provide for the retirement of the Series 2022 Bonds or to renew the Lease for one or more Renewal Terms.

#### **Operation, Maintenance, Modification and Insurance of the Facility**

During the Initial Term and any Renewal Term, under the Lease the City will be solely responsible for the operation, maintenance, upkeep and insuring of the Facility. See APPENDIX H – "FORM OF THE LEASE".

#### **Damage to or Destruction of Facility**

The Lease will provide that if the Facility is damaged or destroyed, in whole or in part, the insurance proceeds, up to the amount (together with interest earnings on such amount) necessary to cause the Series 2022 Bonds to be deemed no longer outstanding under the Indenture, shall be paid to the Trustee and that if, in such event, the City is not entitled to exercise its right under the Lease to require the Authority to redeem all bonds outstanding under the Indenture (see "THE SERIES 2022 BONDS" – "Redemption Provisions" and "Extraordinary Redemption" herein), or being so entitled, does not exercise such right, the Authority will cause the property damaged or destroyed to be repaired, rebuilt or restored in accordance with the directions of the City, and the Trustee will apply all insurance proceeds referable thereto for such purposes. The Lease will not obligate the City to pay any costs of such repair, rebuilding or restoration that are in excess of the insurance proceeds available therefor. If the insurance proceeds exceed the costs of such repair, rebuilding or restoration, such excess shall be paid into the Debt Service Fund and applied to the redemption of Bonds on the earliest date on which they are by their terms subject to redemption.

#### **Condemnation of Facility**

The Lease will require that in the event the Facility or any part thereof is taken by eminent domain proceedings, the entire condemnation award shall be paid to the Trustee. If all or substantially all the Facility is taken and the City does not exercise its right under the Lease to require the Authority to redeem all bonds outstanding under the Indenture, the Lease will terminate as of the date the condemning authority enters into possession of the Facility and the Trustee will, under the terms of the Lease and the Indenture, be required to apply the condemnation award to the earliest practicable retirement of the Series 2022 Bonds and any other bonds outstanding under the Indenture, provided that the condemnation award plus all other funds held by the Trustee in the special trust funds created under the Indenture are sufficient to provide for the retirement of all such bonds. If, however, the total of the condemnation award and the amounts on deposit in such special funds is not sufficient to provide for the retirement of all such bonds, the Trustee will apply such total funds available ratably to principal and interest then due and unpaid. In the event of such a taking of the Facility, the City will not be obligated to provide any funds that may be needed to redeem all bonds of the Authority outstanding under the Indenture. The Lease will provide that if less than all or less than substantially all of the Facility is taken and if the City is not entitled to exercise its right to require the Authority to redeem all bonds outstanding under the Indenture, or being so entitled, does not exercise such right, the Authority will restore or rearrange the Facility in accordance with the directions of the City, and the Trustee will apply the condemnation award to payment of the costs of such restoration or rearrangement. The Lease will not obligate the City to pay any costs of such restoration or rearrangement that are in excess of the condemnation award. If the condemnation award exceeds the costs of such restoration or rearrangement, such excess shall be paid into the Debt Service Fund and applied to the redemption of Bonds on the earliest date on which they are by their terms subject to redemption.

### **Certain Covenants of the City**

**General.** The City will agree in the Lease (i) that it will not do or permit anything to be done in or about the Facility that will impair or contravene any policies of insurance carried on the Facility against loss or damage, and (ii) that it will, in the use of the Facility, comply with all applicable lawful requirements of all governmental bodies.

**Indemnification of Authority.** The City will agree in the Lease to indemnify the Authority against loss or damage caused or resulting from any defect in the Facility, and it will further agree to insure any liability for which it shall be obligated to indemnify the Authority; provided, that the City will have no indemnity liability under the Lease unless such liability is fixed during a period in which the Lease is in effect and then only out of current revenues.

**Inspection of Facility.** The City will agree in the Lease to permit the Authority, the Trustee and their duly authorized agents to inspect the Facility at all reasonable times.

**Covenant Not to Acquire, Use or Construct New Facilities Useful for the Purposes for which the Facility is to Be Used.** In the Lease, the City will covenant that during any period in which the Series 2022 Bonds are outstanding and the City has not renewed the term of the Lease, the City will not construct any new facilities, or lease any new space, in any building, structure or other facility in or about the City for the same purpose for which the Facility was leased except pursuant to a supplemental Lease Agreement entered into between the City and the Authority pursuant to the provisions of the Indenture. The City currently owns and operates, and leases space within, other facilities in the City in which city hall operations (including, without limitation, headquarter facilities for the operations of Huntsville Utilities and other facilities for the conduct of business and operations of the City) are conducted and, in the future, will be conducted. Anything in the foregoing to the contrary notwithstanding, the City reserves the right to continue the conduct of such business and operations in such other facilities without regard to the Lease, the Indenture, or the Series 2022 Bonds.

### **Right of the City to Require Redemption of Series 2022 Bonds**

The Lease gives the City the right to require the redemption of the Series 2022 Bonds and any other bonds outstanding under the Indenture if any of the following events shall have occurred:

(a) The Facility or any part thereof is damaged or destroyed to such extent that, in the opinion of an independent engineer expressed in a written certificate (such certificate to be filed with the Authority and the Trustee), the property so damaged or destroyed cannot reasonably be restored within a period of six (6) consecutive months to the condition thereof immediately preceding the event causing such damage or destruction, or the City will thereby be prevented, or is likely to be thereby prevented, from using the Facility for a period of not less than six (6) consecutive months, or the cost of restoring the property so damaged or destroyed would exceed the net proceeds of insurance referable to such damage or destruction;

(b) Under the exercise of the power of eminent domain by any governmental authority, (i) title to all or substantially all the Facility is taken, or (ii) the temporary use of all or a part of the Facility or title to part of the Facility is taken, and such taking or takings result (or, in the opinion of an independent engineer expressed in a certificate to be filed with the Authority and the Trustee, are likely to result) in the City being thereby prevented from using the Facility for a period of not less than six (6) consecutive months; or

(c) As a result of any changes in the Constitution of Alabama or the Constitution of the United States of America or as a result of legislative or administrative action (whether state or Federal) or by final decree, judgment or order of any court or administrative body (whether state or Federal) entered after the contest thereof by the City in good faith, the Lease shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties or unreasonable burdens or excessive liabilities shall have been imposed on the Authority or the City.

In order to exercise the right to require the Authority to redeem all bonds outstanding under the Indenture, the City will be required to pay to the Authority an amount which, when added to the total of the amounts then on deposit in the special trust funds created under the Indenture plus the amount of any insurance proceeds or condemnation award

in the hands of the Trustee and referable to any damage, destruction or condemnation authorizing the exercise of such right, will be sufficient to pay and redeem (under the extraordinary redemption provisions pertaining to the Series 2022 Bonds and any Additional Parity Bonds hereafter issued) all such outstanding bonds, including, without limitation, principal, premium (if any), accrued interest, expenses of redemption and the Trustee's fees.

#### **Events of and Remedies on Default under the Lease**

Under the Lease, default shall mean any one or more of the following events:

(a) Failure by the City to pay the Basic Rent applicable to the Initial Term or any Renewal Term or appropriate funds required to comply with the Lease which failure shall result in moneys on deposit in the Debt Service Fund being insufficient to pay the principal of and interest on the Series 2022 Bonds as the same shall respectively become due and payable;

(b) Failure by the City to observe and perform any covenant or agreement, other than those referred to in clause (a) above, which failure shall have continued for a period of sixty (60) days after written notice, specifying such failure and requiring it to be remedied, has been given the City by the Authority or the Trustee unless (i) the Authority and the Trustee shall agree to an extension of such period prior to its expiration, or (ii) during such period the City shall have commenced and be diligently pursuing action to remedy such failure, or (iii) the City is prevented by *force majeure* (as defined in the Lease) from remedying such failure; or

(c) Failure of the City to appropriate any amounts due under the Lease for any annual term then in effect.

Whenever any event of default shall have happened and be continuing, the Authority and the Trustee (or the Trustee on behalf of the Authority) may take whatever actions at law or in equity may appear necessary or desirable to collect the rent then due, or to enforce any obligation, covenant or agreement of the City under the Lease.

#### **THE INDENTURE**

Prospective investors in the Series 2022 Bonds should carefully examine all terms of the Indenture. See APPENDIX I – "FORM OF THE INDENTURE" hereto.

#### **CONTINUING DISCLOSURE**

##### **General**

The City will be deemed an "Obligated Person" respecting the Series 2022 Bonds for purposes of the Rule (defined below). Contemporaneously with issuance of the Series 2022 Bonds, the City will enter into a Continuing Disclosure Agreement for the benefit of the beneficial owners of the Series 2022 Bonds wherein the City will agree to provide annually certain financial information and operating data relating to the City (the "Annual Report") through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rulemaking Board (the "MSRB") (or such other system as may be subsequently authorized by the MSRB).

The specific nature of the information to be contained in the Annual Report or the event notices and the other provisions of the Continuing Disclosure Agreement are summarized in Appendix E – "SUMMARY OF CONTINUING DISCLOSURE AGREEMENT" hereto.

##### **Prior Compliance**

The City has entered continuing disclosure agreements for various series of obligations of the City and other obligations for which the City is an obligated person for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission of the United States of America (collectively, the "Prior Undertakings"). In these Prior Undertakings, the City agreed to provide, annually, its audited financial statements and certain financial and operating data relating to the City, and to provide notices of the occurrence of certain events specified therein. During the preceding five years, the City failed to comply with the provisions of the Prior Undertakings, as follows:

During the last five years, the City failed to file its audited financial statements for each of the fiscal years ended September 30, 2016, September 30, 2017, and September 30, 2019 on or before the due dates therefor as provided in the Prior Undertakings, and also did not timely post certain financial information and operating data for each of the fiscal years ended September 30, 2016 through and including September 30, 2019, on or before the due dates therefor as provided in the Prior Undertakings. In addition, the City failed to file certain fiscal year 2016 through 2020 financial information and operating data tables as required in the Prior Undertakings.

The City further failed to properly link its audited financial statements for its fiscal years ended September 30, 2017 and September 30, 2018 to certain CUSIPS included in the Prior Undertakings.

During the last five years the City did not timely file a notice of its failure to file the items described in the preceding paragraphs as required under the Prior Undertakings.

Finally, the City failed to timely file notice of the issuance of a financial obligation in the form of an up to \$2.0 million Taxable Limited Obligation TIF Warrant, TIF5 – Series 2020-A, dated April 17, 2020, and of the issuance of a financial obligation in the form of an up to \$6.0 million Taxable Limited Obligation TIF Revenue Warrant, TIF-5 – Series 2021-A, dated June 3, 2021.

### **LITIGATION AND OTHER MATTERS**

There is no litigation pending or, to the knowledge of the Authority, threatened, contesting the validity of the Series 2022 Bonds or relating to the organization of the Authority, the right of the Authority to construct or finance the Facility, the incumbency of any of the Authority's officers, or the issuance or sale of the Series 2022 Bonds. Simultaneously with the delivery of the Series 2022 Bonds, the Authority will deliver a certificate to the effect that no such litigation is pending or, to the knowledge of the Authority, threatened.

### **AUDITED FINANCIAL STATEMENTS OF THE CITY**

The financial statements of the City described in the following paragraph are included as an appendix to this Official Statement solely to provide financial information concerning such current revenues of the City for the period described below.

The City's financial statements as of and for the fiscal year of the City ended September 30, 2020, included as APPENDIX G – "AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020" to this Official Statement, have been audited by Warren Averett, LLC, Certified Public Accountants, Huntsville, Alabama, as stated in its report dated March 25, 2021, and attached to such financial statements.

Warren Averett, LLC, has not been engaged to perform and has not performed, since the date of its report described above, any procedures on the financial statements addressed in its report and included in this Official Statement. Warren Averett, LLC, also has not performed any procedures relating to this Official Statement.

The City recently conducted a request for proposals (the "RFP") respecting auditing services for the City. As a result of that process, the City has determined to engage Mauldin & Jenkins, CPAs and Advisors, to audit the financial statements of the City (other than financial statements respecting operations of Huntsville Utilities, which were not part of the RFP) commencing with the fiscal year ending September 30, 2021.

### **RATINGS**

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") have assigned underlying ratings of "Aa1" and "AA+", respectively, to the Series 2022 Bonds. Such credit ratings reflect only the view of such credit rating agencies, and an explanation of the significance of such credit ratings may be obtained only from the credit rating agencies furnishing the same. There is no assurance that either such credit rating will remain in effect for any given period of time or that either may not be lowered or withdrawn entirely if, in the judgment of the credit rating agency in question, circumstances should warrant such action. Any such downward revision or withdrawal of any credit rating assigned to the Series 2022 Bonds may have an adverse effect on the market price of the Series 2022 Bonds.

## **FEDERAL BANKRUPTCY ACT**

Under certain conditions, title 11 of the United States Code, 11 U.S.C. §§101 et seq. (the "Bankruptcy Code"), permits a municipality to file a petition for relief in federal bankruptcy court to adjust debts under Chapter 9 of the Bankruptcy Code. Debt adjustment may include restructuring, reduction or other impairment of debt, subject to various conditions and limitations set forth in the Bankruptcy Code. Section 101 of the Bankruptcy Code defines "municipality" to mean a political subdivision, public agency or instrumentality of a State. To be eligible to file a Chapter 9 bankruptcy petition under section 109 of the Bankruptcy Code, a municipality must be "specifically authorized, in its capacity as a municipality or by name, to be a debtor under [Chapter 9], or by a governmental officer or organization empowered by State law to authorize such entity to be a debtor under [Chapter 9]." Section 109 of the Bankruptcy Code imposes additional requirements for a municipality to be eligible to file bankruptcy. Without limitation, the municipality must (a) be insolvent (either unable to pay debts as they come due or generally not paying debts as they come due); (b) desire to effect a debt adjustment plan; and (c) meet certain requirements regarding negotiations with creditors (or certain exceptions to such requirements). Alabama law authorizes municipalities, counties and certain public authorities to file petitions under the Bankruptcy Code. However, there is no legislation currently in effect in Alabama authorizing corporations formed under the Act to file such petitions for relief. Such legislation authorizing public building authorities formed under the Act to file petitions for relief under the Bankruptcy Code may well be enacted by the Legislature of Alabama in the future. The other conditions to eligibility are fact-specific to the time of filing the petition.

Section 922(d) of Chapter 9 of the Bankruptcy Code provides that a bankruptcy petition does not operate as a stay of "application of pledged special revenues" to the payment of indebtedness secured by such revenues in a manner consistent with other provisions of the Bankruptcy Code. Without limitation, Section 928 of the Bankruptcy Code provides that special revenues acquired by the debtor after commencement of a chapter 9 case remain subject to any lien resulting from any security agreement entered into by the debtor before commencement of the case, but further provides that any such lien on special revenues (other than municipal betterment assessments) derived from a project or system shall be subject to "the necessary operating expenses of such project or system." It is not clear whether the pledge of the rentals derived from the Lease made by the Authority for the benefit of the Series 2022 Bonds would constitute "special revenues" as that term is defined in Section 902(2) of the Bankruptcy Code. Moreover, the phrase "application of pledged special revenues" has given rise to arguments that the provisions of Section 922(d) apply only to funds in possession and control of the debtholders, or their trustee. Therefore, it is uncertain whether or not the filing of a Chapter 9 petition would affect application of such rentals for the payment of principal and interest on the Series 2022 Bonds. Similarly, it is uncertain whether Section 928 of the Bankruptcy Code would control the claims of holders of the Series 2022 Bonds with respect to such rentals.

The approving legal opinion of Bond Counsel will contain the customary reservation that the rights of the holders of the Series 2022 Bonds and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases. See the proposed form of approving legal opinion set forth in APPENDIX D – "PROPOSED FORM OF APPROVAL OPINION OF BOND COUNSEL TO THE AUTHORITY".

## **FINANCIAL ADVISOR**

PFM Financial Advisors LLC, Huntsville, Alabama (the "Financial Advisor") is serving as financial advisor to the Authority and the City in connection with the issuance of the Series 2022 Bonds. The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2022 Bonds, and provided other advice to the Authority and the City. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the Series 2022 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, and is not obligated to review or ensure compliance with the undertaking by the City to provide continuing secondary market disclosure.

## **UNDERWRITING**

The Series 2022 Bonds are being purchased by the Underwriters shown on the cover page of this Official Statement (the "Underwriters") at a purchase price of \$[ ] (which price reflects the original principal amount of the Series 2022 Bonds, [plus/less] [net] original issue [premium/discount] of \$[ ], less an

underwriting discount of \$[\_\_\_\_\_]). The Series 2022 Bonds may be sold and offered to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the said purchaser.

Stifel, Nicolaus & Company, Incorporated ("Stifel"), as one of the underwriters of the Series 2022 Bonds, has entered into an agreement with its affiliate, Vining-Sparks IBG, LLC for the distribution of certain municipal securities offerings at the original issue price. Pursuant to that distribution agreement, Vining-Sparks may purchase Series 2022 Bonds from Stifel at the original issue price less a negotiated portion of the selling concession applicable to any Series 2022 Bonds that Vining-Sparks sells.

Piper Sandler & Co. has entered into a Distribution Agreement (the "Piper Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings including the Series 2022 Bonds at the original issue prices. Pursuant to the Piper Distribution Agreement, CS&Co. will purchase Series 2022 Bonds from Piper Sandler & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Series 2022 Bonds that CS&Co. sells.

## **TAX MATTERS**

### **General**

In the opinion of Bond Counsel to the Authority, under the Internal Revenue Code of 1986, as amended (the "Code"), as presently construed and administered, and assuming compliance by the Authority with its covenants pertaining to certain requirements of federal tax law that are described herein and set forth in the Indenture and in the Tax Compliance Agreement and Certificate executed by the Authority in connection with the issuance of the Series 2022 Bonds, the interest on the Series 2022 Bonds will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code, and the interest on the Series 2022 Bonds will not be an item of tax preference included in alternative minimum taxable income for the purpose of computing the minimum tax imposed by Section 55 of the Code.

Bond Counsel to the Authority expresses no opinion regarding any other federal or any state tax consequences with respect to the Series 2022 Bonds. Bond Counsel to the Authority renders its opinion under existing statutes and court decisions as of the issue date and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel to the Authority expresses no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series 2022 Bonds.

Bond Counsel to the Authority is also of the opinion that interest on the Series 2022 Bonds is exempt from present state income taxation under the laws of the State of Alabama as enacted and construed on the date of issuance of the Series 2022 Bonds.

### **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2022 Bonds. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a Series 2022 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2022 Bonds.

Prospective owners of the Series 2022 Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the Series 2022 Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

## **Original Issue Discount**

[The initial public offering price to be paid for certain of the Series 2022 Bonds (the "Original Issue Discount Bonds") is less than the principal amount thereof. Under existing law, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond, constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Series 2022 Bonds. Such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary date of the Series 2022 Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other taxable disposition thereof. The amount (if any) to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods (if any) multiplied by the yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Series 2022 Bonds.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Discount Bonds.]

## **Original Issue Premium**

[The initial public offering price to be paid for certain of the Series 2022 Bonds (the "Original Issue Premium Bonds") is greater than the principal amount thereof. Under existing law, any owner who has purchased an Original Issue Premium Bond in the initial public offering of the Series 2022 Bonds is required to reduce his basis in such Original Issue Premium Bond by the amount of premium allocable to periods during which he holds such Original Issue Premium Bond, and the amount of premium allocable to each accrual period will be applied to reduce the amount of interest received by the owner during each such period. All owners of Original Issue Premium Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Premium Bond and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Premium Bond.]

## **Future Tax Legislation**

There can be no assurance that additional legislation will not be introduced or enacted after issuance and delivery of the Series 2022 Bonds so as to cause interest on the Series 2022 Bonds to be or become included in gross income for purposes of federal income taxation or to impose additional requirements as a condition to the exclusion of such interest from gross income, nor that the introduction or enactment of any such legislation will not adversely affect the marketability of the Series 2022 Bonds.

## **Post-Issuance Compliance**

The tax-exempt status of the Series 2022 Bonds could be affected by post-issuance events. Various requirements of the Code must be observed or satisfied after the issuance of the Series 2022 Bonds in order for such



Likewise, the Internal Revenue Service (the "IRS") conducts an audit program to examine compliance with the requirements applicable to tax-exempt obligations. If the Series 2022 Bonds become the subject of an audit, under current IRS procedures, the Authority would be treated as the taxpayer in the initial stages of the audit, and the owners of the Series 2022 Bonds would have limited rights to participate in the audit process. The initiation of an audit with respect to the Series 2022 Bonds could adversely affect the market value and liquidity of the Series 2022 Bonds, even though no final determination about the tax-exempt status would have been made. If an audit were to result in a final determination that the Series 2022 Bonds do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Series 2022 Bonds.

The Series 2022 Bonds have not been designated as "qualified tax-exempt obligations" under Section 265 of the Code.

The Indenture does not provide for mandatory redemption of the Series 2022 Bonds or payment of any additional interest or penalty if a determination is made that the Series 2022 Bonds do not comply with the existing requirements of the Code or if a subsequent change in law adversely affects the tax-exempt status of the Series 2022 Bonds or the economic benefit of investing in the Series 2022 Bonds.

The legality and validity of the Series 2022 Bonds will be approved by Bradley Arant Boult Cummings LLP, Bond Counsel to the Authority, whose approving opinion will be in substantially the form attached hereto as Appendix D – "PROPOSED FORM OF APPROVAL OPINION OF BOND COUNSEL TO THE AUTHORITY". Bond Counsel's participation in connection with the issuance of the Series 2022 Bonds is limited to the preparation of certain legal documents and supporting certificates, to a review of the transcript of proceedings by which the Series 2022 Bonds have been authorized to be issued and to the issuance of an approving opinion in substantially the form set forth in Appendix D hereto.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

References herein to legislative acts are intended to be only brief outlines of certain provisions thereof and do not purport to summarize or describe all provisions thereof.

The execution and delivery of this Official Statement on behalf of the Authority and the distribution and use thereof by the Underwriter for the purpose of making a public offering of the Series 2022 Bonds have been duly authorized by the Authority.

**THE PUBLIC BUILDING AUTHORITY  
OF THE CITY OF HUNTSVILLE**

By: /s/ Mark Russell  
Chairman of its Board of Directors

**APPENDIX A**  
**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION OF THE CITY OF HUNTSVILLE**

**APPENDIX A**  
**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION**  
**OF THE CITY OF HUNTSVILLE**

**General Information**

The City of Huntsville (the "City"), the county seat of Madison County (the "County"), was incorporated in 1811 and is one of the oldest incorporated municipalities in the State of Alabama (the "State"). Centrally situated in the Tennessee River Valley of north Alabama (the Tennessee River being the southern boundary of Madison County), the City is located approximately 95 miles north of Birmingham, approximately 103 miles south of Nashville, Tennessee, and approximately 180 miles northwest of Atlanta, Georgia.

The City is the central economic base of the State's second largest Metropolitan Statistical Area ("MSA") and is the economic engine for the Northern Alabama and Southern Tennessee region. The eight counties adjoining Huntsville/Madison County form a thriving regional market.

Initially, the City prospered as a commercial center in an agricultural area and grew from the manufacture of cotton goods, flour, shoes, lumber, pumps and other products. During World War II, the construction of two arsenals -- Huntsville and Redstone -- gave the City new military and strategic importance as a principal manufacturing site of chemical artillery shells and explosives. Although arsenal activities were sharply curtailed during the immediate postwar period, in 1950 the U.S. Army transferred its missile experts, including the late Dr. Werner Von Braun and a team of German rocket scientists, to the City.

Following the successful launching of a Jupiter C missile in 1958, the U.S. Army's missile program and the Marshall Space Flight Center for the newly-created National Aeronautics and Space Administration were located in the City. As a result, the City experienced a rapid influx of population during the decades of the 1950's and 1960's. Beginning in the mid -1960s, cutbacks in the space program slowed growth in Huntsville. However, the 1980 Census showed that the City maintained strong economic indicators and a youthful, well-educated labor force. As the City's economy began to diversify in the 1980's, recovery was swift.

Since the space race of the 1960's, Huntsville has well over doubled in population and quadrupled in square miles. The past three decades have seen significant growth in population increasing by more than 95,000 residents. The City's population grew by approximately 9.7% between 1980 and 1990. During this same time, the Huntsville MSA grew by approximately 20.6%, reflecting additional growth in the immediate vicinity of the City. According to the 2000 Census, the City's population was 156,216 and the Huntsville MSA (Madison County and Limestone County) was 343,798, indicating a 10.4% increase in growth within and around Huntsville during this time. According to the 2010 Census, the City's population was 180,105 and the Huntsville MSA was 419,431, indicating a 20.1% increase in growth from 2000 to 2010. Based on the 2020 U.S. Census Bureau estimates, Huntsville is now the most populous city in Alabama. The total population for the City of Huntsville as of August 12, 2021 was 215,006, which is an increase of 19.4% from the 2010 Census total of 180,105. The Huntsville MSA was 491,723 according to the 2020 Census Bureau estimates which ranks it second behind the Birmingham MSA. Since 2000, Huntsville has added 58,790 people.

**Population Characteristics.**

Income, education, and employment levels are all substantially higher in Huntsville than in the state of Alabama and compare favorably to national and regional indices. The Huntsville economy is one of the strongest economies in the Southeast, marked by low unemployment, steady job growth, and income levels that regularly lead the region. Huntsville compares favorably in numerous categories to some of the leading cities in the Southeast and Southwest United States. The local unemployment rate continues to remain below state and national figures. A growing employment rate, while the population is growing, is a positive sign for local business conditions. The median family income of Huntsville residents still exceeds national and state figures.

#### Annual Unemployment Rate

MSA	2010	2015	2016	2017	2018	2019	2020
Austin, TX	7.0%	3.4%	3.3%	3.2%	3.0%	2.7%	6.2
Charlotte, NC	11.7	5.4	4.8	4.3	3.8	3.5	7.3
Durham, NC	8.1	4.9	4.5	4.0	3.5	3.3	6.1
<b>Huntsville, AL</b>	<b>8.6</b>	<b>5.5</b>	<b>5.2</b>	<b>4.0</b>	<b>3.5</b>	<b>2.6</b>	<b>4.6</b>
Raleigh, NC	8.6	4.8	4.4	4.0	3.5	3.4	6.4
State of Alabama	10.5	6.1	5.9	4.6	3.9	3.0	5.9
United States	9.6	5.3	4.9	4.4	3.9	3.7	8.1

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics as of April 16, 2021

#### Total Employment

MSA	2010	2015	2016	2017	2018	2019	2020
Austin, TX	785,600	963,300	1,000,900	1,034,900	1,075,600	1,118,000	1,086,100
Charlotte, NC	954,200	1,111,900	1,150,000	1,179,800	1,208,100	1,238,200	1,190,700
Durham, NC	270,700	301,800	310,100	315,300	321,300	328,400	315,400
<b>Huntsville, AL</b>	<b>210,000</b>	<b>222,400</b>	<b>227,700</b>	<b>232,700</b>	<b>238,700</b>	<b>245,200</b>	<b>240,900</b>
Raleigh, NC	500,100	576,300	595,600	612,400	630,200	645,900	624,100
State of Alabama	1,890,300	1,971,200	1,997,000	2,018,700	2,044,800	2,074,800	1,986,100
United States	130,362,000	141,825,000	144,336,000	146,608,000	148,908,000	150,905,000	142,185,000

Source: Bureau of Labor Statistics, Current Employment Statistics, Total Nonfarm Employment (place of work), not seasonally adjusted, as of April 28, 2021

#### Effective Buying Income

MSA	2010	2015	2016	2017	2018	2019	2020
Austin, TX	\$42,416	\$52,519	\$56,163	\$56,849	\$63,191	\$65,950	69,001
Charlotte, NC	43,190	44,772	45,353	47,143	49,3979	55,207	56,503
Durham, NC	39,488	44,374	46,092	45,477	49,272	50,933	55,588
<b>Huntsville, AL</b>	<b>39,012</b>	<b>49,455</b>	<b>48,821</b>	<b>50,569</b>	<b>52,968</b>	<b>54,391</b>	<b>56,279</b>
Raleigh, NC	43,455	50,655	52,141	53,352	57,962	63,501	66,090
State of Alabama	34,387	39,074	39,749	40,466	42,756	43,671	45,649
United States	43,252	45,448	46,738	48,043	50,735	52,133	55,303

Source: Nielson/Claritas Survey of Buying Power/Median Household Effective Buying Income

#### Mean Annual Wage

MSA	2010	2015	2016	2017	2018	2019	2020
Austin, TX	\$46,130	\$49,560	\$50,830	51,840	53,810	55,190	57,830
Charlotte, NC	44,630	48,370	49,600	50,150	51,000	52,150	55,330
Durham, NC	53,220	56,980	57,850	59,340	59,940	61,220	64,430
<b>Huntsville, AL</b>	<b>48,080</b>	<b>52,620</b>	<b>52,960</b>	<b>53,600</b>	<b>55,630</b>	<b>55,980</b>	<b>58,730</b>
Raleigh, NC	44,810	48,590	50,410	51,390	52,580	54,850	56,720
State of Alabama	38,590	41,920	42,510	43,170	44,790	44,930	46,840
United States	44,410	48,320	49,630	50,620	51,960	53,490	56,310

Source: Bureau of Labor Statistics, May 2020 Occupational Employment Statistics released on March 31, 2021.

#### Per Capita Personal Income by Metropolitan Area

MSA	2010	2015	2016	2017	2018	2019	2020
Austin, TX	\$32,862	\$52,657	\$53,419	\$57,183	\$60,764	\$62,460	\$64,913
Charlotte, NC	30,996	46,759	48,074	50,312	52,232	54,086	56,682
Durham, NC	31,215	47,508	48,999	50,889	52,243	54,408	56,703
<b>Huntsville, AL</b>	<b>28,672</b>	<b>45,388</b>	<b>46,592</b>	<b>48,017</b>	<b>50,044</b>	<b>52,208</b>	<b>55,126</b>
Raleigh, NC	34,450	50,309	51,412	52,735	56,139	58,147	60,884
State of Alabama	33,696	38,030	39,231	40,973	42,240	44,145	46,479
United States	40,278	48,112	49,571	51,910	54,098	56,047	59,510

Source: Bureau of Economic Analysis, Table SA1-3 and CA1-3 Personal Income Summary, last updated November 16, 2021.

The U.S. Department of Housing and Urban Development estimates that the median family income of families in the United States for 2021 is \$79,900, for families in Alabama is \$66,700, and for families in the Huntsville MSA is \$82,900.

<b>Professional &amp; Business Service Employment</b>							
<b>MSA</b>	<b>2010</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Austin, TX	113,100	162,600	171,000	177,600	187,700	198,000	199,300
Charlotte, NC	145,700	188,800	197,900	203,500	206,700	212,700	207,700
Durham, NC	35,300	39,200	41,700	42,700	44,800	45,500	46,100
<b>Huntsville, AL</b>	<b>49,200</b>	<b>52,000</b>	<b>54,300</b>	<b>55,500</b>	<b>57,400</b>	<b>60,000</b>	<b>60,800</b>
Raleigh, NC	85,700	109,900	112,500	115,500	120,200	124,100	125,400
Alabama	209,500	229,100	233,600	239,100	245,100	251,100	242,000
United States	16,728,000	19,695,000	20,114,000	20,508,000	20,950,000	21,274,000	20,246,000

Source: Bureau of Labor Statistics, Current Employment Statistics as of January 2021

### Population Characteristics

According to the 2010 Federal Decennial Census 2019 population estimates, the City is both the largest municipality in Madison County and the second largest municipality in the State, surpassing the City of Mobile in 2016 and the City of Montgomery in 2018. Madison County is the third largest county in the State as well. The following table depicts the history of population growth in Madison County, the City of Huntsville, and the Huntsville MSA since 1980. The Huntsville Metro area includes Madison, Limestone and Morgan Counties.

<b>Population Growth</b>			
<b>Census</b>	<b>Madison County</b>	<b>City of Huntsville</b>	<b>Huntsville Metro Area (MSA)</b>
1980	196,966	145,604	242,971
1990	238,912	159,789	293,047
2000	276,700	156,216	343,798
2010	336,138	180,924	419,279
2011*	340,111	182,354	425,480
2012*	343,080	183,463	429,876
2013*	346,892	185,662	435,275
2014*	350,299	187,506	440,212
2015*	353,089	189,975	444,373
2016*	356,967	191,956	449,232
2017*	361,046	194,585	455,448
2018*	367,004	198,125	455,448
2019*	372,909	200,574	466,377
2020*	388,153	215,006*	491,723

\* U.S. Census Bureau estimates

Source: U.S. Census Bureau ([www.census.gov](http://www.census.gov)) as of August 12, 2021

## Major Economic Activity

Huntsville has experienced a rapid population rise in the last two decades. With multiple established economic cornerstones in our community like Redstone Arsenal, Huntsville Hospital, and NASA Marshall Space Flight Center, the City remains poised to continue strong growth in all economic sectors. The growth brings financial stimulus and added revenues as well as increased need for public services provided by the City. However, within the opportunities and challenges, the City has seen financial stability through sound fiscal policy, conservative fiscal practices and strong economic activities.

The City not only brought industry, federal funding and commercial employers to the area, but worked to raise the standard quality of life. Recreation and transportation projects which attracted people to live in the City, were prioritized, which caused population expansion in the area, increasing revenue and creating energy that drives economic expansion.

***Economic Diversification.*** Federally funded space and defense programs have a significant impact on the Huntsville region. However, economic analysts for local organizations such as the Huntsville/Madison County Chamber of Commerce and the Alabama State Employment Service point to the increasing shares of trade and services employment as indications that the economy has become more diversified. In addition, the education and technical skills associated with the space and defense programs in the region have been applied in the private sector, as evidenced by the success of numerous high-technology firms that originated in Huntsville. Such firms include: Sanmina/SCI Systems, a Fortune 500 computer manufacturer established in Huntsville in 1961; Intergraph Corporation, a computer graphics firm established in Huntsville in 1969; Nichols Research Corporation, a diversified computer services firm established in 1976 which later merged with Computer Sciences Corporation in 1999; ADTRAN, Inc., a telecommunications firm founded in 1985; Avocent, a leading provider of KVM switching and remote access devices which was acquired in 2010 by Emerson; Dynetics, an information technology company providing services to the U.S. Government and others since 1974, headquartered in Huntsville; Digium, Inc., established in 1999 and headquartered in Huntsville, which created, owns and is the innovative force behind Asterisk, the most widely used open-source telephony software in the world; Nektar Therapeutics, with headquarters in San Francisco and locations in Huntsville and India, a clinical-stage biopharmaceutical company developing a pipeline of drug candidates that utilize its PEGylation and polymer conjugate technology platforms, which are designed to improve the benefits of drugs for patients; and DIATHERIX Laboratories, Inc., headquartered in Huntsville, which provides clinical laboratory services on a multiplexing platform for the detection of infectious diseases.

HudsonAlpha Institute for Biotechnology is a nonprofit institute dedicated to innovating in the field of genomic technology and sciences across a spectrum of biological problems. HudsonAlpha has a four-fold mission of conducting genomics-based research to improve human health and well-being; implementing genomic medicine, sparking economic development; and providing educational outreach to nurture the next generation of biotech researchers and entrepreneurs, as well as to create a biotech literate public. Since opening in 2008, HudsonAlpha, under the leadership of Dr. Richard M. Myers—a key collaborator on the Human Genome Project—has built a name for itself in genetics and genomics research and biotech education.

HudsonAlpha's 270,000 square-foot facility is the cornerstone of the 152-acre Cummings Research Park Biotechnology Campus. Currently, 35 biotechnology businesses reside within the nonprofit institute on the campus and together these organizations employ over 700 individuals. This synergistic cluster of life sciences talent promises collaborative innovation to turn knowledge and ideas into commercial products and services for improving human life and strengthening Alabama's progressively diverse economy. The biotech campus currently features three other facilities: the Jackson Center, a full-service conference facility, 701 McMillian Way, which provides an additional 88,000 square feet of lab and office space, and the Paul Propst Center, totaling more than 100,000 square feet and houses the institute's growing education and research programs and its growing biotech companies. McMillian Park, the central green space connecting current facilities and future growth, boasts intertwining walkways that create a double-helix—the structure of DNA and the path to understanding living organisms. Two water features and hundreds of plantings are also contained in the park.

Since the world first learned of a new coronavirus infection, HudsonAlpha Institute for Biotechnology Faculty Investigators and Associate Companies that call the biotech campus home have pivoted some of their efforts to battle COVID-19. At the outset of the COVID-19 pandemic, companies residing on HudsonAlpha's biotech campus increased laboratory testing capacity and launched point-of-care testing diagnostics and are working tirelessly to produce neutralizing monoclonal antibodies to treat COVID-19 disease symptoms by blocking its viral entry into our cells. Through a project led by the Centers for Disease Control and Prevention, HudsonAlpha is also sequencing the viral genome from people who have been affected by the disease in an effort to monitor the spread and mutation

of the virus. Projects studying the transmission of the virus through the air in enclosed areas, and the detection of dead viral particles in wastewater to monitor pending outbreaks in a community are among some of the environmental monitoring projects ongoing on HudsonAlpha's campus.

In May of 2021 an expansion was announced which will consist of two facilities: the global headquarters for Discovery Life Sciences, and new state-of-the-art laboratory and greenhouse space for HudsonAlpha's Center for Plant Science and Sustainable Agriculture. DLS is an international market leader in biospecimen analysis, procurement, and distribution for the pharmaceutical, biotechnology, and diagnostics industries. This global headquarters will consist of 90,000 square feet and house DLS's research and development, laboratory and business operations. The Center for Plant Science and Sustainable Agriculture will add 13,000 square feet of lab and greenhouse space and will be able to propagate and grow research plants here to improve existing crops and develop new uses for plants.

The following table depicts some of the major industrial job growth for previously announced new and expanding companies in Huntsville/Madison County for the period 2005 to 2020. It is interesting to note the continued diversification of the local employment base and that only four of the largest announced developments from 2005-2020 were by federal contractors.

#### **Announced New and Expanding Industry**

<b>Year</b>	<b>Total New Jobs</b>	<b>Total New Investment</b>	<b>Largest Single Development</b>
2005	7,017	685,849,435	Hudson-Alpha Inst. Biotech.
2006	3,188	175,350,000	Verizon Wireless
2007	4,181	115,860,000	International Diesel of AL
2008	3,811	96,093,846	BASF Catalysts
2009	2,027	219,290,000	Toyota Motor Manuf. of AL
2010	2,901	152,886,089	Raytheon Company
2011	1,956	133,428,000	Boeing Company
2012	1,189	231,077,749	Toyota Motor Manuf. of AL.
2013	1,603	266,545,020	Toyota Motor Manuf. of AL
2014	3,423	323,067,000	Toyota Motor Manuf. of AL
2015	3,546	413,094,000	GE Aviation
2016	2,000	259,201,083	Boeing Company
2017	2,554	600,579,820	Blue Origin
2018	4,666	2,582,293,941	Mazda Toyota Manuf. USA
2019	450	1,829,875,000	Toyota Motor Manuf. of AL
2020	852	1,009,422,692	Mazda Toyota Manuf. USA
2021	1,297	345,740,380	Amazon

Source: Huntsville Chamber of Commerce/Economic Development/New & Expanding Industry

**High Technology/Industrial Activity.** Research and industrial parks are the center of much of the high-technology and manufacturing activity within or near the city of Huntsville. Those parks include Cummings Research Park ("CRP"), Chase Industrial Park, Jetplex Industrial Park (on Airport property), Lowe Industrial Park, Chelsea Industrial Park, Thornton Research Park, Gateway Research Park, North Huntsville Industrial Park, SouthPoint Industrial Park and Triana Industrial Park. The 3,800-acre Cummings Research Park is the second largest research park in the country and the fourth largest in the world. It is one of the world's leading science and technology business parks, with a mixture of Fortune 500 companies, local and international high-tech enterprises, U.S. space and defense agencies, thriving business incubators and competitive higher-education institutions. CRP is the home of more than 300 companies, more than 26,000 employees and 13,500 students. This collection of technical expertise gives the Huntsville community the highest concentration of engineers in the country and is vital to supporting major Department of Defense and NASA contract programs and commercial technology applications. The University of Alabama in Huntsville is also located in the park and is annually ranked among the highest technology research universities in the U.S. The unique synergy of academia, government and industry working together on a global scale makes the Huntsville community a premier technology center of excellence for aerospace and defense research and development.

The Jetplex Industrial Park (JIP) includes 4,000 acres of which approximately 2,800 acres are currently available for development. From this strategic Southeastern location, the Jetplex Industrial Park offers a rare combination of air, rail, and truck transportation. The Park is divided into six sections allowing for various types of

economic development opportunities ranging from warehousing/ distribution, office, aviation/aerospace, and light manufacturing/assembly. Major industrial park tenants include The Boeing Company, LG Electronics, Navistar, Northrop Grumman, Yulista Management Services, and SESI. The Jetplex Industrial Park houses more than 70 companies representing seven different countries in a variety of industries.

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Source: Huntsville-Madison County Airport Authority, Marketing

In February 2014, Remington Outdoor Company, Inc., a parent and affiliate of Remington Arms Company, LLC (collectively, "Remington") announced that it would expand with a new manufacturing facility in Huntsville. Among other incentives, the City and other local entities provided approximately \$12.5 million to purchase and convey to Remington an approximately 840,000 square foot manufacturing facility near the Huntsville International Airport in the Jetplex Industrial Park (the "Facility") to lure the company to North Alabama.

The plant opened in 2015 with over 300 employees. It was originally expected and agreed that Remington would create roughly 2,000 jobs at the facility by 2021.

Carrying a heavy debt load and enduring an industry-wide slump in gun sales, Remington sought bankruptcy protection in March 2018 while continuing operations. Two months later, Remington converted more than \$775 million in debt into equity, turning over ownership of Remington Outdoor Company, Inc. to its lenders. In November 2018, the City struck a new arrangement with Remington to maintain at least 415 employees with the stipulation that it hit its goal of 1,868 employees in 2023. Remington never met the revised employment targets, and pursuant to the development agreement and other instruments under which the City provided the Facility Incentives, Remington owes \$12.5 million, plus interest and other fees and charges, in recapture payments to the City. These obligations are secured by a first-priority mortgage in favor of the City on the Facility.

On July 28, 2020, Remington filed a petition for Chapter 11 restructuring in the United States Bankruptcy Court for the Northern District of Alabama (the "Bankruptcy Court"). In its filings, Remington attributed insufficient financial liquidity, an inability to satisfy covenants owed to its lenders, and operational challenges arising from the COVID-19 pandemic as reasons for the filing. Remington further acknowledged its indebtedness to the City in the amount of \$12,500,000 secured by a first-priority mortgage on the Facility. At a status conference before the Bankruptcy Court on July 28, 2020, lawyers for Remington advised the Bankruptcy Court that Remington and its affiliated debtors were actively marketing all of their operations for sale on a going concern basis and had engaged investment bankers and other advisors to assist with the sale process. On July 23, 2021 the City announced it had fully recovered incentives used to lure Remington to the City via the sale of Remington's 800,000 square foot facility.

Lowe Industrial Park, Chase Industrial Park and Thornton Research Park house a number of companies including PPG, Technicolor and BASF. North Huntsville Industrial Park received an AdvantageSite designation in February 2017 and has seen a significant uptick in activity. In addition, the SouthPoint Industrial Park was designed for companies that support the Redstone Arsenal, Army Contracting Command; NASA's Marshall Space Flight Center; and the Southern Automotive corridor.

Toyota Motor Manufacturing Alabama (TMMAL) is the only Toyota plant globally to produce four-cylinder, V-6 and V-8r for the Sequoia SUV and Tundra. The plant's total annual engine capacity is more than 900,000. With more than 1,800 team members and investments totaling more than \$1.2 billion, TMMAL has made a substantial impact on North Alabama for almost 18 years. Toyota announced the Huntsville facility in 2001 and broke ground later that same year. The first Toyota V-8 engine ever made outside of Japan came off the line at TMMAL in 2003. In 2017, TMMAL assembled its 5 millionth engine. In October 2021 Toyota announced its fifth expansion, a \$288 million investment which added a new twin-turbo V6 engine line that also added 450 jobs at the Huntsville plant. The hiring spree boosted the plant's total employment to 1,800.

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Source: Toyota, External Affairs

In January 2015, Polaris Industries announced plans to build a 600,000-square-foot plant on a 453-acre site located within the Huntsville city limits in Limestone County. Polaris specializes in all-terrain vehicles (ATVs), the Polaris RANGER® and RZR® side-by-side vehicles, snowmobiles, motorcycles and on-road electric/hybrid powered vehicles. Production on the \$142 million plant was completed in 2016. It is anticipated that Polaris will employ up to 2,000 people at full production and will be the model of all of Polaris' production facilities.

In 2017, Google Fiber brought its services to Huntsville, making it just the 10th US City to receive the service. Google Fiber is the first of possibly many ISPs to lease excess dark fiber on a Huntsville Utilities-constructed network.



Construction of the Huntsville Utilities network was complete in 2019. The community is now focused on implementing small cell technology into the right of way to enable greater cellular network coverage and eventually 5G. The community has permitted more than 50 small cell sites.

Aerojet Rocketdyne announced in 2017 the establishment of the company's Advanced Hydrocarbon Propulsion Development Office (AHPDO) in Huntsville. The facility will focus on delivering a 21st century advanced hydrocarbon rocket engine to the nation and the integration of the company's ongoing hydrocarbon technology and development efforts. The California-based company that is building the propulsion engines for the SLS deep space rocket, will bring more than 700 jobs to Huntsville. The new Aerojet Rocketdyne headquarters will be located in Cummings Research Park while the 122,000 square foot advanced manufacturing facility will be in the North Huntsville Industrial Park. Construction on the manufacturing facility began in December 2017 while the headquarters construction began in January 2018. The plant began production in 2019.

The German auto parts manufacturer BOCAR built a new plant in North Alabama and is hiring 300 high-tech workers to supply parts for regional automobile manufacturers. BOCAR is considered a Tier 1 auto parts supplier and uses advanced manufacturing techniques to build parts such as intake manifolds, oil pans and oil pumps for a variety of automobile companies. Work on the 330,880 sq. ft. plant started in spring 2018 on a site adjacent to I-65 near I-565 in the part of Huntsville located in Limestone County. Production began in 2020.

Blue Origin opened its 200,000 square foot state-of-the art production facility in Cummings Research Park to manufacture its BE-4 engine. Blue Origin will employ up to 342 people in this new facility. The company will make approximately \$200 million in capital investment in the state. It will also perform testing of the Huntsville-built engines at the historic Test Stand 4670, where the Saturn V rocket from the Apollo program was tested.

On January 10, 2018, Japanese automobile manufacturers Toyota Motor Corporation and Mazda Motor Corporation announced a new North American plant for the manufacture of vehicles pursuant to a \$1.6 billion joint venture between the two companies on a site within the City and Limestone County. Full-scale construction began in 2018, and when fully operational in 2022, the plant is expected to employ 4,000 people. It will have the capacity to produce 150,000 units of a Mazda crossover model to be introduced to the North American market and 150,000 units of Toyota SUV. Since announcing its original plans, the joint venture has expanded the scope of the project to a total investment of \$2.4 billion. Several suppliers are located onsite and adjacent, which are expected to create more than 2,000 jobs in the region.

BAE Systems, the third-largest defense contractor in the world, has opened a new \$45.5 million facility in Huntsville including a new 83,000 square foot manufacturing and office facility in Cummings Research Park. It will provide workspace for more than 200 high-tech employees by the end of 2021. The company plans to design, develop and build precision munitions and aircraft survivability technology. BAE announced the expansion in 2018 as an opportunity to establish a close working relationship with the U.S. Army and Redstone Arsenal and attract key local talent to develop and deliver important new capabilities to its customers.

Other areas with existing projects include downtown Huntsville (more than 400 apartment units planned, four hotels, 375,000 square foot surgical and medical tower, and a recently-opened 1500 person capacity music hall), south Huntsville (250 units of multifamily housing, nine acres of retail development, and 400 single family homes), north Huntsville (redevelopment of a closed high school into a community/recreation center with indoor climbing wall, gym, and more than 100 single family homes, as well as a \$750M Facebook Data Center (see below) and the recently completed, Aerojet Rocketdyne Rocket Shop), and historic west Huntsville, which was awarded a U.S. Housing and Urban Development Choice Neighborhood Planning Grant.

Facebook, the social media giant, unveiled plans in June 2018 for a \$750 million center in Huntsville. The first two buildings of the Facebook Data Center in Huntsville went online Sept. 15, 2021. Construction is continuing on other buildings that will be part of the \$1 billion campus. Once all six buildings are online, more than 200 people are expected to be working at the data center.

**Retail.** While high technology research and manufacturing continue to dominate Huntsville's economy, retailing has been steadily growing in recent years. This is especially significant since Huntsville derives a significant portion of its operating budget from sales tax collections. A major factor in this growth is Huntsville's above-average per capita and median family incomes. This healthy buying power has attracted many national retailers to the area.

After breaking ground in 2012, the \$100 million Twickenham Square lodging/living/retail/office space development on the old Council Courts housing project is fully operational on a site near Huntsville Hospital. The

development is anchored by a 33,500-square foot Publix supermarket, a 101-room Homewood Suites hotel, a 246-loft apartment building and a 110,000-square foot, five-story office tower, Twickenham Place. Homewood Suites hotel was the first business to open at Twickenham Square, followed by Publix, which opened in May 2014. The city built a nearly \$10 million, 920-space parking garage adjacent to the development. Bryant Bank opened a new bank in the summer of 2017 adjacent to the development in a 32,000 sq ft newly constructed building. Twickenham Square is also home to Ruth's Chris Steakhouse, H&R Block, 9Round Boxing Studio, FirstBank and Huntsville Hospital's clinical laboratory, which is in the top ten largest clinical labs in the country.

Cabela's completed construction and opened for business in fall of 2015 in an 80,000-square-foot superstore at the \$80 million mixed-use development, Parkside Town Centre, near the intersection of Interstate 565 and Research Park Boulevard. It is the first Cabela's store in Alabama and one of only a handful in the Southeast. The store employs approximately 180 full and part time employees from the area. Parkside Town Centre includes 300,000 square feet of various commercial, retail and related enterprises and is meant to complement its neighbor, Bridge Street Town Centre.

After breaking ground in 2014 the Shops at Merchants Walk is now complete. Merchants Walk is a \$50 million 100,000 square foot shopping development. Anchored by Whole Foods Market, the Shops at Merchants Walk also hosts Mountain High Outfitters, Orangetheory Fitness, Lululemon Athletica and Farm Burger. A handful of other stores opened in late 2016, including the fashion and gift store Envy, Xtend Barre, The Masters salon, Amazing Lash Studio, Spa Sydell, Local Taco and Maki Fresh Casual Asian Cuisine. The Shops at Merchants Walk is expected to generate approximately \$58.75 million in new sales taxes and \$1.4 million in property taxes over the next 25 years and is expected to create additional commercial development in the area as the City seeks to redevelop its Parkway Corridor (the major north-south thoroughfare).

Across the street from Merchants Walk is Merchants Square, a \$40 million 41,000 square foot development hosting fine retail options and new-to-market dining. Already leased are Chuy's, a Mexican restaurant; Ulta Beauty; Char, an upscale steak house; The Brass Tap Craft Beer Bar, Hand and Stone Massage and Facial Spa, among other retail offerings. The Merchants Square property was annexed into the City of Huntsville in 2017, allowing the city to collect property, sales and business taxes. The city agreed in January 2017 to spend \$3 million on a new 300-unit parking deck at Merchants Square, which is expected to generate \$19 million in tax dollars over the next 20 years.

In June 2016, work began on a \$70 million mixed-use project called CityCentre at Big Spring. It will take over the now demolished Holiday Inn site near Big Spring International Park and Von Braun Center in downtown Huntsville. The project will feature two hotels, 270 multi-family units and an artisanal food hall inspired by Ponce City Market and Krog Street in Atlanta, Eataly in Chicago and The Source in Denver. Phase I will include a 150-unit new-to-market AC Hotel, a six-story Marriott hotel. It will also include a rooftop deck for the public and hotel patrons, 31,000 square feet of retail stores and restaurants, 53,000 square feet of office loft space and 270 multi-family apartments. This will be the 10th AC Marriott in the world, the first in Alabama, which are all custom-designed for their specific location. The AC Hotel began accepting reservations in April of 2019. Phase II will represent a \$30 million investment with a 100-key urban hotel and 50,000 square feet of mixed-commercial and office loft space. The addition of these 250 units will bring the city one-step closer to its goal of attaining 1,000 rooms in the downtown area.

Sealy Property Development recently opened a \$35 million five-story development, called The Avenue, featuring 197 upscale lofts and 21,000 square feet of street-level retail and restaurant space on a former parking lot at the corner of Jefferson Street and Holmes Avenue in downtown Huntsville across from the federal courthouse. The Avenue offers a resort-style swimming pool, 400-vehicle parking garage and large sidewalks to encourage outdoor dining and pedestrian walking. The Avenue lofts are now fully occupied and commercial spaces began opening in phases in 2017.

In 2016, work began on a mixed-use project called MidCity, a \$350 million development that will not only serve as a civic and commercial hub, but an iconic new mixed-use environment located on a 100-acre site at the intersection of Research Park Boulevard and University Drive in the midst of Cummings Research Park and just minutes from downtown. MidCity is amenity-rich, walkable, mixed use development replacing a declining regional mall. Phase I includes hotels (120-room aloft, 130-room Hotel Indigo, and an additional property to be announced), multiple restaurants, 500 multifamily units, 100,000 square feet of office space, and family and culture entertainment such as TopGolf, Dave and Busters, and outdoor event venue, the Camp, several of which are already open. When completed, MidCity will include a total of 345,000 square feet of specialty retail, at least 200,000 square feet of high-tech office space, a wide range of inspired dining options, a 150 room boutique hotel and 900 amenity-rich residential units. At least 70 percent of the businesses at MidCity will be new-to-market. MidCity Park, a 38-acre

public park with an 8,500-seat community amphitheater, will eventually feature a lake and kayak center, bike and running trails, and an outdoor recreation retailer is also slated to open soon.

***National Aeronautics and Space Administration.*** For six decades, NASA and its partners have relied on the experience, capabilities, and state-of-the-art facilities at the Marshall Space Flight Center to solve spaceflight's most complex and technical problems.

Marshall is one of NASA's largest field centers, with nearly 6,000 employees and an annual budget of approximately \$2.8 billion. Marshall also manages NASA's Michoud Assembly Facility in New Orleans, offering state-of-the-art manufacturing, fabrication and welding capabilities with more than 3,500 employees, including government and contractor employees and commercial tenants.

Today, Marshall is developing NASA's advanced, heavy-lift Space Launch System to loft Artemis missions back to the Moon and to destinations across the solar system. The Marshall workforce is also leading the development, testing and delivery of human-rated landers to descend to the Moon's surface for NASA's Human Landing System Program.

From inside the Payload Operations Integration Center, the Marshall team coordinates and integrates all scientific and commercial experiments on the International Space Station, as well as Earth-to-station science communications, 24 hours a day, 365 days a year.

Marshall space scientists conduct scientific research, design, and development in support of NASA exploration missions, while our Earth scientists use satellite data to tackle global challenges such as climate variability, weather prediction, and natural disaster response. For more information about these and other Marshall capabilities, please view the NASA Marshall Fact Sheet.

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Source: Marshall Space Flight Center Office of Stakeholder Relations

***Military.*** Since the early 1950s, Huntsville, Alabama has been one of the United States' principal centers for space and defense technology. Home to the work of Dr. Werner von Braun and America's rocket development programs, the Huntsville community and Redstone Arsenal became the location of choice for the country's best and brightest aerospace engineers and scientists during the 1960s. Rocket City USA, as the region was known, gave original meaning to the term "rocket science".

Today, Redstone Arsenal is a diverse federal campus for more than 60 major federal agencies and organizations providing the highest level of technology development for national defense and space exploration. Army commands manage key logistics, missile and aviation programs while NASA's Marshall Space Flight Center is responsible for large components of America's space program. Roughly half of the Army's weapons procurement budget is managed on Redstone Arsenal, including all US Army aviation systems, missile systems and missile defense systems. With a renewed emphasis on technological modernization, Redstone Arsenal tenant organizations are poised for new missions. As part of the Army Futures Command, Redstone Arsenal organizations are taking a lead on two primary focus areas: Future Vertical Lift and Air & Missile Defense.

Other federal agencies perform a wide variety of intelligence and homeland defense functions on Redstone. Cummings Research Park, one of the country's original and largest science and technology parks, is home to many of the 300+ national and international aerospace and defense contractors that call Huntsville home.

There is a significant military presence in Huntsville/Madison County. As of November 2021, Redstone employed some 37,500 DOD civilians and contractor employees and 850 active military personnel (this does not include construction workers on base). Activities in the area involve a number of different organizations including:

*U.S. Army Materiel Command (AMC)* is an Army Major Command responsible for materiel readiness including technology, acquisition support, materiel development, logistics power projection and sustainment. The Command's missions range from development of sophisticated weapon systems and cutting-edge research to maintenance and distribution of spare parts and supplies to US Army units located around the globe. If a soldier shoots it, drives it, flies it, wears it, communicates with it, or eats it, AMC provides it.

*U.S. Army Space & Missile Defense Command (SMDC)* is responsible for developing the Army's missile defense systems including support of space and ground-based midcourse

defense and assuring the Army's access to and utilization of space assets in the execution of their mission.

*U.S. Army Aviation & Missile Command (AMCOM)* provides support to joint warfighters and allies to ensure aviation and missile system readiness for combat operations. The Command is responsible for the development, acquisition and fielding of aviation and missile systems and the integration of aviation and missile technology. AMCOM develops, acquires, fields and sustains aviation, missile and unmanned vehicle systems, ensuring readiness with a seamless transition to combat operations.

*U.S. Army Security Assistance Command (USASAC)* is responsible for managing security assistance programs and Foreign Military Sales (FMS) for the Army. USASAC is known as the "Army's Face to the World" because it serves as the primary entry point for US Army materiel and service related FMS requirements.

*Army Contracting Command (ACC)* supports the warfighter worldwide through the acquisition of equipment, supplies and services vital to the soldier's mission and well-being. The Command Headquarters relocated to Redstone Arsenal in 2011.

*Expeditionary Contracting Command (ECC)* is responsible for expeditionary contracting across all military operations for Army Service Component Commanders and the Joint Warfighter and support to Army and other joint operations as well as other defense organizations outside the continental United States.

*Program Executive Office – Aviation (PEO AVN)* is the Army manager responsible for providing overall direction and guidance for the development, acquisition, testing, product improvement and fielding of Army aviation programs of record including the Apache Attack Helicopter, Cargo Helicopter, Utility Helicopter, Non-Standard Rotary Wing Aircraft, Fixed Wing Aircraft, Aviation Systems, Unmanned Aircraft System and Armed Scout Helicopter.

*Program Executive Office – Missiles & Space (PEO M&S)* provides centralized management for all Army tactical and air defense missile programs and selected Army space programs. The PEO was established in January 2005 with the merger of the PEO Air, Space and Missile Defense and the PEO Tactical Missiles.

*U.S. Army Combat Capabilities Development Command Aviation & Missile Center* is the Army's focal point for providing research, development and engineering technology and services for aviation and missile platforms. CCDC Aviation & Missile Center manages and conducts research, exploratory and advanced development, and provides one-stop lifecycle engineering and scientific support for aviation and missile systems and UAV platforms.

*Redstone Test Center (RTC)* was created through the merger of the Redstone Technical Test Center (RTTC) and the Aviation Technical test Center (ATTC) in 2010. RTC specializes in line-of-sight missile and rocket testing, guidance system testing, optical and electro optical systems, air-armament component tests and electromagnetic environmental effects testing of aircraft systems. RTC is the designated DOD lighting effects tester for explosive ordnance and munitions. RTC also tests and certifies all modifications to the Army aviation fleet.

*U.S. Army Garrison (USAG) Redstone*, executes daily operations effectively and efficiently with a qualified and professional workforce. The focus of its workforce is the continued viability and sustainability of the installation, achieved through deliberate strategic planning and appropriate execution of services and programs. The Garrison strives for excellence every day to make certain its tenant organizations can execute their peacetime and wartime missions without concern for any interruption in home-station support.

*2<sup>nd</sup> Recruiting Brigade* conducts recruiting operations for non-prior and prior service recruits for the Active Army and Army Reserves in several states across the Southeast, Puerto Rico and the Virgin Islands. The brigade is supported by numerous recruiting battalions and recruiting companies and partners with a wide range of colleges, ROTC programs, high schools, and vocational trade schools.

*Fox Army Health Center (FAHC)* is part of the Southern Regional Medical Command which provides access to quality and cost-effective primary care for patients while maintaining a state of readiness for mobilization. FAHC provides many types of services for Redstone, including direct healthcare, public health and education, occupational medicine and industrial hygiene.

*Logistics Support Activity (LOGSA)* supports Army operations through timely and integrated life cycle logistics information, knowledge and expertise. LOGSA maintains the Army's official single authoritative logistics data repository. LOGSA provides critical logistics information capabilities through analytical tools and business intelligence solutions to effectively acquire, manage, equip, and sustain the materiel requirements of the U.S. Army.

*Missile Defense Agency (MDA)* is the Department of Defense agency that facilitates the research, development, acquisition and integration of multi-service capabilities into seamless theater and national missile defense systems.

*Defense Intelligence Agency – Missile & Space Intelligence Center (MSIC)*, is an intelligence organization charged with producing scientific and technological intelligence on adversary surface-to-air missiles and ballistic missile systems and directed energy systems. This intelligence includes characteristics, capabilities and limitations of foreign military systems.

*U. S. Army Engineering and Support Center, Huntsville*, is a specialized agency of the U.S. Corps of Engineers. The Huntsville Center manages national programs that have a broad scope, require standardization across corps of engineers boundaries, or are otherwise complex in nature.

*FBI Terrorist Explosive Device Analytical Center (TEDAC)*, was formally established in 2003 and moved to Huntsville in 2015 to serve as the single interagency organization to receive, fully analyze, and exploit all terrorist improvised explosive devices, or IEDs, of interest to the United States. TEDAC coordinates the efforts of the entire government, from law enforcement to intelligence to military, to gather and share intelligence about these devices—helping to disarm and disrupt IEDs, link them to their makers, and, most importantly, prevent future attacks. To date, TEDAC has received tens of thousands of IED submissions, primarily from Iraq and Afghanistan.

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Source: Redstone Arsenal Public Affairs Office; [www.garrison.redstonearmy.mil](http://www.garrison.redstonearmy.mil)

**BRAC.** There have been five previous rounds of Base Realignment and Closure (BRAC) – a congressionally approved process for consolidating military infrastructure. Redstone Arsenal has consistently gained significant roles, missions and personnel through this process.

The 2005 BRAC relocated the Army Materiel Command's headquarters to Redstone Arsenal from Fort Belvoir, Va., along with more than 1,350 AMC positions and the AMC commander, a four-star command which is the first for Alabama. In 2010, leaders with Redstone Arsenal and the city of Huntsville were presented the designs for Redstone Gateway, a 468-acre development that accommodates growth on Redstone Arsenal and from new defense contractors relocating as a result of BRAC 2005. The land is owned by the U.S. Government and is under a long-term master lease to the developers through the Enhanced Use Lease (EUL) program. Through this master lease, the joint venture will work closely with Redstone Arsenal to create a business park that will total approximately 4.6 million square feet of office and retail space as well as hotel amenities when completed. TownePlace Suites by Marriot, a 120-room hotel at Redstone Gateway, opened in early 2016. Approximately 4.4 million square feet of Class A office space will be built in three phases, with three to six story buildings containing 80,000 to 165,000 square feet, of which 1.2 million square feet will be secured office space. Several office buildings have been fully leased to companies such as The Boeing Company and DRS Technologies, and several more are currently under development.

Raytheon opened a state-of-the-art missile production facility on Redstone Arsenal in November 2012, creating an estimated 300 new jobs. Raytheon already employs about 600 people in Huntsville. The company plans to assemble and test the Standard Missile-3 and Standard Missile-6 at a 70,000 square-foot facility. Those programs are managed by the Missile Defense Agency at Redstone Arsenal. Huntsville is the only Raytheon location that

includes all six of the company's primary business units: Integrated Defense Systems, Intelligence and Information Systems, Missile Systems, Network Centric Systems, Technical Services, and Space and Airborne Systems.

Source: Chamber of Commerce Huntsville/Madison County, COPT Properties, and AL.COM

### New Missions to Redstone Arsenal

While Redstone Arsenal has seen growth from BRAC, most recent growth has come from outside that process. Redstone Arsenal was selected as the preferred headquarters for the U.S. Space Command, the newest combined combatant command. The headquarters will bring roughly 1,600 direct jobs to Redstone. The Department of the Air Force conducted both virtual and on-site visits to assess which of six candidate locations would be best suited to host the U.S. Space Command Headquarters based on quantitative and qualitative factors related to mission, infrastructure capacity, community support and costs to the Department of Defense. The project is expected to be complete in six years and positions Huntsville to be a leader in national security space.

The growth of the Federal Bureau of Investigation (the "FBI") has also been significant. The FBI is currently undergoing significant capital projects for specialized facilities at Redstone Arsenal serving, essentially, as a second headquarters. In addition to much of the back office work, expertise in cyber security, data analytics, innovation, and training for agents will occur on its Redstone Arsenal campus. The FBI is currently building a sprawling, college-like campus on Redstone Arsenal, part of a multi-year effort to expand its presence at Redstone Arsenal. The Innovation Center, which broke ground in June of 2021, is considered to be a key part of that campus, which will top \$1 billion in investment by its completion. Initial announcements by the FBI indicated as many as 1,350 employees would be relocated to Huntsville, however recent announcements have indicated between 4,000 and 5,000 jobs could eventually be shifted to Redstone Arsenal over the next 10 years.

### Labor Force Characteristics

According to the 2019 American Community Survey 5 Year Estimates, the City had a "labor force participation rate" of 63.0%, compared with 57.4% for the State of Alabama and 63.4% for the United States.

The quality of the City's work force is enhanced by the educational attainments of a significant portion of the work force. The following table compares the educational attainments, for persons over 25 years of age, with respect to the City, the State of Alabama and the United States.

#### Educational Attainment

	City of Huntsville	State of Alabama	United States
Percentage high school graduates or higher	91.0%	86.2%	88.0%
Percentage bachelor's degree or higher	44.1%	25.5%	32.1%

Source: U.S. Department of Commerce, Bureau of the Census, 2019 ACS 5 Year Estimates

### Employment Data

**Civilian Labor Force.** The following table provides statistics regarding the average civilian labor force and unemployment rates of Huntsville/Madison County in the years indicated:

	2000	2010	2015	2016	2017	2018	2019	2020
Labor Force	175,460	208,154	210,320	212,474	216,780	223,557	229,213	231,870
Unemployment Rates								
Huntsville/Madison County	2.8%	8.6%	5.5%	5.2%	4.0%	3.5%	2.6%	4.6%
State of Alabama	4.6	10.5	6.1	5.9	4.6	3.9	3.0	5.9
United States	4.0	9.6	5.3	4.9	4.4	3.9	3.7	8.1

Source: Alabama Department of Labor, Bureau of Labor Statistics

### Major Employers in the Huntsville Region

As shown in the following table, there are 10 private sector firms with employment in excess of 1,000 employees. The major private sector employers in the Huntsville Region include The Boeing Company (aerospace), Dynetics, Inc. and SAIC, each with more than 2,500 employees in 2021. Most of the major employers are involved in high-technology research and manufacturing, previously noted as a leading source of economic activity in the Huntsville Region.

#### MAJOR EMPLOYERS IN THE HUNTSVILLE REGION

Private Employers	Number of Employees
The Boeing Company	2,900
Dynetics, Inc	2,796
SAIC	2,746
Northrop Grumman	1,970
ADTRAN, Inc	1,925
Polaris	1,500
Toyota Motor Manufacturing	1,350
Hexagon US Federal	1,325
Crestwood Medical Center	1,109
Science and Engineering Services (SES)	1,050
AT&T Alabama	940
QuantiTech, Inc	900
KBR	844
Alorica	800
Teledyne Brown Engineering	794
Raytheon Technologies	779
Target Distribution Center	770
Lockheed Martin Corporation	764
PPG Aerospace	750
SCI Technology, Inc	733
Sanmina	726
ERC, Inc	694
Redstone Federal Credit Union	681
COLSA Corporation	635
<b>Public Employers</b>	
U.S. Army/Redstone Arsenal*	38,000
Huntsville Hospital System **	9,352
NASA/Marshall Space Flight Center *	6,000
Huntsville City Schools	3,000
Madison County Schools	2,389
City of Huntsville	2,206
University of Alabama in Huntsville	1,946
Alabama A&M University	1,207
Madison County Commission	1,069
Madison City Schools	976
Huntsville Utilities	680
* Includes contractors	
** Employees in Madison County	

Source: Chamber of Commerce Huntsville/Madison County, April 2021

## Employment Data

The total number of persons employed in Huntsville/Madison County in nonagricultural wage and salary employment has consistently increased since 2014. The four largest sectors of employment are (in descending order) services (104,200), government (51,700), manufacturing (26,200) and retail trade (24,500), in the Huntsville Region during 2020.

### Huntsville Metropolitan Area Employment by Industry Sector (in thousands)

	2010	2015	2016	2017	2018	2019	2020
Manufacturing	23.7	23.5	24.2	24.8	25.2	25.9	26.2
Durable	20.5	20.0	20.6	21.4	22.0	22.5	22.5
Non-Durable	3.2	3.6	3.6	3.4	3.2	3.5	3.7
Construction & Mining	7.5	8.1	8.2	8.6	9.2	9.5	9.7
Transportation/Utilities	2.6	3.1	3.1	3.0	3.3	3.8	3.6
Wholesale Trade	5.4	5.9	5.8	6.0	6.1	6.1	6.2
Retail Trade	22.0	23.9	24.3	24.3	24.6	25.1	24.5
Finance/Insurance/Real Estate	6.1	6.3	6.5	6.7	6.9	7.0	7.1
Services	94.1	102.6	106.1	109.0	112.2	115.4	104.2
Government	48.6	49.0	49.5	50.3	51.2	51.9	51.7
Total Nonagricultural Employment	210.0	222.4	227.7	227.7	238.7	245.2	240.9

Source: Huntsville/Madison County Chamber of Commerce - Alabama Department of Labor, Bureau of Labor Statistics

## Construction Activity

The following table shows the value of new building permits issued in the City for the fiscal years indicated.

### Value of Building Permits\* (Residential, Apartment and Commercial/Industrial)

Year	Residential	Apartment	Commercial/ Industrial	Total
2006	\$59,193,692	\$12,284,320	\$289,268,058	306,746,070
2007	69,324,698	73,366,333	257,689,367	400,380,398
2008	45,055,563	37,108,158	197,117,416	279,281,137
2009	46,014,460	24,624,748	111,635,798	182,275,006
2010	45,385,091	--	136,237,193	181,622,284
2011	67,349,833	23,890,934	199,764,460	291,005,227
2012	72,510,679	37,965,634	201,958,518	312,434,831
2013	76,153,776	31,493,814	258,148,571	365,796,161
2014	68,232,945	24,971,287	260,554,000	393,758,232
2015	50,480,824	25,086,049	146,238,696	221,805,569
2016	51,902,779	45,546,068	144,199,219	241,648,066
2017	55,176,401	32,675,273	165,076,154	252,927,828
2018	62,452,059	47,378,131	248,175,919	358,006,109
2019	71,989,506	58,894,007	420,081,963	550,965,476
2020	83,616,940	160,688,487	638,146,981	882,452,408
2021	126,727,217	318,311,624	1,226,553,374	567,694,178

\*Exclusive of "Moving and Demolition Permits" and consists of new construction only  
Source: City of Huntsville, Inspection Department



## Education

*Primary and Secondary Education.* The City school system is now comprised of fifty-seven pre-K programs, twenty elementary schools (including kindergarten), five middle schools, six P-8 programs, six senior high schools, and a vocational school. In addition, there are three magnet schools serving students in elementary and middle school grades and four magnet programs operating within existing high schools. These magnet programs emphasize science, foreign language, creative and performing arts, pre-Engineering and international education. Students of City schools consistently score above national and state averages on standardized achievement tests and on the American College Test (ACT). Enrollment for the City School System for the 2021-2022 school year is 23,657 with 2,398 teachers and support personnel employed.

Madison County and the City of Madison also have public school systems, and in addition to public schools, there are approximately fifty private kindergartens and private schools (including church-related or parochial schools) in the City and the County.

The Alabama School of Cyber Technology and Engineering, the state's only fully public, residential high school for students interested in engineering and cyber technology, opened for its first year in Huntsville in August 2020 with 71 students from across the state and strong financial backing. Raytheon Technologies gave a \$4 million boost to funding a new school building in Cummings Research Park. Students are meeting now in the former Oakwood Academy building on the campus of Oakwood University. The new school is designed to help meet a national shortage of qualified cybersecurity experts and engineers. Its goal is to grow to 350 students.

*Higher Education.* There are three state-supported four-year colleges and universities located within or near the City: the University of Alabama in Huntsville, a campus of the University of Alabama system; Alabama A & M University; Athens State University, located in the City of Athens, Alabama, approximately 20 miles west of the City; and Oakwood University, a private four-year university. Other area institutions include John C. Calhoun State Community College, and J. F. Drake State Community and Technical College.

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Source: City of Huntsville School System and Alabama State Department of Education

## Medical and Health Services

Huntsville Hospital is the second largest hospital in Alabama with 881 licensed beds on two campuses, Huntsville Hospital-Main and Women & Children Hospital. It serves as the regional referral center for North Alabama and southern Tennessee and is home to one of only three statewide Level I Trauma Centers. In recent years, the hospital has expanded its service throughout North Alabama with the development of Huntsville Hospital Health System, making it one of the top 5 largest publicly owned hospital system in the nation with more than 2,300 beds, 16,000 employees, 11 hospitals and several outpatient facilities. Huntsville Hospital Health System has grown to include hospitals in a 14-county service area in North Alabama and Southern Tennessee.

Huntsville Hospital Main serves as a teaching facility for UAB's Family Practice Residency Program, and is also assisting to establish a nursing program at the Huntsville campus of Calhoun Community College. Huntsville Hospital for Women & Children offers the most advanced pediatric health care in the region including pediatric emergency services, pediatric intensive care, level III neonatal intensive care and pediatric surgery as well as providing specialized health care for women. Madison Hospital is a full service 90-bed hospital offering medical, surgical, obstetrical, non-invasive cardiac care, special procedures, emergency care, imaging, and therapy services.

Huntsville Hospital is governed by a volunteer board appointed by the City Council through the Health Care Authority of the City of Huntsville.

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Source: [www.huntsvillehospital.org](http://www.huntsvillehospital.org)

The City also hosts a 150-bed full service acute care hospital, Crestwood Medical Center, which has more than 530 physicians on staff representing more than 50 different specialties.

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Source: [www.crestwoodmedcenter.com](http://www.crestwoodmedcenter.com)

## **The U.S. Space and Rocket Center**

The U.S. Space and Rocket Center, a state agency operated by the Alabama Space Science Exhibit Commission, which opened in 1969, is regularly the state's top paid tourist attractions in Alabama, attracting some 650,000 visitors annually. Recent additions include a full-scale space shuttle and a Saturn V and portions of the Space Station. A related activity of the Space and Rocket Center is U.S. Space Camp, a hands-on educational experience for young people and, in special corporate camps, adults. The U.S. Space Camp attracts approximately 35,000 young people and adults each year for its Space Camp and Corporate Camp programs. Additional programs include Aviation Challenge, Robotics Camp, U.S. Cyber Camp and a host of traveling exhibits.

## **Transportation**

The City of Huntsville is accessed by highway, railway, waterways and a modern airport facility. U.S. Interstate Highway 65, which runs between Chicago and Mobile, is connected to the City by I-565. There are four major highways 231 (North-South), 431 (North-South), 72 (East-West) and 72 Alternate (East-West) which traverse the City and provide access to outlying areas. The City is served by numerous common carriers, including the Norfolk Southern Railway. In 2004 Huntsville built a new public transit center just off I-565 which is home to the offices of the Public Transit and Parking Services, Greyhound Bus, and the Convention and Visitor's Bureau. It serves as the central transfer point for the city's shuttle bus service. The City recently implemented the first phase of a five part plan which streamlined routes and extended hours of operations to meet demand.

The Huntsville-Madison County Airport Authority (a joint authority of the City and Madison County) operates the Huntsville International Airport located approximately twelve miles west of the downtown area of the City, which is the principal airport serving northern Alabama and parts of Tennessee and Georgia. Airport operations are conducted on approximately 3,400 acres of land and include two active runways, associated taxiways and an industrial park. The airport is served by numerous carriers including: American, Delta, United, Frontier, Silver Airlines and Breeze Airways.

## **Quality of Life**

Huntsville is situated in the foothills of the Appalachian Mountains, and the natural beauty of the area contains many opportunities for hiking, biking, golfing, outdoor exploration and water sports on the Tennessee River and nearby Lake Guntersville. The mild climate allows for outdoor enjoyment throughout much of the year. Huntsville offers a number of parks, natural reserves, nature trails and a stop on the Robert Trent Jones Golf Trail.

Huntsville's downtown is undergoing a renaissance with a growing and vibrant nightlife. The arts are fully covered between Huntsville's Broadway Theatre League, the Huntsville Ballet Company and the Huntsville Symphony Orchestra. Downtown Huntsville now has three hotels, with the AC Hotel by Marriott and Embassy Suites Huntsville conveniently located right in the heart of downtown and connected by a sky bridge to the city's convention center space, the Von Braun Center, and to the city's sports arena, concert hall and playhouse.

Originally constructed in 1975, the Von Braun Center underwent major renovations in 2010 which transformed the Arena. The renovations changed the facade of the Arena to a modern glass frontage overlooking Big Spring Park as well as expanded the lobby by adding more pre-function space and a pub. The project also added over 1,000 seats to concert setups, VIP suites, and additional restrooms. The Von Braun Center Concert Hall has also recently undergone a major renovation. In 2019, the Von Braun Center opened a new music venue, Mars Music Hall, which includes a restaurant area and rooftop bar located at the corner Clinton Avenue and Monroe Street. It is a "plug-and-play" venue with permanent stage, lighting and sound systems for the artists' use. The second phase of the renovation will be a large convention center expansion. There will be a new state-of-the-art ballroom. North Hall will be totally revamped. A new kitchen complex is going in, as well as a new break out rooms to support larger conventions and groups, and there will be many interior improvements to existing areas.

Source: <http://www.vonbrauncenter.com/construction>

Among the many museums and historic sites are the U.S. Space and Rocket Center, Huntsville Botanical Garden, Monte Sano State Park, Big Spring Park, the Huntsville Museum of Art and several children's museums.

Huntsville is home to Lowe Mill ARTS & Entertainment, America's largest independent center for the arts. With over 120 working artists, small businesses, restaurants, and a live performance venue, this huge historic textile

mill is now a rising home for music, art, and culture. Lowe Mill completed a 37,000 square foot expansion in December 2014.

In sports, Huntsville hosts a minor league hockey (SPHL) team and minor league baseball team of the Southern League. College athletics such as UAH and Alabama A&M are also popular.

**APPENDIX B**  
**GOVERNMENTAL ORGANIZATION AND FUNCTIONS OF THE CITY OF HUNTSVILLE**

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**OF THE CITY OF HUNTSVILLE**

**Governmental Organization**

The City is a municipal corporation under the laws of the State of Alabama. The municipal government may be characterized as a "strong" mayor-council form of government, wherein the mayor is elected at large for a four-year term to serve as the full-time administrative head of the City government. The Mayor is assisted in the day-to-day management of the City by an administrative assistant and a professional staff who oversee the various departments of the City.

The City Council, which consists of five members elected for staggered terms of four years each, operates exclusively as a legislative body and acts with respect to the executive branch of the City government (including all appointive officers, department directors and employees) only through ordinances and resolutions formally adopted at Council meetings. Members of the City Council are elected from five electoral districts. Each member of the City Council is required to reside in the district which he or she represents and to be elected by the qualified electors residing in such district.

The present Mayor and members of the City Council, and the dates of beginning and ending of their respective current terms of office, are as follows:

<b>Name</b>	<b>Date of Beginning of Current Term</b>	<b>Date of Ending of Current Term</b>
Tommy Battle, Mayor	November 2, 2020	November 4, 2024
John Meredith	November 2, 2020	November 4, 2024
Bill Kling, Jr.	November 5, 2018	November 5, 2022
Dr. Jennie Robinson	November 5, 2018	November 5, 2022
Frances Akridge	November 5, 2018	November 5, 2022
Devyn Sherard Keith	November 2, 2020	November 4, 2024

Colonel (Ret.) John Hamilton became City Administrator effective as of October 1, 2013. Mr. Hamilton received a Bachelor of Science in Business Management in 1990 from Florida State University and a Masters in Logistics Management from the Florida Institute of Technology in 1999. He served for 23 years in the United States Army and retired a full Colonel in 2013. His final position was as Garrison Commander of Redstone Arsenal.

In the Fall of 2019, Penny L. Smith, CPA, became the Finance Director of the City. Previously, Mrs. Smith was the Finance Director for the City of Auburn, a position she had held since 2011 after spending seven years as that city's Deputy Finance Director. Mrs. Smith is a graduate of Auburn University, from which she received a bachelor's degree in accounting. She is a Certified Public Accountant, Certified Government Financial Manager and Chartered Global Management Accountant. Mrs. Smith is a past president of Governmental Finance Officers Association of Alabama and previously served on the Security for Alabama Funds Enhancement (SAFE) Board of Directors. She has more than 27 years' experience in public and governmental accounting and auditing.

Ken Benion is the City Clerk –Treasurer. Mr. Benion was appointed City Clerk – Treasurer as of January 4, 2016. Mr. Benion is a Certified Public Accountant with 21 years governmental accounting experience. He received his Bachelor of Business Administration degree from Tennessee State University 1981. Mr. Benion been with the City of Huntsville since January of 2010. He most recently served as Director of Community Development since September 2011.

Marion "Trey" Riley is the City Attorney. Mr. Riley was appointed as City Attorney in the Fall of 2015. Mr. Riley received a Bachelor in Business Administration degree from Auburn University in 1977, and his Juris Doctorate degree from the University of Alabama School of Law in 1980. Upon graduating from law school, Mr. Riley served a brief tenure as an Assistant District Attorney, and thereafter engaged in the solo practice of law for almost 35 years, representing a broad cross-section of individuals in a wide variety of legal matters before numerous different tribunals, primarily in Alabama but also in surrounding states.

The City Administrator, the Finance Director, the City Attorney, and the City Clerk-Treasurer are appointed by the Mayor, subject to the approval of the Council, for four-year terms concurrent with that of the Mayor.

## **Certain City Officials**

**Tommy Battle, Mayor.** Mr. Battle is currently serving his fourth term as Mayor of the City. Mayor Battle was first elected Mayor in 2008, and before then served on the City Council between 1984 and 1988. A commercial real estate developer, Mayor Battle has served on various local boards within the City, including the Huntsville Emergency Medical Services, Inc., board, EarlyWorks Children's Museum board and the administrative council of Trinity United Methodist Church. Mayor Battle received his B.S. degree in Business Administration from the University of Alabama.

**Devyn Sherard Keith, Council Member.** Devyn Sherard Keith, representing District 1, was first elected to the City Council in 2016. Mr. Keith received his Bachelor's Degree in Human Development and Family Science from Samford University and holds a Master's Degree in Public Administration from the McCormack Graduate School of Policy and Global Studies at the University of Massachusetts. During his undergraduate career Mr. Keith started a non-profit called Brothers of 1 Voce aimed at educating, empowering and advocating for youths who have aged out of state support services and while obtaining his Master's Degree in Boston, Massachusetts worked in leadership roles at the nonprofit and state levels. Mr. Keith has worked as an Assistant Coordinator for Community Service for the Massachusetts Trial Court, a Job Development/ Massachusetts Rehabilitation Commission Case Specialist for Morgan Memorial Goodwill Industries and a Transitional Living Specialist/Case Manager for Youth Villages.

**Frances Akridge, Council Member.** Mrs. Akridge, representing District 2, was newly elected to the City Council in 2018. She holds a B.S. degree in Special Education from Virginia Commonwealth University. After a career in education in Westmoreland County, VA, Mrs. Akridge entered the private sector in commercial real estate including work as a land planner in a civil engineering firm then marketing and leasing industrial, office, and retail property, and building telecommunication sites for AT&T Wireless in the Baltimore, Maryland area. She came to Huntsville in 2006 and worked for ERC, Inc., assigned to NASA as a technical coordinator for the Ares program. Mrs. Akridge has been active in several civic organizations, including the Northeast Huntsville Civic Association, the Association of American University Women and Monte Santo Arts Festival, among others.

**Dr. Jennie Robinson, Council Member.** Dr. Robinson, representing District 3, was first elected to the City Council in 2014. Prior to her election to the City Council, Dr. Robinson served three terms on the Huntsville City Schools Board of Education. Before being elected to the School Board in 2002, Dr. Robinson served five times as a PTA president in Huntsville city schools. She has also served on the Executive Committee of the Alabama Association of School Boards (AASB) and chaired the State Legislative Committee for AASB. Dr. Robinson received her Doctor of Philosophy and Master's Degree in Consumer Behavior from Purdue University, and she owns a management consulting firm specializing in strategic planning and leadership development for corporations and non-profits. She is a graduate of Leadership Alabama and Leadership Huntsville. She received the Distinguished Leadership Award from Leadership Huntsville Madison County in 2006. She also serves on the boards of Leadership Huntsville Madison County and the Rotary Club of Greater Huntsville.

**Bill Kling, Jr., Council Member.** Mr. Kling, representing District 4, was first elected to the City Council in 1988. He received a B.S. degree in Mass Media Communications and Public Administration from the University of Alabama, and an M.S. degree in Urban Studies from Alabama A & M University. Mr. Kling was a recipient of Troy State University's "Grover C. Hall" journalism fellowship. He is professionally accredited by the Southern Public Relations Federation. Mr. Kling previously served as a member of the Huntsville City Board of Education. Mr. Kling has held numerous positions in the broadcast and public relations field including public relations director, radio announcer and newscaster for a public radio station and broadcast instructor and public relations specialist for John C. Calhoun Junior College. Mr. Kling is a past President of the Huntsville Press Club.

**John Meredith, Council Member.** Mr. Meredith, CASE (Ret.), representing District 5, was first elected to the City Council in 2020. He currently serves as President of the City Council. Mr. Meredith earned an Associate's Degree from Hinds Junior College, a Bachelor's Degree from the University of Cincinnati, and a Master's Degree from Mississippi College. He serves as the Chair of the Madison County American Red Cross Board, Vice Chair of the Drake State Foundation Board, Board Member of Leadership Greater Huntsville and Advisory Board Member of Burritt on the Mountain and the Junior League. Mr. Meredith spent a majority of his professional career as a lobbyist and legislative advocate in various business sectors and for various public initiatives. During his distinguished lobbying career, Mr. Meredith was the recipient of two national awards for advocacy – the Legislative Champion Award and the Advancing Arboriculture Award. He has served as a National Co-Chair of Minority Outreach for the Voting Integrity Project and Executive Committee member of the National Council of Agricultural Employers ("NCAE"). At NCAE, he was the Moderator for the 2005 NCAE Immigration Roundtable in Washington,

D.C. Mr. Meredith is the son of civil rights icon James H. Meredith, the first African American to enroll and graduate from the previously segregated University of Mississippi.

### **Employees**

As of September 30, 2021, the City employed 2,424 people and the City-owned but separately operated Huntsville Utilities employed 734 people. The employees of the City are administered under a separate personnel system from that of Huntsville Utilities.

### **Municipal Powers and Functions**

The City provides police and fire protection, streets and highways, garbage and refuse collection and disposal, sanitary sewage and disposal service and certain recreational and cultural services. It is only in the area of law enforcement, where state and county officers have concurrent jurisdiction, that there is any significant overlap in City-furnished governmental-type services. The City (through the City-owned Huntsville Utilities) also provides, subject to policies established by the several utilities boards, electric, water and natural gas service for its citizens. For information as to a change in the furnishing of garbage and refuse disposal service, see "Refuse-to-Energy Plant", below.

Several municipal functions have been delegated, by statute or authorized City ordinance or resolution, to municipal boards or commissions, such as the several utilities boards, including the following functions: industrial development, solid waste disposal, health care, library services, museum and civic center operations and public housing. Some, but not all, of these boards or authorities may issue revenue debt. Policy decisions concerning these functions are in most cases made by the applicable board or commission (the members of which are appointed by the Mayor or the City Council) and implemented by an administrative head or staff responsible to such board or commission.

Certain municipal or public functions are performed jointly with Madison County (the "County") through statutory authorities or boards whose members are appointed by the governing bodies of both the City and the County. Such authorities or boards include The Huntsville-Madison County Airport Authority (which is responsible for the operation of Huntsville International Airport), the Huntsville-Madison County Mental Health Board, the Huntsville-Madison County Civil Defense Board and The Huntsville and Madison County Railroad Authority. In addition, the City and County governing bodies jointly elect the members of the Huntsville-Madison County Marina and Port Authority, a public corporation created under an act of the Alabama Legislature to construct and operate marina and port facilities.

Funding for certain municipal boards or commissions is provided, in whole or in part, by the City, and in other cases, such boards or commissions operate as separate public corporations created by the City, but funded entirely through revenues generated by the particular municipal functions involved.

### **Annexation Program**

The City annexes land considered important to its future growth and economic expansion, which has included significant acreage in the past twenty years. Madison County annexations in excess of 40,000 acres have primarily been in the east, with mostly mixed, higher value residential developments occurring. The annexation in Limestone County, which is west of Madison County, primarily borders the Huntsville International Airport and Interstate 565, and is generally planned for commercial development. Smaller tracts are regularly being annexed, however, for residential and commercial uses.

With very few exceptions, the City's annexations have been accomplished by petition of the landowner requesting annexation. There is no pending or threatened legal action contesting the validity or legality of any of the City's annexations.

The City, in concert with the Metropolitan Planning Organization (MPO), has adopted a major street plan for the entire City. The rights of way for the streets shown on the master street plan are being protected from development as provided by Alabama law. The expansion and extension of these major streets will be the major expenditure for the City resulting from the City's annexation programs. Most of the local streets in the annexed areas will be constructed to City standards and specifications by developers as subdivision of property and development occur.

The City has in operation sufficient sewer treatment capacity for the annexed areas and future annexations. The City generally extends sewer outfall lines and facilities into annexed areas when there is a finding of sufficient economic return to justify such extension. The City's extension policy and its sewer rate structure are, in general, a significant part of its economic development policy.

The rate of growth in the annexed areas is unpredictable, and the full extent of any impact on the City's finances and resources cannot be measured. While the City cannot make a definite prediction or offer assurances that development will in fact occur in these areas, the City does expect that, as a result of the annexations and the services offered by the City in those areas, considerable industrial and commercial development and supporting residential development will occur.

#### **Huntsville Utilities**

The City's municipally-owned water, electric, gas and sanitary sewer systems are operated by separate boards of directors which are responsible for their supervision and control and the members of which are appointed by the City Council. These three systems are owned by the City, but operate separately from the City under the name of Huntsville Utilities and are managed by Wes Kelly, President and CEO of Huntsville Utilities. The employees of Huntsville Utilities are subject to personnel rules established by the respective utilities boards and administered by a separate Personnel Department of Huntsville Utilities. The financial statements of the City attached as Appendix C include the water, electric and natural gas systems, although it should be noted that the City's independent auditors have not examined these financial statements and that their opinion thereon is based solely on reports of other auditors.

#### **Refuse-to-Energy Plant**

The Solid Waste Disposal Authority of the City of Huntsville (the "Authority") constructed a solid waste resource recovery plant to assist the City in its solid waste disposal program. The plant, which was completed in July of 1990, was designed to convert garbage and other solid waste into energy (steam), primarily for use by and sale to the Department of the Army at Redstone Arsenal, an Army facility near the City. The Authority is a public corporation separate from the City, the members of the Board of Directors of which are appointed by the City Council. In 1987 the City Council adopted an ordinance authorizing the transfer and conveyance by the City to the Authority, without the payment of any pecuniary consideration, of the City's existing landfill, which, along with the plant and recycling programs, constitutes an integrated system for the disposal of solid waste and other refuse operated by or for the account of the Authority. Such transfer and conveyance was effected in August, 1988, when the Authority authorized the issuance of bonds to finance the construction of the plant. Pursuant to an agreement with the Authority, Ogden Martin Systems of Huntsville, Inc. now known as Covanta Huntsville, Inc. (an affiliate of Ogden Corporation, now known as Covanta Energy, Inc.) designed, constructed, and is operating the plant for the Authority.

In the ordinance authorizing the transfer and conveyance of the City's existing landfill to the Authority, the City Council also authorized the execution of a Solid Waste Delivery Agreement between the City and the Authority, under which the City agreed (a) to deliver to the Authority, for processing or other disposal, substantially all solid waste and other refuse collected by the City through its solid waste collection system (as well as substantially all the sewage sludge generated through the operation of the City's sanitary sewer or wastewater system) and (b) to pay to the Authority, for such processing or other disposal, such tipping fees as the Authority may from time to time impose and charge. This Agreement provides that all tipping fees and any other moneys due by the City under the Agreement are to be payable solely out of the current or general operating revenues or funds of the City received or receivable by it for or during the fiscal year during which such tipping fees or other moneys are required to be paid. The current rates are \$39.90 per ton for municipal solid waste and \$26.50 per ton for construction and demolition waste and may be adjusted in the future. The many variable factors on which any such adjustments in the future will depend (including, for example, plant operating results, landfill acquisition, if any, and operating costs, the effect of existing and future environmental laws and landfill regulations, and general economic conditions) are such that the City cannot accurately predict the extent of such adjustments, but it does expect increases in the amount of tipping fees over the next 25 to 30 years.

The City has taken steps to reduce the waste stream by instituting the following recycling programs: (1) the recycling of white goods at the landfill and (2) the first citywide curbside recycling program in the State of Alabama, for the removal and recycling of newspaper, plastics, metals, magazines, motor oil, and batteries. The Authority also operates a separate hazardous household wastes program. These recycling programs are expected to allow the City to meet any currently anticipated changes in environmental law which may mandate a reduction in the waste stream. The Authority expects that, even after such reductions in the waste stream are made, the amount of



solid waste to be delivered by the City, together with amounts to be delivered by the Army, will continue to be in excess of the required minimum amount the Authority has agreed to deliver to the plant.

The Authority has entered into a steam sales agreement with the Department of the Army, providing for the sale of steam by the Authority to the Army for use at Redstone Arsenal. The agreement between the Authority and the Army is not, however, a take-or-pay contract and does not obligate the Army to pay for steam that is not delivered or available for delivery. While the City expects that revenues from tipping fees and from the sale of steam to the Army will be sufficient to pay the costs of operating the plant and the landfill there can be no assurance that such tipping fees and steam sale revenues will be sufficient to pay all such expenses and any future debt service and that the payment by the City to the Authority of substantial tipping fees, as authorized in the Solid Waste Delivery Agreement, may be necessary. At this point in time, all of the debt of the Authority has been repaid and there is no current debt service requirement for the Authority.

The failure of the plant to operate in the manner expected, as well as any substantial plant "down-time", would adversely affect expected steam sale revenues and thus result in tipping fee increases substantially in excess of those otherwise expected. However, the plant has complete redundancy; it has four fossil-fuel-fired boilers which could supply steam to the Army if the failure to operate in the manner expected is related to the incineration of solid waste.

#### **Miscellaneous Municipal Functions**

The City, the County and the State of Alabama have coextensive law enforcement jurisdiction. The City operates a misdemeanor court system.

The State is responsible for maintaining state and federal highways in the City. Further, pursuant to an understanding between the County and the City, the County maintains certain roads and streets in the Green Mountain area annexed by the City in 1973.

While public health service is principally a state function, the City historically has made annual contributions to the Madison County Department of Public Health.

The City finances all major public recreation facilities in the City except for (a) Ditto Landing and Marina, which has received some appropriations from Madison County, and (b) Monte Sano State Park, which is located adjacent to the City and is owned and operated by the State of Alabama.

Huntsville International Airport is owned and operated by The Huntsville-Madison County Airport Authority, the members of the Board of Directors of which are appointed by the governing bodies of the City and the County.

**APPENDIX C**  
**CERTAIN FINANCIAL, DEBT AND RELATED INFORMATION OF THE CITY OF HUNTSVILLE**

**APPENDIX C**  
**CERTAIN FINANCIAL, DEBT AND RELATED INFORMATION**  
**OF THE CITY OF HUNTSVILLE**

**COVID-19**

As has been widely-reported, following the March 11, 2020 declaration by the World Health Organization of a novel strain of coronavirus ("COVID-19") to be a global pandemic, the United States, various states and local governments (including the State of Alabama and various local governments within the State of Alabama), and private corporations and businesses implemented quarantines, limited or shut-down operations, and took other measures to limit travel, social interaction and other customary behaviors in an effort to lessen the spread and impact of COVID-19. Such measures have had, and will continue to have, a materially negative impact on national, state and local economies, including without limitation the economy of the City and that of the municipalities and counties surrounding the City.

Since the first declaration of the COVID-19 pandemic states and local governments, including the State of Alabama and the City of Huntsville, issued "stay at home", "shelter in place", "safer at home" and similar orders and curfews designed to restrict movement outside the home and limit businesses and commercial activities to essential functions. Such orders have required, among other things, the wearing of facial coverings in certain public places, prohibitions of certain non-work gatherings, limitations on occupancy of retail facilities and entertainment venues, requirements that restaurants, bars and similar businesses, as well as certain "close-contact service providers" such as barber shops and spas, employ facial coverings, requirements that restaurants, bars and similar facilities maintain at least six feet of distance between different tables, bar stools, etc, and similar restrictions. Such restrictions can have a negative impact on sales of commercial goods and services, thus reducing tax revenues for municipalities like the City.

The result thus far of the various restrictions on businesses, activities and events has been a short-lived, but strong contraction in sales tax revenue. Although the City was collecting higher than budgeted tax and fee revenues during the first half of the 2020 fiscal year, up until officials in the Huntsville area began taking measures to combat the spread of COVID-19, revenues have decreased since that time, although not to the degree expected. General Fund revenues measured against budgeted amounts were 102% for the fiscal year ended September 30, 2020.

During the first half of the fiscal year ending September 30, 2021, the City experienced a healthy, but somewhat compacted increase in sales and use taxes. However, in the second half of that fiscal year, the City experience double digit increases in a number of months over pre-pandemic levels.

At this time, the City estimates unaudited General Fund revenues for the fiscal year ended September 30, 2021 to be \$276.5 million, and unaudited General Fund expenditures for the fiscal year ended September 30, 2021 to be \$241.2 million, resulting in an estimated unaudited General Fund balance for the September 30, 2021 fiscal year ended to be an increase of \$35.3 million. The City has also provided unaudited revenues for its largest revenue sources of General Fund revenues. See "SOURCES OF REVENUES" in this appendix.

The City has applied for and received appropriate reimbursement of extra expenses as a result of the pandemic through the State of Alabama CARES Act allocation totaling \$9.3 million. In addition, the City received smaller reimbursements from FEMA, CDBG and FTA for specified spending. The City has received the first tranche of the \$34.4 million allotted to the City of Huntsville in the American Rescue Plan Act funding and will report on planned spending as required.

The City passed its 2022 balanced budget with Sales and Use tax revenue projection level with actual projected collections from fiscal year ended September 30, 2021. Staff and administration will continue to monitor monthly collections in all revenue considering the ongoing pandemic understanding the economic reality may impact expectations. The projection will be adjusted at mid-year to appropriately adjust to current forecasting.

Due to the evolving nature of the outbreak and federal, State and local responses thereto, the long-term impacts of the COVID-19 pandemic are unknown and dependent on factors such as the length of any existing

or future shutdown or partial inaccessibility of commercial and governmental facilities, the extent to which the City's population is directly affected and is unable to work, and the impact on the economy as a whole within the country, state or city. The City cannot predict whether there will be increased costs associated with the COVID-19 pandemic, or any other potential disease outbreak, including whether there will be an increase in operational costs incurred to protect the public, provide City services, or clean, sanitize and maintain public facilities. The City also cannot predict the long-term impacts of the outbreak on the City's revenues, including whether there will be a reduction in taxable assessed values of properties in the City, or a reduction in ad valorem tax collections or revenues from sales and use taxes, or an adverse impact on the City's credit ratings.

## **FINANCIAL SYSTEM**

### **General**

The City maintains a financial reporting system designed to provide timely and accurate reports of receipts and expenditures. Internal accounting controls, which are developed and monitored by the City Finance Department, are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. Activities of the City are monitored internally on a monthly basis and are audited annually, as required by law, by independent certified public accountants. The report of such accountants for the fiscal year ended September 30, 2020 (the City's most recent audit), is included as Appendix C.

### **Budget System**

Prior to the commencement of each fiscal year, the Mayor, in conjunction with the administrative staff and the City's department heads, prepares an annual operating budget for City Council approval. The budget represents a complete financial plan for the City and reflects the projection of all receipts and disbursements from all sources, including all revenues, expenditures and the surplus or deficit in the General Fund and all special funds of the City. Any expenditure request that results in budget increases, overruns or transfers between departments or funds must, under existing procedures, have City Council approval.

The budget for the General Fund is customarily adopted on a categorical basis consistent with generally accepted accounting principles (GAAP). Budgetary control is maintained at the departmental line item level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. By ordinance, the City is required to maintain at all times an undesignated General Fund balance of 11.5% of the current fiscal year's General Fund recurring revenues. The fund balance was at the required policy amount at the close of each of the last five fiscal years. At this time, the City expects to satisfy this requirement for its fiscal year ending September 30, 2021.

The City maintains a ten (10) year Capital Improvement Plan which forecasts expenditures for capital improvements for each of the City's capital improvement funds (1990 Capital Improvement Fund and the 2014 Capital Improvement Fund). These plans include (a) construction and improvement of local roads and the City's financing share of non-local roads, (b) drainage projects and projects for the preservation of the natural environment, (c) acquisition and improvement of public safety equipment and facilities, and (d) acquisition of land for industrial growth.

During the budget process, the Mayor requests that each department head assign priorities to department capital improvements, by year, for the number of years to be budgeted. These requests are consolidated and reviewed, then the Mayor proposes a Capital Improvements Programs to the City Council for its consideration. Capital expenditures have been and will be funded with borrowings or with internally generated funds.

### **Accounting System**

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The various funds designated in the City's financial statements (attached as Appendix C) include the following:

**General Fund.** The General Fund, which is the general operating fund of the City, is the largest and most important accounting activity of the City and accounts for the current operations of the general government and all financial resources except those required to be accounted for in another fund. Expenditures from the General Fund are financed from a variety of revenue sources, including ad valorem and sales and use taxes, licenses and permits, charges for services, and fines and forfeitures. See "SOURCES OF REVENUES" in this appendix.

**Special Revenue Fund.** The Special Revenue Fund is used to account for the proceeds of restricted property taxes, state gasoline taxes and seizure/forfeiture revenues, which are as follows:

*6.5-Mill School Tax* - accounts for the School Tax authorized to be levied for school purposes until the tax year for which City taxes become due and payable on October 1, 2046.

*6.5-Mill Bond Tax* - accounts for the Bond Tax levied under authority of Section 216 of the Constitution of Alabama of 1901, as amended, the proceeds of which may be used to pay principal of and interest on bonds.

*7-Cent State Gasoline Tax* - accounts for the City's share of a 7-cent gasoline tax and 2-cent inspection fee levied by the State, the proceeds of which are required by state law to be used only for street and highway purposes.

*4/5-Cent State Gasoline Tax* - accounts for the City's share of a 4-cent and 5-cent gasoline tax levied by the State, the proceeds of which must, under state law, be used only for resurfacing, restoring and rehabilitating roads and bridges.

*TIFs* - accounts for collection of property taxes and other revenues of the TIF Districts and the related capital projects.

**2014 Capital Improvement Fund.** In fiscal year 2014, the City established the 2014 Capital Improvement Fund, a capital projects fund, to account for the proceeds of a one-percent sales and use tax levied by the City effective March 1, 2014. This fund accounts for the capital and economic development expenditures authorized for this fund, and the debt service on projects intended to be paid from the taxes.

**Debt Service Fund.** The Debt Service Fund is used to account for the accumulation of moneys for, and the payment of, principal of and interest on long-term debt and related costs, other than long-term debt payable from special assessments and debt issued for and serviced primarily by City-owned enterprises.

**Capital Projects Funds.** Capital Project Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds and TIF taxes of the Special Revenue Fund). In most cases, the City uses the Capital Projects Fund to account for the expenditure of the proceeds from all warrant issues, and uses separate accounts within that to show that the proceeds of the issues were spent only on the project or projects and for the purpose or purposes authorized, and that any unused warrant proceeds or project deficits were properly handled and accounted for in accordance with applicable legal, budgetary and policy provisions.

Proceeds from warrants or other obligations issued by the City to pay for capital improvements will be accounted for in capital project funds, as will the expenditures of the proceeds of warrants and other City obligations.

There are instances in which the General Fund or a Special Revenue Fund budgets and expends its own resources for long-term improvements, which may involve general long-term borrowing, and such outlays are properly accounted for in those funds without a separate Capital Projects Fund. The City also maintains other capital projects funds to account for the expansion and development of an industrial park, which is financed by revenues other than long-term debt.

**Enterprise Funds.** Enterprise Funds are used to account for operations that provide goods or services to the general public on a continuing basis and that are financed and operated similarly to private business enterprises,

*i.e.*, those the costs of which are to be financed or recovered primarily through user charges, or those for which it is deemed advisable (for capital maintenance, public policy, management control, accountability, or other purposes) that periodic determinations be made of revenues earned, expenses incurred, and net income. The City currently maintains Enterprise Funds for the operation of the City's Sanitary Sewer System, the Municipal Iceplex and the Von Braun Center, and accounts for the operations of one of its "discrete component units" (Huntsville Utilities) as an Enterprise Fund. With the exception of the Enterprise Funds, which may be characterized as "proprietary" funds, all above-mentioned funds currently maintained by the City are categorized as "governmental" funds.

## SOURCES OF REVENUES

### Introduction

Sales and use taxes and business licenses and permits are directly related to changes in personal income rate, price levels and general economic conditions and have in the past (subject to certain exceptions) increased at a more rapid rate than ad valorem taxes. Shared state, local and intergovernmental revenue is not subject to periodic appropriations, but results from general statutory allocation to the City of a portion of certain taxes collected by the State of Alabama and Madison County. Additional information on the principal City revenue sources is provided in the following paragraphs. While the following paragraphs show the rates at which certain of these tax proceeds have increased, the City makes no representation that future increases will be at the same or greater rates or that there will, in fact, be any such increases.

### Property Taxes and Payments in Lieu of Taxes

Property or ad valorem taxes are levied under various provisions of the constitution and statutes of Alabama and, except for the 6.5-mill general purpose tax, may be used only for the purpose or purposes for which they are levied. Under present law, the rates at which local ad valorem taxes are levied may be increased only after approval by the Alabama Legislature and a majority vote of the qualified electors of the affected jurisdiction. See "AD VALOREM TAXES" in this appendix.

Payments in lieu of taxes, calculated on various bases, are made to the General Fund by Huntsville Utilities with respect to the City-owned electric, water and natural gas systems. Under the City's contract with the Tennessee Valley Authority (TVA) for the purchase of electric power, payments in lieu of taxes with respect to the electric system will be made at an agreed upon six percent (6%) of net book value of the electric system's properties. Payments in lieu of taxes are also received by the General Fund in lesser amounts from the water and natural gas systems, computed on the basis of gross revenues. All such payments are made, at the option of the City Council, in lieu of taxes which would be due if such utility systems were subject to ad valorem taxation. The City also receives certain payments in lieu of taxes from the TVA and from the Huntsville Housing Authority. Ad valorem property taxes paid on real property are subject to periodic adjustment based upon reappraisals required by the State Department of Revenue. See "Property Re-Evaluation Program" under "AD VALOREM TAXES" in this appendix.

The following table shows the receipts from the 6.5-mill general purpose tax and from payments in lieu of property taxes for fiscal years shown:

<b>Fiscal Year</b>	<b>6.5 Mill Tax General Fund General Purpose</b>	<b>TVA Payments in Lieu of Property Taxes</b>	<b>Huntsville Utilities Electric System Payments in Lieu of Property Taxes<sup>(1)</sup></b>	<b>Total</b>
2021	\$20,409,023*	\$2,864,376*	\$24,091,527*	\$47,364,926*
2020	19,565,805	2,827,779	21,172,061	43,565,645
2019	18,299,987	2,494,464	13,468,913	32,608,787
2018	18,889,927	2,829,553	9,680,872	31,400,352
2017	17,178,680	2,813,159	11,296,708	31,288,547
2016	16,916,289	3,375,449	11,437,077	31,728,815

\* Unaudited

<sup>(1)</sup> Huntsville Utilities expanded its electric system and services during 2019, resulting in additional capital improvements that increased the amount of payments in lieu of taxes to the City during such years. The increase is also due to accounting adjustments. Source: Comprehensive Annual Financial Reports of the City for Fiscal Years 2016-2020 (modified accrual basis of accounting).

## Sales Taxes and License Fees

**Sales and Use Taxes.** The largest sources of General Fund revenues are the sales and use taxes levied by ordinance of the City. Retailers are required to collect the sales tax on sales of tangible personal property at retail from the consumer and to pay collections to the City, monthly. The use tax is levied upon the use of tangible personal property brought into the City and upon which the sales tax has not previously been paid. The sales and use tax was increased effective November 1, 1989, when the basic rate was raised from 3% to 3.5% and the automobile rate was increased from 1.5% to 1.75% (certain manufacturing machinery being exempt). Additionally, the general sales and use tax rate was raised from 3.5% to 4.5% effective March 1, 2014. The total sales tax rate paid by persons purchasing items in the City in Madison County is 9% - 4% being collected for the State and 0.5% for Madison County; the rate is 10.5% in those portions of the City within Limestone County - 4% being collected for the State and 2% for Limestone County.

The following table shows sales and use tax receipts levied by and collected for the City (at a total rate of 4.5%) for the fiscal years shown:

<b>Fiscal Year</b>	<b>Receipts<sup>(1)</sup></b>	<b>Percentage Increase</b>
2021	\$268,438,074*	13.20%
2020	237,141,756	4.61
2019	226,685,473	8.48
2018	208,966,293	6.95
2017	195,384,837	2.44
2016	190,729,980	--

\* Unaudited

<sup>(1)</sup> Includes receipts from the Simplified Sellers Use Tax (the "SSUT"), which allows sellers of tangible personal property or service in the State of Alabama from inventory or locations outside the State (typically, on-line sellers) to collect, report, and remit a flat 8.0% sales and use tax. For the fiscal year ended September 30, 2021, unaudited SSUT receipts accounted for 3.63% of the \$268,438,074 (unaudited) sales and use tax receipts shown above.

The following table shows the allocation and deposit of total sales and use tax receipts levied by and collected for the City (at a total rate of 4.5%) for the fiscal years shown:

<b>Fiscal Year</b>	<b>General Fund</b>	<b>Capital Improvements Fund</b>	<b>2014 Capital Improvement Fund</b>	<b>Total Receipts</b>
2021	\$147,774,579*	\$66,653,826*	\$54,009,669*	\$268,438,074*
2020	129,911,237	59,096,942	48,133,575	237,141,754
2019	122,432,577	57,361,880	46,891,016	226,685,473
2018	111,892,511	53,432,614	43,641,168	208,966,293
2017	104,489,438	50,078,215	40,817,184	195,384,837
2016	102,111,909	48,938,824	39,679,247	190,729,980

\* Unaudited

By ordinance, the City designates the below special annual appropriations from the gross proceeds of sales and use taxes levied by the City:

(1) For the 3.5% general sales and use tax and 1.75% automotive rates, 18.0% of sales and use taxes are appropriated in the year earned from the General Fund to the Capital Improvements Fund.

(2) For the 3.5% general sales and use tax and 1.75% automotive rates, 14.7% of sales and use taxes are appropriated in the year earned from the General Fund to the Huntsville City Board of Education.

(3) For the 1.0% general sales and use tax rate effective March 1, 2014, 100% of sales and use taxes are reported as revenue in the 2014 Capital Improvement Fund, and earmarked for certain capital and economic development purposes.

There is no express constitutional or statutory maximum on the rates at which sales and use taxes may be levied by the City. Except for limitations concerning the rates at which privilege or business license taxes may be levied on certain types of business (such as banks and insurance companies), there are no express constitutional or statutory limitations upon the rates at which privilege or business license taxes may be levied by the City. The statements made in this paragraph concerning sales and use taxes and privilege or business license taxes are subject, however, to the qualification that, under applicable judicial precedents, none of such taxes may be levied at rates that are confiscatory or "unreasonable".

**Licenses and Permits.** Under general authority granted to cities and towns in Alabama by the Alabama Legislature, the City levies privilege license taxes on the privilege of engaging in certain businesses and professions within the corporate limits of the City. Most license taxes are computed as a stated amount plus a percentage of gross receipts based on a graduated scale. The following table shows receipts from licenses and permits for the fiscal years shown, and the percentage increase in such receipts over those for the preceding fiscal year:

<b>Fiscal Year</b>	<b>Receipts</b>	<b>Percentage Increase</b>
2021	\$36,532,678*	12.4*
2020	32,514,504	10.4
2019	29,448,382	4.4
2018	28,208,646	6.5
2017	26,499,649	6.4
2016	24,901,908	--

\* Unaudited

Source: Comprehensive Annual Financial Reports of the City for Fiscal Years 2016-2020. General Fund Statement of Revenues, Expenditures and Changes in Fund Balance (modified accrual basis of accounting).

#### **Tax Increment Financing Districts**

From fiscal years 2000 through 2006, the City created five (5) tax increment financing districts as a part of the City's long-range economic development plan. Two of those districts (formerly known as "TIF 1" and "TIF 3" have since been closed and all debt obligations associated therewith have been retired. Remaining from that initial group of tax increment financing districts are "TIF2", "TIF3A" and "TIF4". The City has since created three additional tax increment districts, as follows.

In fiscal year 2010, the City created a tax increment financing district ("TIF5") in connection with the obligations of the City under an Annexation and Development Agreement dated March 25, 2010 (the "Annexation and Development Agreement") between the City and L W Redstone Company, LLC. TIF5 was adopted by the City Council on May 13, 2010, and the Madison County Commission on May 17, 2010.

In fiscal year 2016, the City created a tax increment financing district ("TIF6") in connection with the development of public infrastructure improvements and related work in real property to foster industrial and economic development.

In fiscal year 2018, the City created a tax increment financing direct ("TIF7") with respect to the financing of certain improvements and obligations of the City incident to the development of the North American plant on a site within the City and Limestone County for the manufacture of vehicles by a joint venture between Toyota Motor Corporation and Mazda Motor Corporation. See Appendix A – "CITY OF HUNTSVILLE - CERTAIN DEMOGRAPHIC INFORMATION – Major Economic Activity".

Accordingly, there are six (6) the tax increment districts of the City that are currently open, consisting of TIF2, TIF3A, TIF4, TIF5, TIF6 and TIF7.



## REVENUES AND EXPENDITURES

The following table sets forth the audited revenues, expenditures and changes in fund balance for the City for all governmental fund types for the fiscal years ended September 30, 2016, through September 30, 2020, inclusive, which such information has been extracted from the audited financial statements of the City for such fiscal years and should be read in conjunction with the financial statements of the City attached as Appendix C.

	2020	2019	2018	2017	2016
<b>Revenues</b>					
Sales and Use Tax	\$237,141,754	\$226,685,473	\$208,966,293	\$195,384,836	\$190,729,980
Property Tax	71,077,318	65,167,286	66,083,001	59,517,420	57,850,973
Other taxes	50,507,374	52,525,318	47,796,692	43,907,918	45,465,453
Licenses & permits	32,514,504	29,448,382	28,208,646	26,499,649	24,901,908
Fines & forfeitures	3,382,013	3,507,915	3,826,040	4,003,972	4,466,875
Revenues from money & property	5,316,225	9,717,987	6,972,716	5,299,539	4,919,314
Charges for services	22,274,966	37,161,056	42,349,949	17,993,904	17,333,314
Intergovernmental	20,131,353	17,595,641	11,244,579	18,343,577	32,320,686
Gifts & donations	2,111,362	3,408,869	2,440,644	2,460,757	6,907,406
Other revenues	<u>10,336,324</u>	<u>3,330,072</u>	<u>1,806,477</u>	<u>1,668,794</u>	<u>1,268,490</u>
<b>Total Revenues</b>	454,793,193	448,547,999	419,695,037	375,080,366	386,164,399
<b>Expenditures</b>					
Current					
General government	39,293,215	39,778,460	29,488,028	30,718,856	31,372,454
Public safety	97,451,844	95,034,927	92,865,616	89,362,560	90,332,831
Public services	95,438,193	106,397,516	88,173,064	78,125,664	121,919,036
Urban development	30,623,574	26,419,907	20,403,337	20,658,265	18,328,725
Debt Service					
Principal	40,675,086	37,462,146	37,243,956	209,770,224	28,657,088
Interest	34,881,073	34,041,366	26,716,331	28,179,262	26,167,860
Fiscal charges	469	724	624	507	711
Debt issuance costs	6,500	514,302	1,269,946	1,185,748	723,615
Capital projects construction & outlay	153,287,127	95,846,575	166,255,294	66,860,745	36,777,565
Intergovernmental assistance	<u>31,198,551</u>	<u>34,137,648</u>	<u>29,670,223</u>	<u>52,910,502</u>	<u>49,110,279</u>
<b>Total Expenditures</b>	522,855,632	469,633,571	492,086,420	397,772,332	403,390,164
Excess of revenues over (under) expenditures	(68,062,439)	(21,085,572)	(72,391,383)	(22,691,966)	(17,225,765)
<b>Other financing sources (uses)</b>					
Long-term debt issued	16,582,628	80,078,908	166,609,194	103,482,451	121,175,789
Premium on debt issue	--	17,514,638	27,882,248	10,700,582	27,065,510
Payment to escrow agent	--	--	(55,291,484)	(71,944,745)	(65,074,549)
Transfers in	107,648,922	85,058,749	77,083,967	72,761,360	48,054,906
Transfers (out)	<u>(114,834,843)</u>	<u>(99,295,656)</u>	<u>(87,800,809)</u>	<u>(75,618,816)</u>	<u>(53,123,863)</u>
<b>Total other financing sources (uses)</b>	9,396,707	83,356,639	128,483,116	39,380,831	78,097,793
Net change in fund balances	(58,665,732)	62,271,067	56,091,733	16,668,865	60,872,028
Fund Balance, Beginning	349,137,549	292,982,886	240,854,290	224,165,425	163,293,397
Prior Period Adjustment	(453,133)	(6,116,404)	(3,963,137)	--	--
<b>Fund Balance, Ending</b>	<u>\$290,018,684</u>	<u>\$349,137,549</u>	<u>\$292,982,886</u>	<u>\$240,854,290</u>	<u>\$224,165,425</u>

## DEBT MANAGEMENT

### General

The principal forms of indebtedness that the City is authorized to incur include general obligation bonds, general obligation warrants, general obligation bond anticipation notes, revenue anticipation notes, gasoline tax anticipation warrants, and various revenue anticipation bonds and warrants relating to enterprises. In addition, the City has the power to enter into certain leases which constitute a charge upon the general credit of the City. General obligation warrants, general and special obligation bonds financing street, sidewalk and sewer improvements and supported (wholly or in part) by assessments therefor, certain revenue anticipation bonds and notes and capitalized lease obligations may be issued or incurred without voter approval.

Existing statutes also permit the City, without the approval of the electorate, to enter into certain financing lease arrangements with county and municipal public building authorities with respect to needed municipal buildings and facilities; such lease arrangements are required to be on a year-to-year basis and may be considered as essentially "off-balance sheet" debt. No such financing lease arrangements on the part of the City are now in effect other than the City's lease with the Authority in the table herein below under the caption "Long-Term General Obligation Indebtedness of the City" and the Lease that will be in place between the City and the Authority upon issuance of and in connection with the proposed Series 2022 Bonds being issued by the Authority.

There follows, in the discussion and tables below, various references to the existing City indebtedness. All such references exclude debt for the full retirement of which irrevocable deposits of funds or U.S. Government securities have been made.

Included in the material under section entitled "DEBT MANAGEMENT" are several references to the amount of assessed value of property in the City. The amount stated in each case includes and refers to only City property in Madison County. The City has annexed a substantial amount of land located in neighboring Limestone County, and also has annexed land in Morgan County. The land in Morgan County is not of the size or nature as to be material, at the present time, to the City's overall ad valorem tax collections.

Most of the Limestone County land was agricultural in nature, but in recent years there have been located thereon several industrial projects, including among other the North American plant being constructed for the manufacture of vehicles by a joint venture between Toyota Motor Corporation and Mazda Motor Corporation. See Appendix A – "CITY OF HUNTSVILLE - CERTAIN DEMOGRAPHIC INFORMATION – Major Economic Activity". The land in Limestone County, for the fiscal year most recently ended, is insignificant in relation to the assessed value of the City property in Madison County for the same fiscal year.

### Long-Term General Obligation Indebtedness of the City

The City's long-term indebtedness consists of (1) general obligation warrants and bonds, (2) warrants payable solely from revenues of the sanitary sewer system of the City, (3) warrants payable solely from revenues derived from the water system the ("Water System"), electric system (the "Electric System"), and natural gas system (the "Gas System") of the City operated by Huntsville Utilities, and (4) TIF5 Revenue Warrants.

Indebtedness payable from the City's (i) Water System is issued under a Trust Indenture dated as of May 1, 2008, as supplemented and amended (the "Water System Indenture") between the City and The Bank of New York Mellon Trust Company, N.A. ("BONY"), (ii) Electric System is issued under a Trust Indenture dated July 27, 2017, as supplemented and amended (the "Electric System Indenture") between the City and BONY, and (iii) Gas System is issued under a Trust Indenture dated August 1, 2019 (the "Gas System Indenture") between the City and BONY.

General Obligation Warrants and Bonds Obligations. The following table lists the maximum amount of all long-term general obligation bonds and warrants payable by the City following entry of the Lease simultaneously with the issuance of the Series 2022 Bonds by the Authority:

<b>Description</b>	<b>Principal Amount Originally Issued</b>	<b>Principal Outstanding (not in excess of)</b>
Series 2017 Bonds <sup>(1)</sup>	\$46,965,000	\$40,585,000
General Obligation Refunding and Capital Improvement Warrants, Series 2012-A	56,305,000	2,445,000
General Obligation Refunding Warrant, Series 2013-A	6,450,000	1,730,000
General Obligation Warrants, Series 2013-B	14,580,000	14,580,000
General Obligation School Warrants, Series 2013-C	77,050,000	7,775,000
General Obligation Warrants, Series 2013-D	24,970,000	2,240,000
General Obligation Warrant, Series 2013-E	6,460,000	815,000
General Obligation Warrants, Series 2014-A	54,110,000	43,980,000
General Obligation Lease Refunding & Capital Improvement Warrants, Series 2014-B	19,345,000	15,640,000
General Obligation School Refunding & Capital Improvement Warrants, Series 2014-C	27,045,000	21,265,000
General Obligation Warrants, Series 2015-A	61,390,000	48,160,000
Taxable General Obligation Warrants, Series 2015-B	8,185,000	7,095,000
General Obligation Warrants, Series 2016-A	35,725,000	32,790,000
General Obligation School Warrants, Series 2016-B	29,890,000	29,890,000
General Obligation Warrants, Series 2016-C	36,030,000	28,535,000
General Obligation School Warrants, Series 2016-D	31,550,000	28,800,000
General Obligation School Warrants, Series 2017-A	17,355,000	15,205,000
General Obligation Warrants, Series 2017-B	8,560,000	6,105,000
Taxable General Obligation Warrants, Series 2017-C	11,045,000	9,440,000
General Obligation Refunding Warrants, Series 2017-D	20,055,000	19,445,000
General Obligation Refunding School Warrants, Series 2017-E	49,195,000	48,335,000
2017 IDB Guaranty Agreement <sup>(2)</sup>	21,000,000	18,879,994
General Obligation Warrants, Series 2018-A	50,590,000	50,590,000
General Obligation Warrants, Series 2018-B	61,985,000	56,545,000
Taxable General Obligation Warrants, Series 2018-C	5,385,000	5,040,000
General Obligation Warrants, Series 2019-A	77,000,000	71,825,000
General Obligation Warrants, Series 2020-A	34,630,000	29,140,000
General Obligation School Warrants, Series 2020-B	13,265,000	11,670,000
Taxable General Obligation Warrants, Series 2020-C	31,210,000	30,600,000
Taxable General Obligation School Warrants, Series 2020-D	27,610,000	27,495,000
General Obligation Warrant, Series 2020-E	15,047,500	14,249,413
General Obligation Warrant, Series 2021	7,000,000	7,000,000
Series 2021 Bonds <sup>(3)</sup>	37,000,000	37,000,000
Series 2022 Bonds*	<u>73,705,000</u>	<u>73,705,000</u>
<b>Total</b>	<b><u>\$1,097,687,500*</u></b>	<b><u>\$858,594,407*</u></b>

<sup>(1)</sup> Represents principal of the Series 2017 Bonds, which are revenue bond obligations issued by the Authority paid by lease payments made by the City for use of a municipal public safety and corrections facility in the City.

<sup>(2)</sup> On December 1, 2017, The Industrial Development Board of the City of Huntsville (the "IDB") issued its \$21,000,000 Industrial Revenue Bond, Series 2017 (the "2017 IDB Bond") to pay the costs of constructing a manufacturing facility to be owned by the IDB. The initial tenant of the facility is Aerojet Rocketdyne, Inc. ("AR"). Under a lease agreement between the IDB and AR (the "2017 IDB Lease"), AR agreed to make certain lease payments to the IDB including, among others, payments at such times and in such amounts as shall be equal maturing installments of debt service on the 2017 IDB Bond. The 2017 IDB Bond was sold in a private placement to Regions Bank. The City has entered a guaranty agreement to Regions Bank pursuant to which the City has agreed to pay Regions Bank whatever is owed as debt service on the Series 2017 Bond in the event the IDB lacks funds from the 2017 IDB Lease for the same. The 2017 IDB Bond bears interest at a per annum rate of 4.61%, and matures over a period of 21 years.

<sup>(3)</sup> Represents principal of the Series 2021 Bonds, which are revenue bond obligations issued by the Authority paid by lease payments made by the City for use of a public amphitheater in the City.

**Sewer Revenue Warrants.** The City has issued warrants payable to the Alabama Water Pollution Control Authority to finance improvements to the City's sanitary sewer system (the "Sewer System"). The City has the following outstanding indebtedness payable to Alabama Water Pollution Control Authority as of February 1, 2022, all of which are payable solely out of the revenues derived from the operation of the Sewer System.

<b>Sewer Revenue Warrant Description</b>	<b>Principal Outstanding</b>
Sewer Revenue Warrant, Series 2011-CWSRF-DL	\$1,325,000
Sewer Revenue Refunding Warrant, Series 2010D-CWSRF-BL	920,000

**Warrants Payable from Water, Electric and Natural Gas System Revenues.** The following tables list all outstanding bonds and warrants as of February 1, 2022 of the City payable solely out of revenues from the Water System, Electric System and Gas System of the City, each of which is operated by Huntsville Utilities:

<b>Obligations Payable from Water System Revenues</b>	<b>Principal Outstanding</b>
Water Revenue Warrants, Series 2021-A	\$ 6,825,000
Taxable Water Revenue Warrants, Series 2021-B	71,010,000
Water Revenue Warrants, Series 2016	7,525,000
Water Revenue Warrants, Series 2015	11,680,000
Subordinated Water Revenue Warrant, Series 2013-DWSRF-DL	120,000
Subordinated Water Revenue Warrant, Series 2021-DWSRF-DL	10,615,000
Subordinated Water Revenue Warrant, Series 2021-B-DWSRF-DL	15,715,000

Huntsville Utilities also plans to request and cause the City to issue over the next 12 to 18 months limited obligation water revenue warrants to the Alabama Drinking Water Finance Authority ("ADWFA") in the amount of approximately \$20,000,000 (the "Anticipated ADWFA Warrants"). The Anticipated ADWFA Warrants are expected to be payable solely from and secured solely by a pledge of revenues from the City's water system on parity of lien with the Subordinated Water Revenue Warrant, Series 2013-DWSRF-DL, Subordinated Water Revenue Warrant, Series 2021-DWSRF-DL, and the Subordinated Water Revenue Warrant, Series 2021-B-DWSRF-DL, and subordinate to the other obligations payable from water system revenues hereinabove described.

<b>Obligations Payable from Electric System Revenues</b>	<b>Principal Outstanding</b>
Electric Revenue Warrants, Series 2017-B	\$15,255,000
Electric Revenue Warrants, Series 2017-A	53,490,000

<b>Obligations Payable from Natural Gas System Revenues</b>	<b>Principal Outstanding</b>
Taxable Gas System Revenue Warrant, Series 2019-B	\$3,565,500
Gas System Revenue Warrant, Series 2019-A	2,658,739

**TIF Revenue Warrants.** In connection with the obligations of the City under an Annexation and Development Agreement dated March 25, 2010, as amended (the "Annexation and Development Agreement") between the City and L W Redstone Company, LLC ("L W Redstone"), the City from time to time issues to L W Redstone taxable limited obligation revenue warrants (the "TIF5 Revenue Warrants") payable solely out of tax increment revenues generated in connection with TIF5, hereinafter described, in order to pay the costs of various public infrastructure improvements referable to the project described in the Annexation and Development Agreement. TIF5 Revenue Warrants are payable solely out of TIF revenues generated within TIF5, and in that regard do not constitute an indebtedness of the City for purposes of the City's constitutional debt limit. Under the Annexation and Development Agreement, the City may issue up to \$76,000,000 of TIF Revenue Warrants. Payment obligations evidenced by the TIF5 Revenue Warrants shall be deemed satisfied and paid in full at maturity to the extent not covered by tax increment revenues generated within the boundary of TIF5 during the term of such obligations. To date, the City has issued thirteen (13) series of limited obligation warrants aggregating in their initial face amount \$73,700,000 heretofore defined as "TIF5 Revenue Warrants", leaving up to \$2,300,000 in initial principal amount of such warrants available for issuance pursuant to the Annexation and Development Agreement. Outstanding TIF5 Revenue Warrants are payable solely from revenues collected within TIF5.

As permitted under the Annexation and Development Agreement, certain of these TIF5 Revenue Warrants heretofore issued have been subsequently refinanced with general obligation warrants of the City (and, as

permitted by the Annexation and Development Agreement, the City covers debt service on such general obligation warrants with TIF revenues collected within TIF5). These refinancings do not alter or otherwise increase the availability for additional TIF5 Revenue Warrants beyond the \$2,300,000 remaining maximum amount stated above.

**Future Borrowings.** Pursuant to its ten-year Capital Improvement Plan and other initiatives, the City anticipates borrowing approximately \$45 million in the next 36 months. These borrowings are anticipated to be made in order to finance additional capital projects expected during 2022 and 2023. In addition, the City may from time to time borrow additional money in connection with various City projects or at the request of the Huntsville School System based on its administration of the School Tax. The City expects to borrow approximately \$6.0 million for public school capital improvements within the City.

**Payment Record.** The City has never defaulted in the payment of debt service on its warrants, bonds or other funded indebtedness, nor has it refunded indebtedness for the purpose of preventing or avoiding such a default.

### Legal Debt Margin

The City's constitutional debt limit is an amount equal to twenty percent (20%) of the assessed value of the property therein. However, the following, among other types of indebtedness, are under existing general law not chargeable to the City's constitutional debt limit: obligations issued for the purpose of acquiring, providing or constructing schools, waterworks or sewers; obligations incurred for street or sidewalk improvements where the costs thereof, in whole or in part, are to be assessed against the property abutting such improvements; subject to certain conditions, tax anticipation notes; certain lease obligations; and revenue securities issued for the purpose of extending, enlarging or improving water, electric, gas or sewer systems and payable solely from the revenues of one or more of such systems. Further, by virtue of a constitutional provision applicable only to the City and Madison County, certain general obligation bonds issued for industrial development purposes, which may themselves be issued in an amount up to 20% of the assessed value of the property in the City, are also not chargeable to the generally applicable 20% debt limit. No such general obligation industrial development bonds may be issued, however (except for financing the acquisition of industrial sites), unless the City simultaneously enters into a lease or other similar arrangement providing for net rentals sufficient to pay debt service. The City does not have any such general obligation industrial development bonds outstanding.

The following schedule analyzes the City's estimated constitutional debt margin upon entry of the Lease simultaneously with the issuance of the Series 2022 Bonds by the Authority:

Assessed value (real and personal property); October 1, 2020 real property assessment date <sup>(1)</sup>	\$3,970,072,000
Debt limit (20% of assessed value)	794,014,400
Maximum amount of all direct outstanding debt payable by the City <sup>(2)</sup>	858,594,407*
Less those portions not chargeable to debt limit:	
Lease revenue bonds of the Authority paid by the City <sup>(3)</sup>	77,585,000
Series 2018-A Warrants <sup>(4)</sup>	50,590,000
Series 2022 Bonds*	73,705,000*
Sewer and school purpose direct debt:	
General obligation sewer warrants	34,924,440
Warrants issued for school purposes	200,850,102
Total debt not chargeable to debt limit	437,654,542
Maximum amount of debt chargeable to debt limit	<u>420,939,865</u>
Estimated constitutional debt margin (not less than)	<u>\$373,074,535</u>

\* Preliminary; subject to change.

<sup>(1)</sup> The total reported by the Madison County Tax Assessor on the abstract for the city district tax, which is the basis for collection of the 6.5 mill general fund and 6.5 mill special revenue fund tax, along with the total reported by the Limestone County Tax Assessor and the Morgan County Tax Assessor. The most recent assessment date pertinent to this calculation is October 1, 2020.

<sup>(2)</sup> Includes all general obligation warrant and bond debt service of the City. All other long-term indebtedness of the City, consisting of (i) warrants payable solely from the Sewer System, (ii) warrants payable from the water, electric or natural gas systems of the City

operated by Huntsville Utilities, and (ii) TIF Revenue Warrants payable solely from TIF revenues, are exempt from the constitutional debt limit and, therefore, are excluded from this figure.

<sup>(3)</sup> The Series 2017 Bonds and the Series 2021 Bonds.

<sup>(4)</sup> The Series 2018-A Warrants were issued under and in accordance with Amendment 919 to the Constitution of Alabama of 1901, under which the said warrants are exempt from the City's constitutional debt limit.

### Direct and Overlapping Tax-Supported Debt

The following schedule reflects the maximum amount of direct and overlapping tax-supported debt of the City upon entry of the Lease simultaneously with the issuance of the Series 2022 Bonds by the Authority:

Direct Debt	Net Direct Debt Outstanding	Percent of Debt Applicable to the City	City's Share of Debt*
General Obligation Bonds and Warrants	\$858,594,407	100%	\$858,594,407
<b>Overlapping Debt</b>			
Madison County, general obligation debt	\$42,254,242 <sup>(1)</sup>	55.5% <sup>(1)</sup>	\$23,451,104
Limestone County, general obligation debt	\$13,685,000 <sup>(2)</sup>	4.9% <sup>(2)</sup>	\$670,565
Morgan County, general obligation debt	\$19,495,000 <sup>(3)</sup>	0.0% <sup>(3)</sup>	\$0.00
<b>Total</b>			<b>\$882,716,076</b>

\* Includes all general obligation warrant and bond debt service of the City, as well as debt service referable to the Series 2022 Bonds pursuant to the Lease. All other long-term indebtedness of the City, consisting of (i) warrants payable solely from the Sewer System, (ii) warrants payable from the water, electric and natural gas systems of the City operated by Huntsville Utilities, and (ii) TIF Revenue Warrants are payable from specific enterprise or, in the case of TIF5 Revenue Warrants, similar revenue streams and, therefore, are not included in the calculation of direct debt of the City.

<sup>(1)</sup> As of October 1, 2021. The Madison County percentage reflects the ratio of the population estimated by the City as of July 2021 as residing in the City and living in Madison County (215,572) and the total population of Madison County as of the 2020 federal census (388,153).

<sup>(2)</sup> Outstanding debt as presented in audited financial statements of Limestone County for the fiscal year ended September 30, 2019. The Limestone County percentage reflects the ratio of the population estimated by the City as of July 2021 as residing in the City and living in Limestone County (5,024) and the total population of Limestone County as of the 2020 federal census (103,570).

<sup>(3)</sup> As of October 1, 2021. The Morgan County percentage reflects the ratio of the population estimated by the City as of July 2021 as residing in the City and living in Morgan County (0) and the total population of Morgan County as of the 2020 federal census (123,421).

The following schedule shows the percentage of maximum direct and overlapping tax-supported debt to assessed value per capita in the City following entry of the Lease simultaneously with the issuance of the Series 2022 Bonds by the Authority.

Direct general obligation debt	\$858,594,407
Overlapping	\$24,121,669
Total (direct and overlapping debt)	\$882,716,076
Assessed value of property in City (10/01/2020 assessment date)	\$3,970,072,000
Ratio of direct debt to City's assessed value	21.63%
Ratio of direct and overlapping debt to City's assessed value	22.23%
Fiscal Year 2021 population of City (estimated by City, July 2021)	220,596

Per capita direct debt	\$3,892
Per capita direct and overlapping debt	\$4,002

**SCHEDULED GENERAL OBLIGATION DEBT SERVICE  
REQUIREMENTS OF THE CITY**

**Annual Debt Service Requirements for all General Obligation Warrants  
and Bonds Payable by the City**

The following table reflects the scheduled annual debt service requirements on a fiscal year basis respecting all general obligation warrants and bonds paid by the City, including debt service respecting the Series 2022 Bonds:

<b>Fiscal Year</b>	<b>Existing Fixed Rate Debt<sup>(1)</sup></b>	<b>Series 2022 Bonds<sup>(2)*</sup></b>	<b>Total Debt Service<sup>(2) *</sup></b>
2021	\$55,448,481	\$1,607,804	\$57,056,285
2022	82,234,598	4,741,925	86,976,523
2023	80,669,136	4,742,000	85,411,136
2024	78,120,414	4,743,500	82,863,914
2025	79,371,506	4,742,000	84,113,506
2026	75,004,967	4,742,375	79,747,342
2027	73,484,003	4,744,375	78,228,378
2028	72,719,717	4,742,875	77,462,592
2029	64,279,179	4,742,750	69,021,929
2030	64,921,698	4,743,750	69,665,448
2031	61,721,301	4,740,750	66,462,051
2032	59,919,335	4,743,500	64,662,835
2033	52,454,623	4,741,750	57,196,373
2034	44,678,769	4,740,375	49,419,144
2035	39,161,697	4,744,000	43,905,697
2036	31,994,666	4,742,375	36,737,041
2037	21,050,306	4,745,250	25,795,556
2038	11,541,999	4,742,375	16,284,374
2039	5,400,786	4,743,500	10,144,286
2040	5,407,113	4,743,250	10,150,363
2041	471,088	4,741,375	5,212,463
2042	469,312	4,742,500	5,211,812
2043	466,907	4,741,250	5,208,157
2044	468,873	4,742,250	5,211,123
2045	--	4,745,000	4,745,000
2046	--	4,744,125	4,744,125
2047	--	4,744,250	4,744,250
2048	--	4,740,000	4,740,000
2049	--	4,740,875	4,740,875
2050	--	4,741,250	4,741,250
2051	--	4,740,625	4,740,625
2052	--	4,744,125	4,744,125

<sup>(1)</sup> Includes: the Series 2012-A Warrants, the Series 2013-A Warrant, the Series 2013-B Warrants, the Series 2013-C Warrants, the Series 2013-D Warrants, the Series 2013-E Warrant, the Series 2014-A Warrants, the Series 2014-B Warrants, the Series 2014-C Warrants, the Series 2015-A Warrants, the Series 2015-B Warrants, the Series 2016-A Warrants, the Series 2016-B Warrants, the Series 2016-C Warrants, the Series 2016-D Warrants, the Series 2017-A Warrants, Series 2017-B Warrants, the Series 2017-C Warrants, the Series 2017-D Warrants, the Series 2017-E Warrants, the Series 2018-A Warrants, the Series 2018-B Warrants, the Series 2018-C Warrants, the Series 2019-A Warrants, the Series 2020-A Warrants, the Series 2020-B Warrants, the Series 2020-C Warrants, the Series 2020-D Warrants, the Series 2020-E Warrant, and the Series 2021 Warrant. Also includes annual debt service (assuming renewal of the lease related thereto through final scheduled maturity of the Series 2017 Bonds) on the Series 2017 Bonds,

and annual debt service (assuming renewal of the lease related thereto through final scheduled maturity of the Series 2021 Bonds) on the Series 2021 Bonds.

<sup>(2)</sup> Assumes renewal by the City of the Lease for the Facility through final scheduled maturity of the Series 2022 Bonds.

\* Preliminary; subject to change.

## AD VALOREM TAXES

### General

The levy and collection of ad valorem taxes in Alabama are subject to the provisions of the Constitution of Alabama of 1901, which limits the ratios at which property may be assessed, specifies the maximum millage rates that may be levied on property and limits total ad valorem taxes on any property in any year. Recent constitutional changes and statutory enactments, summarized below, have caused significant changes in Alabama's ad valorem tax structure.

### Classification of Taxable Property

For purposes of ad valorem taxation, all taxable property in Alabama is required under current law to be divided into the following four classes:

Class I	-	All property of utilities used in their business*
Class II	-	All property not otherwise classified*
Class III	-	All agricultural, forest and single family, owner-occupied residential property, and historic buildings and sites
Class IV	-	Private passenger automobiles and pickup trucks

\*Under applicable law, railroad property is not considered Class I (utility) property and is instead Class II.

Taxable property designated as "Class III" may, upon the request of the owner of such property, be appraised at its "current use value" rather than its "fair and reasonable market value". "Current use value" was originally defined in a legislative act as the value of such property based on the use being made of it on October 1 of the preceding year, without taking into consideration the "prospective value such property might have if it were put to some other possible use." Amendatory legislation, effective since the beginning of the 1981-82 tax year, extensively revised the formulas and methods to be used in computing the current use property value of agricultural and forest property. However, the original statutory definition, though somewhat modified, remains applicable to residential and historical property. There are exempted from all ad valorem taxes household and kitchen furniture, farm tractors, farming implements when used exclusively in connection with agricultural property, and inventories of goods, wares and merchandise.

### Assessment Ratios

The following are the assessment ratios now in effect in the City for purposes of state and local taxation:

Class	I	-	30%
Class	II	-	20
Class	III	-	10
Class	IV	-	15

Although current law provides in effect that with respect to ad valorem taxes levied by the City, the governing body of the City may, subject to the approval of the Legislature and of a majority of the electorate of the City at a special election, and in accordance with criteria established by legislative act, adjust (by increasing or decreasing) the ratio of assessed value of any class of taxable property to its fair and reasonable market value or its current use value (as the case may be), the governing body of the City has not heretofore sought to make any



adjustment of the assessment ratio applicable to any class of taxable property in the City and has no present plans for any such adjustment. The Legislature has no power over the adjustment of assessment ratios pertaining to local taxes except to approve or disapprove an adjustment proposed by a local taxing authority. The assessment ratio applicable to each class of taxable property must in any event be uniform with respect to ad valorem taxes levied by the City.

#### **Current Ad Valorem Tax Rates**

Existing law provides that the rate of any ad valorem tax levied by the City may be increased only after the approval of the Alabama Legislature and of a majority of the electorate of the City at a special election. A general constitutional limitation on the total ad valorem taxes (*i.e.*, state, county, municipal, school district, etc.) on any property in any one year to certain percentages of the fair and reasonable market value of such property is by its terms not applicable to property in the City.

The City is located within each of Limestone County, Alabama ("Limestone County"), Madison County, Alabama ("Madison County"), and Morgan County, Alabama ("Morgan County"). Ad valorem taxes on property in the City within each of the aforesaid three counties are currently levied (*i.e.*, for the tax year ending September 30, 2022) as follows:

#### **Limestone County**

<b>Levying Entity</b>	<b>Rates in Mills (Dollars per \$1,000 of Assessed Value)</b>
State of Alabama	6.5
Limestone County:	
General	7.0
Road and Bridge/Public Building	3.5
Hospital	3.0
County-wide School	5.5
City of Huntsville:	
General	6.5
Bond Tax	6.5
School Tax	<u>22.0</u>
Total Mills	59.5

Source: Alabama Department of Revenue

#### **Madison County**

<b>Levying Entity</b>	<b>Rates in Mills (Dollars per \$1,000 of Assessed Value)</b>
State of Alabama	6.5
Madison County:	
General	7.0
Road and Bridge	4.0
County-wide School	5.5
District School	15.5
City of Huntsville:	
General	6.5
Bond Tax	6.5
School Tax	<u>6.5</u>
Total Mills	58.0

Source: Alabama Department of Revenue

### **Morgan County**

<b>Levying Entity</b>	<b>Rates in Mills (Dollars per \$1,000 of Assessed Value)</b>
State of Alabama	6.5
Madison County:	
General	7.2
Road and Bridge	3.6
Fire Protection	3.0
County-wide School	5.8
City of Huntsville:	
General	6.5
Bond Tax	6.5
School Tax	<u>10.7</u>
Total Mills	49.8

Source: Alabama Department of Revenue

### **Homestead Exemption**

The governing body of the City is authorized by law to grant a homestead exemption of not exceeding \$4,000 in assessed value against any City ad valorem tax except one "earmarked for public school purposes." The City Council has not heretofore granted any such homestead exemption against any of the ad valorem taxes currently levied by the City.

### **Property Tax Litigation**

The validity of the levy, assessment and collection of ad valorem taxes in Alabama have been from time to time the subject of significant litigation in both state and federal courts, which has on occasion resulted in substantial changes in Alabama's property tax system affecting ad valorem tax receipts of the various taxing authorities (including the City). However, no such litigation is, to the City's knowledge, presently pending. The City has not been a party to any such litigation that relates solely to ad valorem taxes levied by the City.

### **Assessment and Collection**

Ad valorem taxes on taxable properties, except motor vehicles and public utility properties, are assessed by the County Tax Assessor and collected by the County Tax Collector. Ad valorem taxes on motor vehicles in the City are assessed and collected by the Madison County License Director, and ad valorem taxes on public utility properties are assessed by the State Department of Revenue and collected by the County Tax Collector.

Ad valorem taxes are due and payable on October 1 and delinquent after December 31 in each year (except for taxes with respect to motor vehicles, which have varying due dates), after which a penalty and interest are required to be charged. If real property taxes are not paid by the March 1 following the due date, a tax sale is required to be held.

### **Property Re-Evaluation Program**

Under existing procedures of the State Department of Revenue, each county in the State is effectively required to carry out a property reappraisal program at least once every five years. The Department of Revenue also annually reviews the appraised values and the fair market values of a representative sample of taxable property in each county in the State. A county property reappraisal program is customarily ordered by the Department of Revenue if such annual review indicates that the appraised value of property in such county has fallen below 85% of its then current fair market value. The current level of property tax collection is dependent on many factors,

including possible taxpayer appeals from increased property assessments. There can be no assurance that the current level of property tax collection will continue.

#### **Assessed Valuations**

The City is located mainly within Madison County, but smaller portions of the City exist in Limestone County and Morgan County. Historically, the City presented its assessed values based solely from those portions of the City located in Madison County because the vast majority of the City and its citizens are located in Madison County. However, over the past several years the City experienced substantial industrial and commercial growth and development within Limestone County, and the City has determined to include those portions of the City located within Limestone County and Morgan County, commencing with the 2021 tax year (for which assessments were made on October 1, 2020), when presenting information regarding City assessed values in this Official Statement.

*Madison County.* The following table shows the estimated assessed values, by category, of properties within the corporate limits of the City located within Madison County as of the indicated assessment dates:

#### **Real and Personal Property Assessed Values (in thousands)\***

<b>Assessment Date October 1</b>	<b>Residential/ Corporate</b>	<b>Public Utilities</b>	<b>Motor Vehicles</b>	<b>Exemptions</b>	<b>Total</b>
2020	\$4,015,281	\$16,919	\$350,461	\$(578,597)	\$3,804,064
2019	3,631,402	17,621	318,648	(385,376)	3,582,295
2018	3,470,746	18,416	295,485	(508,991)	3,275,656
2017	3,217,860	20,906	285,517	(460,143)	3,064,140
2016	3,113,218	21,064	294,537	(486,073)	2,942,746

*Limestone County.* The following table shows the estimated assessed values, by category, of properties within the corporate limits of the City located within Limestone County as of the indicated assessment dates:

#### **Real and Personal Property Assessed Values (in thousands)\***

<b>Assessment Date October 1</b>	<b>Residential/ Corporate</b>	<b>Public Utilities</b>	<b>Motor Vehicles</b>	<b>Exemptions</b>	<b>Total</b>
2020	\$532,687	\$274	\$10,436	\$(377,511)	\$165,886
2019	199,543	243	8,732	(57,406)	150,752

*Morgan County.* The following table shows the estimated assessed values, by category, of properties within the corporate limits of the City located within Morgan County as of the indicated assessment dates:

#### **Real and Personal Property Assessed Values (in thousands)\***

<b>Assessment Date October 1</b>	<b>Residential/ Corporate</b>	<b>Public Utilities</b>	<b>Motor Vehicles</b>	<b>Exemptions</b>	<b>Total</b>
2020	\$256	\$0.00	N/A	\$(0.00)	\$256
2019	257	\$0.00	N/A	\$(0.00)	257

## **PENSION AND OTHER POST-EMPLOYMENT BENEFITS**

### **Defined Benefit Pension Plan**

The City participates in the Employees' Retirement System of Alabama (the "State System") which is operated by the State of Alabama. Contributions are made by employees and the City to the State System. Membership is compulsory for all employees of the City and the State System acts only in an administrative capacity with respect to the City plan. The information given below respecting the participation of the City in the State System relates only to the administration of the local plan by the State System and should not be interpreted as indicating that the State System is in any way responsible for the funding of any benefits payable to employees of the City.

In general, employees of the City participating in the State System are entitled to the same benefits provided for State employees as though those local employees were State employees having comparable years of covered service. Upon such election, the State System administers the local plan and the rates of contributions to be made by the City are determined by the actuary for the State System. The cost of providing benefits is borne by the City and no part of such cost is paid by the State System.

Employees of Huntsville Utilities are subject to separate contribution rates established by the Water, Electric and Natural Gas Boards, respectively, and the Employees' Retirement System. Funding for such retirement plans is derived from revenues of Huntsville Utilities and not from general funds of the City.

See Note #11 - "Pension Plans" to the audited financial statements of the City attached as Appendix C for more information about the City's participation in the State System and the City's pension plans, pension liability and related information.

Retirement plans for teachers in the City's school system are funded by the State Teachers' Retirement System (the "Teachers' System"), maintained by the State of Alabama. Because the State of Alabama has assumed responsibility for providing retirement plans for public school teachers, the City historically has had no direct responsibility in this area.

Unlike the Teachers' System, the State System does not undertake to fund the retirement plans of participating local governments and acts only in an administrative capacity, and then only upon the election of local governments. The statute permitting such election provides that the "retirement system shall not be liable for the payment of any pensions or other benefits on account of the employees or pensioners of any employers under this section, for which reserves have not been previously created from funds contributed by such employer or its employees for such benefits." The statute further provides that the agreement of the City to contribute to the Employees' System on account of its employees is irrevocable, but should it become financially unable to make the normal and accrued liability contribution, the City would be deemed to be in default under the State System.

### **Other Post-Employment Benefits**

The City provides certain post-retirement health insurance benefits (the "OPEB Plan") to qualifying retired employees (generally, those employees age 55 or older with 25 years of consecutive service or those employees with 30 consecutive years of service, regardless of age).

See Note #12 "Other Post-Employment Benefits (OPEB)" to the audited financial statements of the City attached as Appendix C for more information about the OPEB Plan.

## **LITIGATION AND OTHER MATTERS**

The City is a defendant in various lawsuits, and there are various other claims pending or threatened against the City with respect to which lawsuits may be filed, including several under Section 1983 of Title 42 of the United States Code. The City does not, on account of availability, costs and coverages offered, carry any general or professional liability insurance (though the City does carry general liability insurance for public transit vehicles and drivers). Except as stated in the last paragraph under this heading, in the opinion of the City Attorney, the maximum

probable liability of the City with respect to all the lawsuits and claims that are pending or threatened against the City, taken together, will not have a material adverse effect on the financial condition of the City.

Court decisions have substantially eroded the immunity from tort liability formerly enjoyed by local governmental units in Alabama. However, Chapter 93 of Title 11 of the Code of Alabama 1975, as amended, now prescribes certain maximum limits on the liability of local governmental units (such as the City) for bodily injury, sickness, disease or death sustained by a person and for injury or destruction of tangible property. These limits are presently \$100,000 in the case of bodily injury or death of one person in any single occurrence, \$300,000 in aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence, and \$100,000 in the case of property damage arising out of a single occurrence. Applicable decisions of the Supreme Court of Alabama have upheld the constitutionality of Chapter 93 (although indicating that there is no statutory "aggregate limit" with respect to property damage arising out of a single occurrence comparable to that specified for personal injury or death claims) and have limited the applicability of Chapter 93 to causes of action arising after its effective date, May 23, 1977. While the matter may not be free from doubt, it should be assumed that the liability limitations of Chapter 93 are not applicable to causes of action under Section 1983 of Title 42 of the United States Code.

**APPENDIX D**  
**PROPOSED FORM OF APPROVAL OPINION OF BOND COUNSEL TO THE AUTHORITY**

**APPENDIX D**  
**PROPOSED FORM OF APPROVAL OPINION OF BOND COUNSEL TO THE AUTHORITY**

We have examined certified copies of proceedings and other documents showing the organization under the laws of Alabama of **THE PUBLIC BUILDING AUTHORITY OF THE CITY OF HUNTSVILLE** (herein sometimes called the "Authority"), together with certified copies of proceedings of the Authority and other documents submitted to us pertaining to the issuance and validity of

§  
**THE PUBLIC BUILDING AUTHORITY**  
**OF THE CITY OF HUNTSVILLE**  
Lease Revenue Bonds  
Series 2022

(herein called the "Bonds"). We have not examined the title of the Authority to the real property hereinafter referred to, but we have, for purposes of this opinion, assumed that the Authority has good and marketable title to said real property subject only to Permitted Encumbrances (as defined in the Indenture hereinafter referred to and herein called "Permitted Encumbrances"). The statements hereinafter made and the opinions hereinafter expressed are based upon our examination of said proceedings, documents and said assumption of title.

The documents submitted to us show as follows:

(a) that the Bonds have been issued under and are secured by a Trust Indenture dated the date of the Bonds (herein called the "Indenture"), between the Authority and Regions Bank, as trustee (together with its successors in trust herein called the "Trustee");

(b) that the Authority and the City of Huntsville (herein called the "City") have entered into a Lease Agreement dated the date of the Bonds (herein called the "Lease") wherein the Authority has leased to the City certain real property (herein called the "Real Property") and the city hall facility to be located thereon (herein called the "Facility" and, together with the Real Property, the "Leased Property");

(c) that the Lease provides for the lease of the Leased Property by the City for a current term ending September 30, 2022, and further provides for the renewal of the Lease thereafter, at the sole option of the City, for the successive annual terms coinciding with the fiscal year of the City (such fiscal year being a period of twelve consecutive months beginning on each October 1 and continuing until the next succeeding September 30 and being herein called a "Fiscal Year") until and including the Fiscal Year (or part thereof) during which the Bonds shall be paid in full;

(d) that the Lease provides that, during each Fiscal Year for which it shall be in effect, the City will pay to the Authority certain amounts, including such amount as shall equal debt service on the Bonds coming due in such Fiscal Year, all such payments by the City for each Fiscal Year to be made solely from current revenues of the City for the same Fiscal Year; and

(e) that in the Indenture the Authority has reserved the right to issue Additional Bonds (herein called the "Additional Bonds"), without express limit as to principal amount, on a parity with the Bonds as respects the security afforded by the Indenture, but only upon compliance with the applicable conditions specified in the Indenture.

We are of the following opinion:

(1) that the Authority has been duly organized as and is a validly existing public corporation pursuant to and under the laws of Alabama and has corporate power to issue the Bonds, to execute and deliver the Lease and the Indenture and to perform the agreements on its part contained in each of said instruments;

(2) that the Bonds have been duly authorized, sold, executed, authenticated and issued in the manner provided by the applicable provisions of the constitution and laws of Alabama, are in due and legal form and evidence valid and binding obligations of the Authority payable, as to principal, interest and premium (if any), solely out of revenues to be derived by the Authority from the Leased Property, as it may at any time exist;

(3) that the Indenture and the Lease have been duly authorized by the Authority and constitute valid and binding obligations of the Authority;

(4) that payment of the principal of and the interest (and premium, if any) on the Bonds is secured, pro rata and without preference or priority of one over another or of any of the Bonds over any of the Additional Bonds, by the lien of the Indenture and by a valid pledge of payments of Basic Rent, as defined in the Lease, , which the Lease requires the City to pay directly to the Trustee for the benefit of the Bonds;

(5) that, the aforesaid pledge for the benefit of the Bonds is a valid pledge of said revenues;

(6) that the Lease has been duly authorized, executed and delivered on behalf of the City;

(7) that for each Fiscal Year in which it shall be renewed by the City, the Lease will constitute a valid, binding and enforceable agreement of the City, except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws affecting creditors' rights generally; and

(8) that the interest on the Bonds is, under existing statutes, exempt from Alabama income taxation.

We are further of the opinion that, under the Internal Revenue Code of 1986, as amended (herein called the "Code"), as presently construed and administered, and assuming compliance by each of the Authority and the City with its covenants pertaining to certain requirements of federal tax law that are set forth in the proceedings authorizing the issuance of the Bonds and in the tax compliance agreement and certificate executed by the Authority and the City in connection with the Bonds, the interest on the Bonds will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code, and the interest on the Bonds will not be an item of tax preference included in alternative minimum taxable income for the purpose of computing the minimum tax imposed by Section 55 of the Code. We express no opinion with respect to the federal tax consequences to the recipients of the interest on the Bonds under any provision of the Code not referred to above.

The Indenture provides that in the event the Authority should default in any of the provisions thereof in the manner and for the time therein provided, the Trustee may declare all the bonds secured thereby and then outstanding thereunder forthwith due and payable, and the Trustee shall be entitled to exercise the rights specified in the Indenture. The mortgage lien of the Indenture, however, is not foreclosable, and the remedies available to the Trustee and the holders of the bonds issued under the Indenture will not include foreclosure or sale of the Leased Property or any part thereof.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the holders of the Bonds and the enforceability thereof and of the Indenture and the Lease may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.



The rights of the holders of the Bonds and the enforceability thereof and of the Indenture and the Lease may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof and we assume no obligation to or update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours very truly,

**APPENDIX E**  
**SUMMARY OF CONTINUING DISCLOSURE AGREEMENT**

**APPENDIX E**  
**SUMMARY OF CONTINUING DISCLOSURE AGREEMENT**

**General.** The following is a summary of the Continuing Disclosure Agreement (the "Agreement") entered into by the City for the benefit of the holders of the Series 2022 Bonds, in order to assist the Underwriter in complying with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission of the United States of America (the "Commission") pursuant to the Securities Exchange Act of 1934. Except where otherwise defined in this Appendix, all capitalized terms have the meaning assigned in the front portion of this Official Statement.

**Annual Report of the City.** The City agrees, in accordance with the provisions of the Rule, to provide or cause to be provided through EMMA (or such other system as may be subsequently authorized by the MSRB), not later than 270 days after the close of each fiscal year of the City (October 1 – September 30), commencing with the fiscal year ending September 30, 2021, a report (the "City's Annual Report") containing:

(i) the audited general purpose financial statements of the City, prepared in accordance with accounting principles generally accepted in the United States of America, and the notes thereto, and

(ii) if not otherwise contained in the Annual Report, the following information for the fiscal year being reported:

(a) receipts of (i) the 6.5 mill general purpose ad valorem tax levied by the City, (ii) TVA Payments in Lieu of Property Taxes and (iii) Huntsville Utilities Electric Payments in Lieu of Property Taxes, in format substantially similar to the table shown under the heading "SOURCES OF REVENUES – Property Taxes and Payments in Lieu of Taxes" in APPENDIX C;

(b) collections of sales and use taxes levied by the City, in format substantially similar to the table shown under the heading "SOURCES OF REVENUES – Sales Taxes and License Fees – Sales and Use Taxes" in APPENDIX C;

(c) collections of privilege license taxes levied by the City, in format substantially similar to the table shown under the heading "SOURCES OF REVENUES – Sales Taxes and License Fees – Licenses and Permits" in APPENDIX C; and

(d) to the extent available from applicable taxing authorities, the assessed value of real property in the City, or, to the extent actual assessed values are not available, estimated assessed values of such real property, in format substantially similar (with respect to such real property) to the tables shown under the heading "AD VALOREM TAXES – Assessed Valuations" in APPENDIX C.

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of the City's Annual Report, to the extent necessary or appropriate in the judgment of the City; provided, that the City agrees that any such modification will be done in a manner consistent with the Rule.

**Notice of Certain Events.** The City agrees to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, through EMMA (or such other system subsequently authorized by the MSRB), notice of the occurrence of any of the following events with respect to the Series 2022 Bonds:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2022 Bonds, or other material events affecting the tax status of the Series 2022 Bonds;
7. modifications to rights of security holders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Series 2022 Bonds, if material;
11. rating change;
12. bankruptcy, insolvency, receivership or similar event of the obligated person;
13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. failure of the City to timely file its Annual Report;
16. incurrence of a financial obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or obligated person, any of which affect security holders, if material; or
17. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City or obligated person, any of which reflect financial difficulties.

**Additional Information.** The City may from time to time choose to provide other information in addition to the information and notices listed above, but the City does not undertake in the Agreement to commit to provide any such additional information or to update or to continue to provide such additional information or notices once provided.

#### **Amendment; Waiver**

The City may amend the Agreement and any provision of the Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not cause the undertakings therein to violate the Rule taking into account any subsequent change in or official interpretation of the Rule.

**Beneficiaries and Enforcement**

The City agrees that its undertakings pursuant to the Rule set forth in the Agreement are intended to be for the benefit of the holders of the Series 2022 Bonds and shall be enforceable by such holders. No failure by the City to comply with its obligations under the Agreement shall constitute an event of default under the Indenture or under the Lease.

**APPENDIX F**  
**BOOK-ENTRY ONLY SYSTEM**

**APPENDIX F**  
**BOOK-ENTRY ONLY SYSTEM**

*Portions of the following information concerning The Depository Trust Company ("DTC") and DTC's book-entry system have been obtained from DTC. The Authority and the Underwriter make no representation as to the accuracy of such information. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.*

Initially, DTC will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds initially will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Initially, one fully-registered bond certificate for each maturity will be issued for the Series 2022 Bonds, in the aggregate principal amount of the Series 2022 Bonds of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Trusteeing Law, a "Trusteeing organization" within the meaning of the New York Trusteeing Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, Trustees, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, Trustees, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org). So long as the Series 2022 Bonds are maintained in book-entry form with DTC, the following procedures will be applicable with respect to the Series 2022 Bonds.

Purchases of the Series 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2022 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2022 Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all the Series 2022 Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

As long as the book-entry system is used for the Series 2022 Bonds, redemption notices will be sent to DTC. If less than all of the Series 2022 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

As long as the book-entry system is used for the Series 2022 Bonds, principal, premium, if any, and interest payments on the Series 2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, and disbursement of such payments to the Participants or the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

DTC may discontinue providing its services as securities depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to the Authority or the Trustee. In addition, the Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Under either of such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The Authority and the Trustee will have no responsibility or obligation to any securities depository, any Participants in the book-entry system, or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the securities depository or any Participant; (ii) the payment by the securities depository or by any Participant of any amount due to any Participant or Beneficial Owner, respectively, in respect of the principal amount or redemption or purchase price of, or interest on, any of the Series 2022 Bonds; (iii) the delivery of any notice by the securities depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2022 Bonds; or (v) any other action taken by the securities depository or any Participant.



**APPENDIX G**  
**AUDITED FINANCIAL STATEMENTS OF THE CITY**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**APPENDIX H**  
**FORM OF LEASE**

**APPENDIX I**  
**FORM OF INDENTURE**

**Exhibit IV**  
**Official Statement**

**Ratings:**  
**Moody's: Aa1**  
**Standard & Poor's: AA+**  
**(See "RATINGS" herein)**

**New Issue – Book Entry Only**

*In the opinion of Bond Counsel to the Authority, assuming continuing compliance by the Authority with the covenants set forth in the Indenture and the proceedings under which the Series 2022 Bonds are issued with respect to certain conditions imposed by Section 103 of the Internal Revenue Code of 1986, as amended, the interest income on the Series 2022 Bonds will be excludable from gross income of the recipients thereof for federal income tax purposes. Bond Counsel to the Authority is also of the opinion that the interest income on the Series 2022 Bonds is, under existing statutes and regulations, exempt from Alabama income taxation. See "TAX MATTERS" herein.*

**\$74,285,000**  
**THE PUBLIC BUILDING AUTHORITY**  
**OF THE CITY OF HUNTSVILLE (ALABAMA)**  
**Lease Revenue Bonds**  
**Series 2022**

**Dated: Date of Delivery**

**Due: February 1, as shown on  
the inside cover hereof**

**SEE INSIDE COVER FOR AMOUNTS, MATURITIES, INTEREST RATES AND YIELDS**

Interest on the Series 2022 Bonds is payable on August 1 and February 1 of each year, commencing August 1, 2022. The Series 2022 Bonds will be issued as fully registered bonds in the denominations of \$5,000 and any integral multiple thereof. Principal of and any premium on the Series 2022 Bonds will be payable at the corporate trust office of Regions Bank, Birmingham, Alabama, as Trustee under the Indenture hereinafter defined. Interest on the Series 2022 Bonds will be payable by check or draft mailed by the Trustee to the registered owners thereof.

The Series 2022 Bonds are special, limited obligations of The Public Building Authority of the City of Huntsville (the "Authority") payable solely from, and secured by a pledge of, the revenues and receipts derived by the Authority from the leasing by the City of Huntsville (the "City") of the Facility described herein. The Series 2022 Bonds will not constitute an indebtedness of the State of Alabama or of the City, or give rise to a pecuniary liability or charge against the general credit or taxing powers of the State of Alabama or the City. The Authority has no taxing power and no source of payment of the principal of and premium (if any) and interest on the Series 2022 Bonds other than revenues derived from or with respect to the Lease (hereinafter defined) and, in certain cases, proceeds of insurance or condemnation awards respecting the Facility. The Series 2022 Bonds will not be obligations or debts of the City or any other political subdivision or instrumentality of the State of Alabama (other than the Authority to the extent provided in the Indenture), and except for the obligation of the City to pay rentals with respect to the Series 2022 Bonds coming due during the initial term or any renewal term of twelve months for which the Lease shall be in effect, neither the City nor any such political subdivision or instrumentality (other than the Authority to the extent provided in the Indenture) shall in any manner be liable for the payment of the principal of or the interest on the Series 2022 Bonds or for the performance of the undertakings of the Authority contained in the Series 2022 Bonds or in the Indenture.

The Series 2022 Bonds will be issued as fully registered Series 2022 Bonds and will be registered in the name of Cede & Co., nominee of The Depository Trust Company ("DTC"), to which principal and interest payments on the Series 2022 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2022 Bonds. Individual purchases of the Series 2022 Bonds will be made in book-entry form only, and individual purchasers ("Beneficial Owners") of the Series 2022 Bonds will not receive physical delivery of Series 2022 Bond certificates. So long as DTC or its nominee is the registered owner of the Series 2022 Bond, disbursements of such payments to DTC is the responsibility of the Trustee, disbursements of such payment to DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC Participants or Indirect Participants as more fully described herein.

Certain of the Series 2022 Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity as described herein.

**THIS COVER PAGE CONTAINS ONLY A SUMMARY OF INFORMATION REGARDING THE SERIES 2022 BONDS. POTENTIAL INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES HERETO, PRIOR TO MAKING AN INVESTMENT DECISION.**

*The Series 2022 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of validity thereof by Bradley Arant Boult Cummings LLP, Bond Counsel to the Authority, and certain other conditions. PFM Financial Advisors LLC is serving as Financial Advisor to the Authority and the City. Certain matters will be passed upon for the Underwriters by their counsel, Gilpin Givhan, P.C., Montgomery, Alabama. It is expected that the Series 2022 Bonds in definitive form will be available for delivery through DTC on or about March 3, 2022.*

**STIFEL**

**PIPER | SANDLER**

**Dated: February 16, 2022**

# AMOUNTS, MATURITIES, INTEREST RATES AND YIELDS

## \$74,285,000 Lease Revenue Bonds Series 2022

Maturity Date (February 1)	Principal Amount	Interest Rate	Yield	CUSIP <sup>(1)</sup>
2023	\$1,115,000	3.000%	0.960%	447154 EY7
2024	1,155,000	4.000	1.260	447154 EZ4
2025	1,210,000	5.000	1.440	447154 FA8
2026	1,270,000	5.000	1.590	447154 FB6
2027	1,335,000	5.000	1.670	447154 FC4
2028	1,405,000	5.000	1.770	447154 FD2
2029	1,475,000	5.000	1.870	447154 FE0
2030	1,550,000	5.000	1.940	447154 FF7
2031	1,630,000	5.000	1.990	447154 FG5
2032	1,715,000	5.000	2.030	447154 FH3
2033	1,805,000	5.000	2.090	447154 FJ9
2034	1,895,000	5.000	2.140	447154 FK6
2035	1,990,000	5.000	2.160	447154 FL4
2036	2,095,000	5.000	2.180	447154 FM2
2037	2,200,000	5.000	2.200	447154 FN0
2038	2,315,000	5.000	2.220	447154 FP5
2039	2,435,000	5.000	2.240	447154 FQ3
2040	2,560,000	5.000	2.260	447154 FR1
2041	2,690,000	5.000	2.280	447154 FS9
2042	2,830,000	5.000	2.300	447154 FT7

\$16,465,000 5.000% Term Series 2022 Bonds due February 1, 2047; Yield 2.430%; CUSIP 447154 FU4  
 \$21,145,000 5.000% Term Series 2022 Bonds due February 1, 2052; Yield 2.510%; CUSIP 447154 FV2

<sup>(1)</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the registered owners of the Series 2022 Bonds. The Authority and the Underwriter are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness by the Authority on the Series 2022 Bonds and by the Underwriter on the Series 2022 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2022 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2022 Bonds.

**THE PUBLIC BUILDING AUTHORITY OF  
CITY OF HUNTSVILLE**

Post Office Box 308  
308 Fountain Circle  
Huntsville, Alabama 35804-0308  
(256) 427-5080

**Board of Directors**

Mark Russell  
Chairman

Bob Broadway  
Vice-Chairman

DeMarco McClain  
Secretary/Treasurer

**Financial Advisor**

PFM Financial Advisors LLC  
Huntsville, Alabama

**Bond Counsel**

Bradley Arant Boult Cummings LLP  
Birmingham, Alabama

**Trustee**

Regions Bank  
Birmingham, Alabama

**Underwriters**

Stifel, Nicolaus & Company, Incorporated  
Montgomery, Alabama

Piper Sandler & Co.  
Birmingham, Alabama

**Counsel to Underwriters**

Gilpin Givhan, PC  
Montgomery, Alabama

Certain information contained in or incorporated by reference in this Official Statement has been obtained by the Authority and the City from DTC and other sources that are deemed reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information by the Underwriter or the Authority or the City. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Underwriter. This Official Statement is being used in connection with the sale of securities as referred to herein and may not be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

No dealer, broker, salesperson or any other person has been authorized by the Authority, the City, or the Underwriter to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the inside cover page, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered or beneficial owners of the Series 2022 Bonds.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information based on the Authority's beliefs as well as assumptions made by and information currently available to the Authority.

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APPENDIX H – FORM OF LEASE
APPENDIX I – FORM OF INDENTURE

## **OFFICIAL STATEMENT**

**\$74,285,000**  
**THE PUBLIC BUILDING AUTHORITY**  
**OF THE CITY OF HUNTSVILLE**  
**Lease Revenue Bonds**  
**Series 2022**

### **INTRODUCTION**

#### **General**

The purpose of this Official Statement, including the cover page and the appendices hereto, is to set forth information in connection with the offering by The Public Building Authority of the City of Huntsville (the "Authority") of the above-referenced bonds (the "Series 2022 Bonds"), dated their date of initial delivery. The Authority is a public corporation organized and existing under and pursuant to the provisions of Chapter 56 of Title 11 of the Code of Alabama 1975, as amended (the "Act") and a resolution adopted by the governing body of the City of Huntsville, Alabama (the "City").

The Authority is issuing the Series 2022 Bonds to pay a portion of the costs to design, develop, construct, equip and install the Facility hereinafter described and to pay the costs of issuing the Series 2022 Bonds. The Series 2022 Bonds will be issued pursuant to the provisions of the Act and under a Mortgage Indenture and Deed of Trust dated the date of the Series 2022 Bonds (the "Indenture") between the Authority and Regions Bank, as trustee (the "Trustee"). The Series 2022 Bonds and any additional parity bonds hereafter issued under the Indenture ("Additional Parity Bonds") are herein from time to time together called the "Bonds." See "THE SERIES 2022 BONDS – Purpose" herein; See also "THE AUTHORITY, THE FACILITY AND THE LEASE" herein.

#### **The Facility**

The Series 2022 Bonds are being issued to pay the costs to design, develop, construct, equip and install a new city hall facility, including among other features administrative, storage and parking facilities for use by the City (the "Facility") for lease by the Authority to the City.

#### **The Lease**

The Act authorizes the City to lease the Facility from the Authority. Upon issuance of the Series 2022 Bonds, the City and the Authority will enter into a Lease Agreement dated the date of the Series 2022 Bonds (the "Lease") under which the City will lease the Facility from the Authority on a year-to-year basis. The Lease will have an initial term commencing on the date of its delivery and continuing until and including September 30, 2022. The Lease provides that the rental required to be paid and the agreements required to be performed by the City during any fiscal year of the City during which the Lease may be in effect shall be payable solely out of the current revenues of the City for such fiscal year. The financing authorized by the Act and by the proceedings under which the Series 2022 Bonds will be issued is that of a limited obligation of the City payable solely out of the revenues and receipts of the City for the fiscal year during which the Lease is in effect. The Act permits, but does not require, the City to renew the Lease at the beginning of each successive fiscal year of the City. A determination by the City not to renew the Lease for a subsequent fiscal year would result in the City being liable only for the rental required to be paid and agreements performed during the fiscal year during which the Lease was last in effect, such liability to be satisfied solely out of the revenues of the City for the last fiscal year during which the Lease was in effect. See "SECURITY – Lease Term" herein.

Prospective investors in the Series 2022 Bonds should examine the form of the Lease to be entered upon issuance of the Series 2022 Bonds. See also APPENDIX H – "FORM OF THE LEASE" hereto.

## **THE AUTHORITY**

The Authority is a public corporation organized and existing under and pursuant to the provisions of the Act and a resolution adopted by the governing body of the City. The Authority was organized for the purpose of constructing certain public facilities for lease by the Authority to the City. The powers of the Authority are vested in its Board of Directors, consisting of three members elected by the governing body of the City for staggered terms. Each director must be a duly qualified resident of the City, but no director may be an officer of the State of Alabama or of the City.

The following consist of the initial Board of Directors of the Authority:

<b>Name</b>	<b>Title</b>
Mark Russell	Chairman
Bob Broadway	Vice-Chairman
DeMarco McClain	Secretary/Treasurer

The Authority already owns and leases certain facilities to the City. Specifically, the Authority owns and, under a Lease Agreement between the Authority and the City dated September 1, 2007, as supplemented by a First Supplemental Lease Agreement dated October 12, 2017 (the "Public Safety Facility Lease"), leases to the City a municipal court and fire and police administration facility (the "Public Safety Facility"), and the Authority owns and, under a Lease Agreement between the Authority and the City dated March 18, 2021 (the "Amphitheater Lease"), leases to the City, a public amphitheater facility currently under construction (the "Amphitheater").

Under the Public Safety Facility Lease, the City pays the debt service on the Authority's \$46,965,000 initial principal amount Lease Revenue Refunding Bonds, Series 2017 (the "Series 2017 Bonds"), which were issued to finance and refinance the costs of the Public Safety Facility. Under the Amphitheater Lease, the City pays the debt service on the Authority's \$37,000,000 initial principal amount Taxable Lease Revenue Bonds, Series 2021, of the Authority (the "Series 2021 Bonds"), which were issued to finance the costs of the Amphitheater.

The Series 2022 Bonds are not secured by, and holders thereof have no claim to any amounts or other obligations of the City whatsoever under, the Public Safety Facility Lease or the Amphitheater Lease or otherwise in connection with the Public Safety Facility, the Amphitheater, the Series 2017 Bonds, or the Series 2021 Bonds.

## **THE CITY OF HUNTSVILLE**

For information concerning the City of Huntsville, prospective investors in the Series 2022 Bonds are encouraged to review the various appendices to this Official Statement, including without limitation APPENDIX A – "CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION OF THE CITY OF HUNTSVILLE", APPENDIX B – "GOVERNMENTAL ORGANIZATION AND FUNCTIONS OF THE CITY OF HUNTSVILLE", APPENDIX C "CERTAIN FINANCIAL, DEBT AND RELATED INFORMATION OF THE CITY OF HUNTSVILLE", AND APPENDIX G – "AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020".

## **THE SERIES 2022 BONDS**

### **General**

The Series 2022 Bonds will be dated the date of their initial issuance, will bear semiannual interest payable on each August 1 and February 1, commencing August 1, 2022, at the rates set forth on the inside of the cover page hereof, and will mature on February 1 in the years and in the principal amounts set forth on said inside cover page. Interest on the Series 2022 Bonds is computed on the basis of a 360 day year of twelve (12) consecutive thirty (30) day months. The Series 2022 Bonds will be issued as fully registered bonds, registerable as to both principal and interest, in the denominations of \$5,000 or any integral multiple thereof. The principal of and premium (if any) on the Series 2022 Bonds will be payable at the designated corporate trust office of the Trustee in Birmingham, Alabama, and the interest on the Series 2022 Bonds will be paid by the Trustee by draft or check mailed to the registered owner as such registered owner's name shall appear on the registry books of the Trustee on the fifteenth (15th) calendar day next preceding any interest payment date. Payments of interest with respect to the Series 2022 Bonds shall be deemed timely made if made by check or draft mailed by the Trustee no later than the respective due dates of such interest.

The principal of and the interest and premium (if any) on the Series 2022 Bonds will be payable in lawful money of the United States of America.

#### **Purpose; Scheduled Debt Service**

The Series 2022 Bonds are being issued to pay a portion of the costs of the Facility and to pay costs of issuing the Series 2022 Bonds. See "PLAN OF FINANCING" herein. The scheduled debt service requirements for the Series 2022 Bonds is as follows<sup>(1)</sup>:

<b>Year (February 1)</b>	<b>Principal<sup>(1)</sup></b>	<b>Interest<sup>(1)</sup></b>	<b>Total<sup>(1)</sup></b>
2022	--	\$1,513,053	\$1,513,053
2023	\$1,115,000	3,663,675	4,778,675
2024	1,155,000	3,623,850	4,778,850
2025	1,210,000	3,570,500	4,780,500
2026	1,270,000	3,508,500	4,778,500
2027	1,335,000	3,443,375	4,778,375
2028	1,405,000	3,374,875	4,779,875
2029	1,475,000	3,302,875	4,777,875
2030	1,550,000	3,227,250	4,777,250
2031	1,630,000	3,147,750	4,777,750
2032	1,715,000	3,064,125	4,779,125
2033	1,805,000	2,976,125	4,781,125
2034	1,895,000	2,883,625	4,778,625
2035	1,990,000	2,786,500	4,776,500
2036	2,095,000	2,684,375	4,779,375
2037	2,200,000	2,577,000	4,777,000
2038	2,315,000	2,464,125	4,779,125
2039	2,435,000	2,345,375	4,780,375
2040	2,560,000	2,220,500	4,780,500
2041	2,690,000	2,089,250	4,779,250
2042	2,830,000	1,951,250	4,781,250
2043	2,970,000	1,806,250	4,776,250
2044	3,125,000	1,653,875	4,778,875
2045	3,285,000	1,493,625	4,778,625
2046	3,455,000	1,325,125	4,780,125
2047	3,630,000	1,148,000	4,778,000
2048	3,815,000	961,875	4,776,875
2049	4,015,000	766,125	4,781,125
2050	4,220,000	560,250	4,780,250
2051	4,435,000	343,875	4,778,875
2052	4,660,000	116,500	4,776,500

<sup>(1)</sup> Assumes annual renewal by the City of the Lease through the final estimated maturity date of Series 2022 Bonds.

#### **Registration and Transfer**

SO LONG AS DTC ACTS AS THE SECURITIES DEPOSITORY FOR THE SERIES 2022 BONDS ALL REFERENCES HEREIN TO "OWNER" OF "HOLDER" OF THE SERIES 2022 BONDS ARE DEEMED TO BE CEDE & CO., AS NOMINEE FOR DTC, AND NOT TO PARTICIPANTS OR BENEFICIAL OWNERS. SEE APPENDIX F - "BOOK-ENTRY ONLY SYSTEM" HERETO.

The Series 2022 Bonds shall be registered as to both principal and interest and may be transferred only on the registry books of the Trustee pertaining to the Series 2022 Bonds. No transfer of the Series 2022 Bonds shall be permitted except upon presentation and surrender of such Series 2022 Bond at the office of the Trustee with written power to transfer signed by the registered owner thereof in person or by a duly authorized attorney in form and with guaranty of signature satisfactory to the Trustee. The holder of one or more of the Series 2022 Bonds may, upon request, and upon the surrender to the Trustee of such Series 2022 Bonds, exchange such Series 2022 Bonds for Series 2022 Bonds of other authorized denominations (\$5,000 principal amount or any integral multiple thereof) of

the same maturity and interest rate and together aggregating the same principal amount as the Series 2022 Bonds so surrendered. Any registration, transfer and exchange of Series 2022 Bonds at the request of a holder thereof shall be without expense to such holder, except that the holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange. The holder of any Series 2022 Bond will be required to pay any expenses incurred in connection with the replacement of a mutilated, lost or stolen or destroyed Series 2022 Bond.

The Indenture provides that interest on the Series 2022 Bonds shall be payable solely by check or draft mailed by the Trustee to the holders of the Series 2022 Bonds shown on the registry books of the Trustee pertaining to the Series 2022 Bonds on the Record Date (defined in the Indenture as the 15<sup>th</sup> calendar day next preceding an interest payment date). The Indenture makes special provision for payment of overdue interest which may be paid to a holder other than the registered holder of a Series 2022 Bond at the time such overdue interest becomes due and payable.

The Indenture provides that each holder of the Series 2022 Bonds, by receiving or accepting the Series 2022 Bonds, consents and agrees and is estopped to deny that, insofar as the Authority and the Trustee are concerned, the Series 2022 Bonds may be transferred only in accordance with the provisions of the Indenture. The Indenture also provides that each transferee of the Series 2022 Bonds takes them subject to all principal and interest payments in fact made with respect to the Series 2022 Bonds.

The Indenture provides that the trustee shall not be required to register or transfer any Series 2022 Bond during the period of 15 days next preceding any August 1 or February 1, and if any Series 2022 Bond is called for redemption, the Trustee is not required to register or transfer any such Series 2022 Bond during the period of 45 days next preceding the date fixed for its redemption.

Reference is made to the provisions of the Indenture in full for its provisions pertaining to the registration, transfer and exchange of Series 2022 Bonds and the method of payment of the principal thereof and interest thereon.

#### **Discontinuation of Book-Entry Only System**

DTC may determine to discontinue providing its services with respect to the Series 2022 Bonds at any time by giving notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the book-entry only system for the Series 2022 Bonds will be discontinued unless a successor securities depository is appointed by the Authority.

In the event that the book-entry only system for the Series 2022 Bonds is discontinued, the following provisions would apply, subject to the further conditions set forth in the Indenture.

The principal of and premium, if any, on the Series 2022 Bonds will be payable when due upon their presentation and surrender at the office of the Trustee in Birmingham, Alabama. Interest payments on the Series 2022 Bonds will be made to the persons who are the registered owners by check or draft mailed to such owners at their addresses as they appear on the registration books of the Trustee.

The Series 2022 Bonds will be transferable only upon presentation to the Trustee with written power to transfer signed by the registered owner thereof in person or by duly authorized attorney. Upon the request of the owner of any Bond, the Authority will execute and the Trustee will authenticate and deliver, upon surrender to the Trustee of such Bond and in exchange therefor, as may be requested by the person surrendering such Bond, other Series 2022 Bonds in different authorized denominations (\$5,000 or any integral multiple thereof) of like tenor and together aggregating the same principal amount as the then outstanding unpaid principal amount of Bond so surrendered. The Trustee will not be required to register or transfer any Bond during the period beginning January 15 or July 15 next preceding any interest payment date with respect thereto. If any such Bond is called for redemption, the Trustee will not be required to register, transfer or exchange such Bond during the period beginning 45 days next preceding the redemption date with respect thereto.

## Redemption Provisions

**Optional Redemption.** Those of the Series 2022 Bonds maturing or being subject to mandatory redemption on February 1, 2033, and on any date thereafter, will be subject to redemption, at the option of the Authority (which shall be evidenced by the direction of the City) or, while no default by the City exists under the Lease Agreement, at the option of City exercised by the City on behalf of the Authority, as a whole or in part (but if in part only in installments of \$5,000 or any integral multiple thereof and in such maturities as the Authority or the City, as the case may be, shall designate, and if less than all the Series 2022 Bonds of a single maturity are to be redeemed, those to be called for redemption shall be selected by the Trustee by lot) on February 1, 2032, and on any date thereafter, such redemption to be at and for a redemption price for each Series 2022 Bond redeemed equal to the par or principal amount to be redeemed plus accrued interest thereon to the redemption date.

**Mandatory Redemption.** Those of the Series 2022 Bonds having a stated maturity in 2047 will be subject to mandatory redemption on February 1 in the following years and in the following aggregate principal amounts at a redemption price for each such Series 2022 Bond redeemed equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption:

<b>Year (February 1)</b>	<b>Amount to be Redeemed</b>
2043	\$2,970,000
2044	3,125,000
2045	3,285,000
2046	3,455,000
2047	3,630,000

Those of the Series 2022 Bonds having a stated maturity in 2052 will be subject to mandatory redemption on February 1 in the following years and in the following aggregate principal amounts at a redemption price for each such Series 2022 Bond redeemed equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption:

<b>Year (February 1)</b>	<b>Amount to be Redeemed</b>
2048	\$3,815,000
2049	4,015,000
2050	4,220,000
2051	4,435,000
2052	4,660,000

In the event the City or the Authority shall have caused to be partially redeemed Series 2022 Bonds or shall have provided for a partial redemption of Series 2022 Bonds in such a manner that, under the provisions of the Indenture, the Series 2022 Bonds for the redemption of which provision is made are considered as fully paid, the City, on behalf of the Authority, may elect to apply all or any part (but only in integral multiples of \$5,000) of the principal amount of such Series 2022 Bonds so redeemed or to be redeemed to the reduction of the principal amount of Series 2022 Bonds required to be redeemed pursuant to the schedule set forth immediately above on any February 1 coterminous with or subsequent to the date such optional redemption actually occurs. Such notice shall be deemed effective only if it is given prior to the Trustee having given notice of redemption contrary to the provisions of such notice pursuant to the provisions of the Indenture.

**Extraordinary Redemption.** The Series 2022 Bonds will be subject to redemption as a whole only at any time, at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, but only in the event of the taking by eminent domain of all or substantially all the Facility or the exercise by the City of its right under the Lease to require the Authority to redeem and retire all bonds then outstanding under the Indenture, which right shall be exercisable only if (a) any part of the Facility is damaged or destroyed to such extent that, in the opinion of an independent engineer, (i) the Facility cannot reasonably be restored to the condition thereof immediately preceding such damage or destruction within a period of six (6) consecutive months, (ii) the City will thereby be prevented, or is likely to be thereby prevented, from using the Facility for a period of not less than six (6) consecutive months, or (iii) the cost of restoration thereof would exceed the sum of the net insurance proceeds referable to such damage or destruction; or (b) title to, or the temporary use of, any part of the Facility is

taken under the exercise of the power of eminent domain by any governmental authority or person, firm or corporation acting under governmental authority and such taking or takings result (or, in the opinion of an independent engineer are likely to result) in the City being thereby prevented from using the Facility for a period of not less than six (6) consecutive months; or (c) as a result of any changes in the Constitution of the State of Alabama or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal), entered after the contest thereof by the City in good faith, the Lease becomes void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed herein or unreasonable burdens or excessive liabilities are imposed on the Authority or the City.

**Notice of Redemption of Series 2022 Bonds.** Notice of the proposed redemption (other than mandatory redemption) of any of the Series 2022 Bonds prior to their respective stated maturities will be given, not more than 60 nor less than 30 days prior to the proposed redemption date, by registered or certified mail to the registered holders of any Series 2022 Bonds called for redemption. If on the applicable redemption date the redemption price of any Series 2022 Bond (or portion thereof) duly called for redemption is on deposit at the principal corporate trust office of the Trustee, such Series 2022 Bond (or portion thereof) will cease to bear interest on such date.

## **PLAN OF FINANCING**

Simultaneously with the issuance of the Series 2022 Bonds, the Authority will deposit the proceeds of the Series 2022 Bonds into a special fund or account designated by the City to be used to construct and build the Facility (the "Construction Fund"). Such proceeds will also be used to pay the costs of issuing the Series 2022 Bonds.

## **SECURITY**

**Limited Obligation.** The Series 2022 Bonds will be limited obligations of the Authority payable solely from rental income derived by the Authority from the City under the Lease, except to the extent that they may be paid out of income from investments or, under certain circumstances, proceeds of insurance or condemnation awards respecting the Facility. See "THE CITY OF HUNTSVILLE" herein, and other information in this appendix respecting the City. See also APPENDIX G – "AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020" for additional information respecting the City and its finances.

**Lease Term.** The initial term (the "Initial Term") of the Lease will expire on September 30, 2022. So long as any of the Series 2022 Bonds remain outstanding and unpaid, the City will have the option to renew the Lease for successive terms of one year, commencing on October 1 and ending on September 30 of the next succeeding calendar year, which terms of one year coincide with the fiscal year of the City (any such term being herein called a "Renewal Term"). Neither any provision of the Lease, nor any other action taken by the City in connection with the issuance and sale of the Series 2022 Bonds, obligates the City to renew the Lease for any Renewal Term after the expiration of the Initial Term, or after the expiration of any Renewal Term for which the City may have renewed the Lease, nor obligates the City to make any rental payment or perform any agreement under the Lease with respect to any fiscal year during which the Lease may be in effect except out of the revenues of the City for the same fiscal year.

Subject to the terms of the Indenture, the Authority will, for the benefit of the holders of the Series 2022 Bonds and to secure payment of the principal thereof and the interest and premium (if any) thereon, assign and pledge to the Trustee:

- (i) all rents, rentals and other receipts from the Facility, and
- (ii) all right, title and interest of the Authority in and to the Lease insofar as such right, title and interest pertain to (a) the obligation of the City with respect to the use, maintenance and preservation of the Facility, and (b) the right to receive and collect all rents and other payments due from the City under the Lease.

As further security for the payment of the principal of and the interest (and premium, if any) on all Bonds issued under the Indenture, the Indenture will constitute a non-foreclosable mortgage on the Facility and the equipment and furnishings forming a part thereof and on the real property on which the Facility is located and all other buildings and

improvements now or hereafter constructed or situated on said real property, subject to "Permitted Encumbrances" (as that term is defined in the Indenture).

The Lease will require the City to pay rent (directly to the Trustee for the account of the Authority) during each fiscal year of the City during which the Lease shall be in effect in an amount sufficient to pay the principal of and interest on the Series 2022 Bonds that will become due during such fiscal year. During the Initial Term, and during each Renewal Term (if any) of the Lease, the obligations of the City to pay rent and to make all other payments provided for in the Lease, and to perform the other agreements on its part contained therein, shall constitute limited obligations of the City payable solely out of the current revenues of the City received during such Initial Term and such Renewal Term (if any), as the case may be.

**The Series 2022 Bonds will not be general obligations of the Authority, and the covenants and representations contained in the Series 2022 Bonds and in the Indenture do not and will not constitute a liability or charge against the general credit of the Authority. The Series 2022 Bonds will not be obligations or debts of the City or any other political subdivision or instrumentality of the State of Alabama other than the Authority, and except for the obligation of the City to pay rentals in respect to the Series 2022 Bonds coming due during the Initial Term, or during any Renewal Term for which the Lease shall be in effect, neither the City nor any such political subdivision or instrumentality, other than the Authority, shall in any manner be liable for the payment of the principal of or the interest on the Series 2022 Bonds or for the performance of the undertakings of the Authority contained in the Series 2022 Bonds or in the Indenture.**

**Additional Parity Bonds.** The Indenture authorizes the Authority to issue additional bonds ("Additional Parity Bonds"), secured on a parity of lien with the Series 2022 Bonds and any other Bonds outstanding under the Indenture, for any purpose for which the Authority may issue its bonds under the provisions of the Act. As conditions precedent to the issuance of such Additional Parity Bonds, the Authority will be required to furnish to the Trustee, among other things:

- (a) A supplemental indenture authorizing such Additional Parity Bonds and specifying the details with respect thereto;
- (b) A certificate signed by the Mayor, the City Clerk or the Finance Director of the City stating that there has been no default in the payment of any amounts required to be paid under the Lease; and
- (c) A supplemental lease between the Authority and the City containing the following:
  - (i) an agreement that such supplemental lease agreement shall be in effect for a primary term beginning on the date of its delivery and ending on the date on which the then current fiscal year of the City will end,
  - (ii) an agreement by the City to pay, for the current term of the Lease and for each Renewal Term, on or before the first day of each such term, additional, supplemental or changed rent in an amount sufficient to provide for the payment of the principal of and the interest on such Additional Parity Bonds becoming due during each such term, and
  - (iii) in the event the last maturity of such Additional Parity Bonds is subsequent to the last maturity of the Bonds then outstanding under the Indenture, provisions enabling the City to renew, at its option, the Lease for such additional consecutive one-year Renewal Terms as may be necessary to cause the last of such terms to commence on the February 1 next preceding the last maturity of such Additional Parity Bonds.



Additional Parity Bonds, irrespective of when issued, shall have the same priorities and be entitled to the same security, with respect to both the lien of the Indenture and the pledge of the rentals and other revenues of the Authority from the Facility, as the Series 2022 Bonds.

**Prospective investors in the Series 2022 Bonds should examine the form of the Lease to be entered upon issuance of the Series 2022 Bonds.** See also APPENDIX H – "FORM OF THE LEASE" hereto.

### **ESTIMATED SOURCES AND USES OF PROCEEDS**

The Authority expects that the proceeds from the sale of the Series 2022 Bonds will be applied substantially as follows:

<b>Sources</b>	
Par amount	\$74,285,000.00
Plus Original Issue Premium	16,251,572.85
<b>Total Sources</b>	<b>\$90,536,572.85</b>
 <b>Uses</b>	
Construction of Facility	\$90,000,000.00
Costs of Issuance <sup>(1)</sup>	536,572.85
<b>Total Uses</b>	<b>\$90,536,572.85</b>

<sup>(1)</sup> Includes underwriting discount, financial advisory fee, rating agency fees, legal, trustee's, printing and other issuance costs

### **SUMMARY OF CERTAIN PROVISIONS OF THE LEASE**

The following, in addition to certain information hereinabove contained, summarizes certain provisions of the Lease. Prospective investors in the Series 2022 Bonds should carefully examine all terms of the Lease as shown in the form of Lease attached hereto. See APPENDIX H – "FORM OF THE LEASE".

#### **Initial Term of Lease; Renewal Terms**

Contemporaneously with the issuance of the Series 2022 Bonds, the City and the Authority will enter into the Lease under which the City will agree to lease the Facility on a year-to-year basis. The Lease will have an initial term commencing on the date of its delivery and continuing until and including September 30, 2022. So long as any of the Series 2022 Bonds remain outstanding and unpaid, the City will have the option (but not be required) to renew the Lease for successive terms of one year commencing on October 1 and ending on September 30 of the next succeeding calendar year (which terms of one year coincide with the fiscal year of the City). Such option shall be deemed to have been exercised and shall be automatically exercised for a fiscal year in any of the following circumstances:

- (a) if the City continues in occupancy of the Facility on the first day of such fiscal year;
- (b) if, on or prior to the first day of such fiscal year, the governing body of the City shall adopt a resolution electing to exercise such option for such fiscal year; or
- (c) if the City elects to pay all or any part of the Basic Rent referable to such fiscal year prior to the commencement thereof.

Neither any provision of the Lease nor any other actions taken by the City in connection with the issuance and sale of the Series 2022 Bonds will obligate the City to renew the Lease for any Renewal Term after the expiration of the Initial Term, or after the expiration of any Renewal Term.

#### **Rental Provisions**

**General.** The Lease requires the City to make, for each fiscal year during which the Lease shall be in effect, rental payments directly to the Trustee for the account of the Authority.

**Rent for Renewal Terms.** At the beginning of each Renewal Term for which the City may renew the Lease, the Lease will obligate the City to make rental payments with respect to the Series 2022 Bonds in an amount sufficient to provide for the payment of the principal of and the interest on the Series 2022 Bonds due during such Renewal Term. The rent due during each Renewal Term in respect of the Series 2022 Bonds (which rent is herein called the "Basic Rent") shall be an amount which, when added to the amount then on deposit in the Debt Service Fund from whatever source derived, but exclusive of any amount held therein for payment of matured but unrepresented bonds and bonds called for redemption and not yet presented, equals:

(a) the principal (if any) that will mature with respect to the Series 2022 Bonds on the next succeeding February 1, and

(b) the interest that will mature on the next succeeding February 1 and August 1.

The Lease will require that the Basic Rent shall be paid directly to the Trustee not later than 15 days prior to each February 1 and August 1.

**Other Rent Payments.** As additional rental under the Lease, the City will also be obligated to pay directly to the Trustee the fees, charges, expenses and disbursements of the Trustee in connection with the performance of its duties under the Indenture.

#### **Obligations of the City under the Lease**

The Lease will provide that the obligations of the City to pay the Basic Rent, to make all other payments provided for in the Lease and to perform and observe the other agreements and covenants on its part therein contained will, during the Initial Term and any Renewal Term for which the Lease may be renewed by the City, constitute limited obligations of the City payable or otherwise dischargeable solely out of the City's current revenues for the fiscal year of the City during which the City becomes obligated to pay or discharge such obligations. The Lease will expressly provide that nothing contained therein shall be construed as imposing upon the City any obligation to pay or otherwise provide for the retirement of the Series 2022 Bonds or to renew the Lease for one or more Renewal Terms.

#### **Operation, Maintenance, Modification and Insurance of the Facility**

During the Initial Term and any Renewal Term, under the Lease the City will be solely responsible for the operation, maintenance, upkeep and insuring of the Facility. See APPENDIX H – "FORM OF THE LEASE".

#### **Damage to or Destruction of Facility**

The Lease will provide that if the Facility is damaged or destroyed, in whole or in part, the insurance proceeds, up to the amount (together with interest earnings on such amount) necessary to cause the Series 2022 Bonds to be deemed no longer outstanding under the Indenture, shall be paid to the Trustee and that if, in such event, the City is not entitled to exercise its right under the Lease to require the Authority to redeem all bonds outstanding under the Indenture (see "THE SERIES 2022 BONDS" – "Redemption Provisions" and "Extraordinary Redemption" herein), or being so entitled, does not exercise such right, the Authority will cause the property damaged or destroyed to be repaired, rebuilt or restored in accordance with the directions of the City, and the Trustee will apply all insurance proceeds referable thereto for such purposes. The Lease will not obligate the City to pay any costs of such repair, rebuilding or restoration that are in excess of the insurance proceeds available therefor. If the insurance proceeds exceed the costs of such repair, rebuilding or restoration, such excess shall be paid into the Debt Service Fund and applied to the redemption of Bonds on the earliest date on which they are by their terms subject to redemption.

#### **Condemnation of Facility**

The Lease will require that in the event the Facility or any part thereof is taken by eminent domain proceedings, the entire condemnation award shall be paid to the Trustee. If all or substantially all the Facility is taken and the City does not exercise its right under the Lease to require the Authority to redeem all bonds outstanding under the Indenture, the Lease will terminate as of the date the condemning authority enters into possession of the Facility and the Trustee will, under the terms of the Lease and the Indenture, be required to apply the condemnation award to the earliest practicable retirement of the Series 2022 Bonds and any other bonds outstanding under the Indenture, provided that the condemnation award plus all other funds held by the Trustee in the special trust funds created under

the Indenture are sufficient to provide for the retirement of all such bonds. If, however, the total of the condemnation award and the amounts on deposit in such special funds is not sufficient to provide for the retirement of all such bonds, the Trustee will apply such total funds available ratably to principal and interest then due and unpaid. In the event of such a taking of the Facility, the City will not be obligated to provide any funds that may be needed to redeem all bonds of the Authority outstanding under the Indenture. The Lease will provide that if less than all or less than substantially all of the Facility is taken and if the City is not entitled to exercise its right to require the Authority to redeem all bonds outstanding under the Indenture, or being so entitled, does not exercise such right, the Authority will restore or rearrange the Facility in accordance with the directions of the City, and the Trustee will apply the condemnation award to payment of the costs of such restoration or rearrangement. The Lease will not obligate the City to pay any costs of such restoration or rearrangement that are in excess of the condemnation award. If the condemnation award exceeds the costs of such restoration or rearrangement, such excess shall be paid into the Debt Service Fund and applied to the redemption of Bonds on the earliest date on which they are by their terms subject to redemption.

#### **Certain Covenants of the City**

**General.** The City will agree in the Lease (i) that it will not do or permit anything to be done in or about the Facility that will impair or contravene any policies of insurance carried on the Facility against loss or damage, and (ii) that it will, in the use of the Facility, comply with all applicable lawful requirements of all governmental bodies.

**Indemnification of Authority.** The City will agree in the Lease to indemnify the Authority against loss or damage caused or resulting from any defect in the Facility, and it will further agree to insure any liability for which it shall be obligated to indemnify the Authority; provided, that the City will have no indemnity liability under the Lease unless such liability is fixed during a period in which the Lease is in effect and then only out of current revenues.

**Inspection of Facility.** The City will agree in the Lease to permit the Authority, the Trustee and their duly authorized agents to inspect the Facility at all reasonable times.

**Covenant Not to Acquire, Use or Construct New Facilities Useful for the Purposes for which the Facility is to Be Used.** In the Lease, the City will covenant that during any period in which the Series 2022 Bonds are outstanding and the City has not renewed the term of the Lease, the City will not construct any new facilities, or lease any new space, in any building, structure or other facility in or about the City for the same purpose for which the Facility was leased except pursuant to a supplemental Lease Agreement entered into between the City and the Authority pursuant to the provisions of the Indenture. The City currently owns and operates, and leases space within, other facilities in the City in which city hall operations (including, without limitation, headquarter facilities for the operations of Huntsville Utilities and other facilities for the conduct of business and operations of the City) are conducted and, in the future, will be conducted. Anything in the foregoing to the contrary notwithstanding, the City reserves the right to continue the conduct of such business and operations in such other facilities without regard to the Lease, the Indenture, or the Series 2022 Bonds.

#### **Right of the City to Require Redemption of Series 2022 Bonds**

The Lease gives the City the right to require the redemption of the Series 2022 Bonds and any other bonds outstanding under the Indenture if any of the following events shall have occurred:

(a) The Facility or any part thereof is damaged or destroyed to such extent that, in the opinion of an independent engineer expressed in a written certificate (such certificate to be filed with the Authority and the Trustee), the property so damaged or destroyed cannot reasonably be restored within a period of six (6) consecutive months to the condition thereof immediately preceding the event causing such damage or destruction, or the City will thereby be prevented, or is likely to be thereby prevented, from using the Facility for a period of not less than six (6) consecutive months, or the cost of restoring the property so damaged or destroyed would exceed the net proceeds of insurance referable to such damage or destruction;

(b) Under the exercise of the power of eminent domain by any governmental authority, (i) title to all or substantially all the Facility is taken, or (ii) the temporary use of all or a part of the Facility or title to part of the Facility is taken, and such taking or takings result (or, in the opinion of an independent engineer expressed in a certificate to be filed with the Authority and the

Trustee, are likely to result) in the City being thereby prevented from using the Facility for a period of not less than six (6) consecutive months; or

(c) As a result of any changes in the Constitution of Alabama or the Constitution of the United States of America or as a result of legislative or administrative action (whether state or Federal) or by final decree, judgment or order of any court or administrative body (whether state or Federal) entered after the contest thereof by the City in good faith, the Lease shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties or unreasonable burdens or excessive liabilities shall have been imposed on the Authority or the City.

In order to exercise the right to require the Authority to redeem all bonds outstanding under the Indenture, the City will be required to pay to the Authority an amount which, when added to the total of the amounts then on deposit in the special trust funds created under the Indenture plus the amount of any insurance proceeds or condemnation award in the hands of the Trustee and referable to any damage, destruction or condemnation authorizing the exercise of such right, will be sufficient to pay and redeem (under the extraordinary redemption provisions pertaining to the Series 2022 Bonds and any Additional Parity Bonds hereafter issued) all such outstanding bonds, including, without limitation, principal, premium (if any), accrued interest, expenses of redemption and the Trustee's fees.

#### **Events of and Remedies on Default under the Lease**

Under the Lease, default shall mean any one or more of the following events:

(a) Failure by the City to pay the Basic Rent applicable to the Initial Term or any Renewal Term or appropriate funds required to comply with the Lease which failure shall result in moneys on deposit in the Debt Service Fund being insufficient to pay the principal of and interest on the Series 2022 Bonds as the same shall respectively become due and payable;

(b) Failure by the City to observe and perform any covenant or agreement, other than those referred to in clause (a) above, which failure shall have continued for a period of sixty (60) days after written notice, specifying such failure and requiring it to be remedied, has been given the City by the Authority or the Trustee unless (i) the Authority and the Trustee shall agree to an extension of such period prior to its expiration, or (ii) during such period the City shall have commenced and be diligently pursuing action to remedy such failure, or (iii) the City is prevented by *force majeure* (as defined in the Lease) from remedying such failure; or

(c) Failure of the City to appropriate any amounts due under the Lease for any annual term then in effect.

Whenever any event of default shall have happened and be continuing, the Authority and the Trustee (or the Trustee on behalf of the Authority) may take whatever actions at law or in equity may appear necessary or desirable to collect the rent then due, or to enforce any obligation, covenant or agreement of the City under the Lease.

#### **THE INDENTURE**

Prospective investors in the Series 2022 Bonds should carefully examine all terms of the Indenture. See APPENDIX I – "FORM OF THE INDENTURE" hereto.

#### **CONTINUING DISCLOSURE**

##### **General**

The City will be deemed an "Obligated Person" respecting the Series 2022 Bonds for purposes of the Rule (defined below). Contemporaneously with issuance of the Series 2022 Bonds, the City will enter into a Continuing Disclosure Agreement for the benefit of the beneficial owners of the Series 2022 Bonds wherein the City will agree to provide annually certain financial information and operating data relating to the City (the "Annual Report") through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rulemaking Board (the "MSRB") (or such other system as may be subsequently authorized by the MSRB).

The specific nature of the information to be contained in the Annual Report or the event notices and the other provisions of the Continuing Disclosure Agreement are summarized in Appendix E – "SUMMARY OF CONTINUING DISCLOSURE AGREEMENT" hereto.

### **Prior Compliance**

The City has entered continuing disclosure agreements for various series of obligations of the City and other obligations for which the City is an obligated person for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission of the United States of America (collectively, the "Prior Undertakings"). In these Prior Undertakings, the City agreed to provide, annually, its audited financial statements and certain financial and operating data relating to the City, and to provide notices of the occurrence of certain events specified therein. During the preceding five years, the City failed to comply with the provisions of the Prior Undertakings, as follows:

During the last five years, the City failed to file its audited financial statements for each of the fiscal years ended September 30, 2016, September 30, 2017, and September 30, 2019 on or before the due dates therefor as provided in the Prior Undertakings, and also did not timely post certain financial information and operating data for each of the fiscal years ended September 30, 2016 through and including September 30, 2019, on or before the due dates therefor as provided in the Prior Undertakings. In addition, the City failed to file certain fiscal year 2016 through 2020 financial information and operating data tables as required in the Prior Undertakings.

The City further failed to properly link its audited financial statements for its fiscal years ended September 30, 2017 and September 30, 2018 to certain CUSIPS included in the Prior Undertakings.

During the last five years the City did not timely file a notice of its failure to file the items described in the preceding paragraphs as required under the Prior Undertakings.

Finally, the City failed to timely file notice of the issuance of a financial obligation in the form of an up to \$2.0 million Taxable Limited Obligation TIF Warrant, TIF5 – Series 2020-A, dated April 17, 2020, and of the issuance of a financial obligation in the form of an up to \$6.0 million Taxable Limited Obligation TIF Revenue Warrant, TIF-5 – Series 2021-A, dated June 3, 2021.

### **LITIGATION AND OTHER MATTERS**

There is no litigation pending or, to the knowledge of the Authority, threatened, contesting the validity of the Series 2022 Bonds or relating to the organization of the Authority, the right of the Authority to construct or finance the Facility, the incumbency of any of the Authority's officers, or the issuance or sale of the Series 2022 Bonds. Simultaneously with the delivery of the Series 2022 Bonds, the Authority will deliver a certificate to the effect that no such litigation is pending or, to the knowledge of the Authority, threatened.

### **AUDITED FINANCIAL STATEMENTS OF THE CITY**

The financial statements of the City described in the following paragraph are included as an appendix to this Official Statement solely to provide financial information concerning such current revenues of the City for the period described below.

The City's financial statements as of and for the fiscal year of the City ended September 30, 2020, included as APPENDIX G – "AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020" to this Official Statement, have been audited by Warren Averett, LLC, Certified Public Accountants, Huntsville, Alabama, as stated in its report dated March 25, 2021, and attached to such financial statements.

Warren Averett, LLC, has not been engaged to perform and has not performed, since the date of its report described above, any procedures on the financial statements addressed in its report and included in this Official Statement. Warren Averett, LLC, also has not performed any procedures relating to this Official Statement.

The City recently conducted a request for proposals (the "RFP") respecting auditing services for the City. As a result of that process, the City has determined to engage Mauldin & Jenkins, CPAs and Advisors, to audit the financial statements of the City (other than financial statements respecting operations of Huntsville Utilities, which were not part of the RFP) commencing with the fiscal year ending September 30, 2021.

### **RATINGS**

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") have assigned underlying ratings of "Aa1" and "AA+", respectively, to the Series 2022 Bonds. Such credit ratings reflect only the view of such credit rating agencies, and an explanation of the significance of such credit ratings may be obtained only from the credit rating agencies furnishing the same. There is no assurance that either such credit rating will remain in effect for any given period of time or that either may not be lowered or withdrawn entirely if, in the judgment of the credit rating agency in question, circumstances should warrant such action. Any such downward revision or withdrawal of any credit rating assigned to the Series 2022 Bonds may have an adverse effect on the market price of the Series 2022 Bonds.

### **FEDERAL BANKRUPTCY ACT**

Under certain conditions, title 11 of the United States Code, 11 U.S.C. §§101 et seq. (the "Bankruptcy Code"), permits a municipality to file a petition for relief in federal bankruptcy court to adjust debts under Chapter 9 of the Bankruptcy Code. Debt adjustment may include restructuring, reduction or other impairment of debt, subject to various conditions and limitations set forth in the Bankruptcy Code. Section 101 of the Bankruptcy Code defines "municipality" to mean a political subdivision, public agency or instrumentality of a State. To be eligible to file a Chapter 9 bankruptcy petition under section 109 of the Bankruptcy Code, a municipality must be "specifically authorized, in its capacity as a municipality or by name, to be a debtor under [Chapter 9], or by a governmental officer or organization empowered by State law to authorize such entity to be a debtor under [Chapter 9]." Section 109 of the Bankruptcy Code imposes additional requirements for a municipality to be eligible to file bankruptcy. Without limitation, the municipality must (a) be insolvent (either unable to pay debts as they come due or generally not paying debts as they come due); (b) desire to effect a debt adjustment plan; and (c) meet certain requirements regarding negotiations with creditors (or certain exceptions to such requirements). Alabama law authorizes municipalities, counties and certain public authorities to file petitions under the Bankruptcy Code. However, there is no legislation currently in effect in Alabama authorizing corporations formed under the Act to file such petitions for relief. Such legislation authorizing public building authorities formed under the Act to file petitions for relief under the Bankruptcy Code may well be enacted by the Legislature of Alabama in the future. The other conditions to eligibility are fact-specific to the time of filing the petition.

Section 922(d) of Chapter 9 of the Bankruptcy Code provides that a bankruptcy petition does not operate as a stay of "application of pledged special revenues" to the payment of indebtedness secured by such revenues in a manner consistent with other provisions of the Bankruptcy Code. Without limitation, Section 928 of the Bankruptcy Code provides that special revenues acquired by the debtor after commencement of a chapter 9 case remain subject to any lien resulting from any security agreement entered into by the debtor before commencement of the case, but further provides that any such lien on special revenues (other than municipal betterment assessments) derived from a project or system shall be subject to "the necessary operating expenses of such project or system." It is not clear whether the pledge of the rentals derived from the Lease made by the Authority for the benefit of the Series 2022 Bonds would constitute "special revenues" as that term is defined in Section 902(2) of the Bankruptcy Code. Moreover, the phrase "application of pledged special revenues" has given rise to arguments that the provisions of Section 922(d) apply only to funds in possession and control of the debtholders, or their trustee. Therefore, it is uncertain whether or not the filing of a Chapter 9 petition would affect application of such rentals for the payment of principal and interest on the Series 2022 Bonds. Similarly, it is uncertain whether Section 928 of the Bankruptcy Code would control the claims of holders of the Series 2022 Bonds with respect to such rentals.

The approving legal opinion of Bond Counsel will contain the customary reservation that the rights of the holders of the Series 2022 Bonds and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases. See the proposed form of approving legal opinion set forth in APPENDIX D – "PROPOSED FORM OF APPROVAL OPINION OF BOND COUNSEL TO THE AUTHORITY".

## **FINANCIAL ADVISOR**

PFM Financial Advisors LLC, Huntsville, Alabama (the "Financial Advisor") is serving as financial advisor to the Authority and the City in connection with the issuance of the Series 2022 Bonds. The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2022 Bonds, and provided other advice to the Authority and the City. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the Series 2022 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, and is not obligated to review or ensure compliance with the undertaking by the City to provide continuing secondary market disclosure.

## **UNDERWRITING**

The Series 2022 Bonds are being purchased by the Underwriters shown on the cover page of this Official Statement (the "Underwriters") at a purchase price of \$90,276,575.35 (which price reflects the original principal amount of the Series 2022 Bonds, plus original issue premium of \$16,251,572.85, less an underwriting discount of \$259,997.50). The Series 2022 Bonds may be sold and offered to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the said purchaser.

Stifel, Nicolaus & Company, Incorporated ("Stifel"), as one of the underwriters of the Series 2022 Bonds, has entered into an agreement with its affiliate, Vining-Sparks IBG, LLC for the distribution of certain municipal securities offerings at the original issue price. Pursuant to that distribution agreement, Vining-Sparks may purchase Series 2022 Bonds from Stifel at the original issue price less a negotiated portion of the selling concession applicable to any Series 2022 Bonds that Vining-Sparks sells.

Piper Sandler & Co. has entered into a Distribution Agreement (the "Piper Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings including the Series 2022 Bonds at the original issue prices. Pursuant to the Piper Distribution Agreement, CS&Co. will purchase Series 2022 Bonds from Piper Sandler & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Series 2022 Bonds that CS&Co. sells.

## **TAX MATTERS**

### **General**

In the opinion of Bond Counsel to the Authority, under the Internal Revenue Code of 1986, as amended (the "Code"), as presently construed and administered, and assuming compliance by the Authority with its covenants pertaining to certain requirements of federal tax law that are described herein and set forth in the Indenture and in the Tax Compliance Agreement and Certificate executed by the Authority in connection with the issuance of the Series 2022 Bonds, the interest on the Series 2022 Bonds will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code, and the interest on the Series 2022 Bonds will not be an item of tax preference included in alternative minimum taxable income for the purpose of computing the minimum tax imposed by Section 55 of the Code.

Bond Counsel to the Authority expresses no opinion regarding any other federal or any state tax consequences with respect to the Series 2022 Bonds. Bond Counsel to the Authority renders its opinion under existing statutes and court decisions as of the issue date and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel to the Authority expresses no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series 2022 Bonds.

Bond Counsel to the Authority is also of the opinion that interest on the Series 2022 Bonds is exempt from present state income taxation under the laws of the State of Alabama as enacted and construed on the date of issuance of the Series 2022 Bonds.

## **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2022 Bonds. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a Series 2022 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2022 Bonds.

Prospective owners of the Series 2022 Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the Series 2022 Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

### **Original Issue Premium**

The initial public offering price to be paid for certain of the Series 2022 Bonds (the "Original Issue Premium Bonds") is greater than the principal amount thereof. Under existing law, any owner who has purchased an Original Issue Premium Bond in the initial public offering of the Series 2022 Bonds is required to reduce his basis in such Original Issue Premium Bond by the amount of premium allocable to periods during which he holds such Original Issue Premium Bond, and the amount of premium allocable to each accrual period will be applied to reduce the amount of interest received by the owner during each such period. All owners of Original Issue Premium Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Premium Bond and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Premium Bond.

### **Future Tax Legislation**

There can be no assurance that additional legislation will not be introduced or enacted after issuance and delivery of the Series 2022 Bonds so as to cause interest on the Series 2022 Bonds to be or become included in gross income for purposes of federal income taxation or to impose additional requirements as a condition to the exclusion of such interest from gross income, nor that the introduction or enactment of any such legislation will not adversely affect the marketability of the Series 2022 Bonds.

### **Post-Issuance Compliance**

The tax-exempt status of the Series 2022 Bonds could be affected by post-issuance events. Various requirements of the Code must be observed or satisfied after the issuance of the Series 2022 Bonds in order for such interest to remain excludable from gross income of the holders thereof. These requirements include restrictions on use of the proceeds of the Series 2022 Bonds, use of the facilities financed by the Series 2022 Bonds, investment of proceeds of the Series 2022 Bonds, and the rebate of so-called excess arbitrage earnings. The Authority is primarily responsible for such compliance, and a failure to comply could result in the inclusion of interest on the Series 2022 Bonds in gross income retroactive to the date of issuance of the Series 2022 Bonds.

Likewise, the Internal Revenue Service (the "IRS") conducts an audit program to examine compliance with the requirements applicable to tax-exempt obligations. If the Series 2022 Bonds become the subject of an audit, under current IRS procedures, the Authority would be treated as the taxpayer in the initial stages of the audit, and the owners of the Series 2022 Bonds would have limited rights to participate in the audit process. The initiation of an audit with respect to the Series 2022 Bonds could adversely affect the market value and liquidity of the Series 2022 Bonds, even though no final determination about the tax-exempt status would have been made. If an audit were to result in a final determination that the Series 2022 Bonds do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Series 2022 Bonds.



**Series 2022 Bonds are not Bank Qualified**

The Series 2022 Bonds have not been designated as "qualified tax-exempt obligations" under Section 265 of the Code.

### No Mandatory Redemption due to Event of Taxability

The Indenture does not provide for mandatory redemption of the Series 2022 Bonds or payment of any additional interest or penalty if a determination is made that the Series 2022 Bonds do not comply with the existing requirements of the Code or if a subsequent change in law adversely affects the tax-exempt status of the Series 2022 Bonds or the economic benefit of investing in the Series 2022 Bonds.

## LEGAL MATTERS

The legality and validity of the Series 2022 Bonds will be approved by Bradley Arant Boult Cummings LLP, Bond Counsel to the Authority, whose approving opinion will be in substantially the form attached hereto as Appendix D – "PROPOSED FORM OF APPROVAL OPINION OF BOND COUNSEL TO THE AUTHORITY". Bond Counsel's participation in connection with the issuance of the Series 2022 Bonds is limited to the preparation of certain legal documents and supporting certificates, to a review of the transcript of proceedings by which the Series 2022 Bonds have been authorized to be issued and to the issuance of an approving opinion in substantially the form set forth in Appendix D hereto.

## MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

References herein to legislative acts are intended to be only brief outlines of certain provisions thereof and do not purport to summarize or describe all provisions thereof.

The execution and delivery of this Official Statement on behalf of the Authority and the distribution and use thereof by the Underwriter for the purpose of making a public offering of the Series 2022 Bonds have been duly authorized by the Authority.

**THE PUBLIC BUILDING AUTHORITY  
OF THE CITY OF HUNTSVILLE**

By: /s/ Mark Russell  
Chairman of its Board of Directors

**APPENDIX A**  
**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION OF THE CITY OF HUNTSVILLE**

**APPENDIX A**  
**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION**  
**OF THE CITY OF HUNTSVILLE**

**General Information**

The City of Huntsville (the "City"), the county seat of Madison County (the "County"), was incorporated in 1811 and is one of the oldest incorporated municipalities in the State of Alabama (the "State"). Centrally situated in the Tennessee River Valley of north Alabama (the Tennessee River being the southern boundary of Madison County), the City is located approximately 95 miles north of Birmingham, approximately 103 miles south of Nashville, Tennessee, and approximately 180 miles northwest of Atlanta, Georgia.

The City is the central economic base of the State's second largest Metropolitan Statistical Area ("MSA") and is the economic engine for the Northern Alabama and Southern Tennessee region. The eight counties adjoining Huntsville/Madison County form a thriving regional market.

Initially, the City prospered as a commercial center in an agricultural area and grew from the manufacture of cotton goods, flour, shoes, lumber, pumps and other products. During World War II, the construction of two arsenals -- Huntsville and Redstone -- gave the City new military and strategic importance as a principal manufacturing site of chemical artillery shells and explosives. Although arsenal activities were sharply curtailed during the immediate postwar period, in 1950 the U.S. Army transferred its missile experts, including the late Dr. Werner Von Braun and a team of German rocket scientists, to the City.

Following the successful launching of a Jupiter C missile in 1958, the U.S. Army's missile program and the Marshall Space Flight Center for the newly-created National Aeronautics and Space Administration were located in the City. As a result, the City experienced a rapid influx of population during the decades of the 1950's and 1960's. Beginning in the mid-1960s, cutbacks in the space program slowed growth in Huntsville. However, the 1980 Census showed that the City maintained strong economic indicators and a youthful, well-educated labor force. As the City's economy began to diversify in the 1980's, recovery was swift.

Since the space race of the 1960's, Huntsville has well over doubled in population and quadrupled in square miles. The past three decades have seen significant growth in population increasing by more than 95,000 residents. The City's population grew by approximately 9.7% between 1980 and 1990. During this same time, the Huntsville MSA grew by approximately 20.6%, reflecting additional growth in the immediate vicinity of the City. According to the 2000 Census, the City's population was 156,216 and the Huntsville MSA (Madison County and Limestone County) was 343,798, indicating a 10.4% increase in growth within and around Huntsville during this time. According to the 2010 Census, the City's population was 180,105 and the Huntsville MSA was 419,431, indicating a 20.1% increase in growth from 2000 to 2010. Based on the 2020 U.S. Census Bureau estimates, Huntsville is now the most populous city in Alabama. The total population for the City of Huntsville as of August 12, 2021 was 215,006, which is an increase of 19.4% from the 2010 Census total of 180,105. The Huntsville MSA was 491,723 according to the 2020 Census Bureau estimates which ranks it second behind the Birmingham MSA. Since 2000, Huntsville has added 58,790 people.

**Population Characteristics.**

Income, education, and employment levels are all substantially higher in Huntsville than in the state of Alabama and compare favorably to national and regional indices. The Huntsville economy is one of the strongest economies in the Southeast, marked by low unemployment, steady job growth, and income levels that regularly lead the region. Huntsville compares favorably in numerous categories to some of the leading cities in the Southeast and Southwest United States. The local unemployment rate continues to remain below state and national figures. A growing employment rate, while the population is growing, is a positive sign for local business conditions. The median family income of Huntsville residents still exceeds national and state figures.

### Annual Unemployment Rate

MSA	2010	2015	2016	2017	2018	2019	2020
Austin, TX	7.0%	3.4%	3.3%	3.2%	3.0%	2.7%	6.2
Charlotte, NC	11.7	5.4	4.8	4.3	3.8	3.5	7.3
Durham, NC	8.1	4.9	4.5	4.0	3.5	3.3	6.1
<b>Huntsville, AL</b>	<b>8.6</b>	<b>5.5</b>	<b>5.2</b>	<b>4.0</b>	<b>3.5</b>	<b>2.6</b>	<b>4.6</b>
Raleigh, NC	8.6	4.8	4.4	4.0	3.5	3.4	6.4
State of Alabama	10.5	6.1	5.9	4.6	3.9	3.0	5.9
United States	9.6	5.3	4.9	4.4	3.9	3.7	8.1

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics as of April 16, 2021

### Total Employment

MSA	2010	2015	2016	2017	2018	2019	2020
Austin, TX	785,600	963,300	1,000,900	1,034,900	1,075,600	1,118,000	1,086,100
Charlotte, NC	954,200	1,111,900	1,150,000	1,179,800	1,208,100	1,238,200	1,190,700
Durham, NC	270,700	301,800	310,100	315,300	321,300	328,400	315,400
<b>Huntsville, AL</b>	<b>210,000</b>	<b>222,400</b>	<b>227,700</b>	<b>232,700</b>	<b>238,700</b>	<b>245,200</b>	<b>240,900</b>
Raleigh, NC	500,100	576,300	595,600	612,400	630,200	645,900	624,100
State of Alabama	1,890,300	1,971,200	1,997,000	2,018,700	2,044,800	2,074,800	1,986,100
United States	130,362,000	141,825,000	144,336,000	146,608,000	148,908,000	150,905,000	142,185,000

Source: Bureau of Labor Statistics, Current Employment Statistics, Total Nonfarm Employment (place of work), not seasonally adjusted, as of April 28, 2021

### Effective Buying Income

MSA	2010	2015	2016	2017	2018	2019	2020
Austin, TX	\$42,416	\$52,519	\$56,163	\$56,849	\$63,191	\$65,950	69,001
Charlotte, NC	43,190	44,772	45,353	47,143	49,3979	55,207	56,503
Durham, NC	39,488	44,374	46,092	45,477	49,272	50,933	55,588
<b>Huntsville, AL</b>	<b>39,012</b>	<b>49,455</b>	<b>48,821</b>	<b>50,569</b>	<b>52,968</b>	<b>54,391</b>	<b>56,279</b>
Raleigh, NC	43,455	50,655	52,141	53,352	57,962	63,501	66,090
State of Alabama	34,387	39,074	39,749	40,466	42,756	43,671	45,649
United States	43,252	45,448	46,738	48,043	50,735	52,133	55,303

Source: Nielson/Claritas Survey of Buying Power/Median Household Effective Buying Income

### Mean Annual Wage

MSA	2010	2015	2016	2017	2018	2019	2020
Austin, TX	\$46,130	\$49,560	\$50,830	51,840	53,810	55,190	57,830
Charlotte, NC	44,630	48,370	49,600	50,150	51,000	52,150	55,330
Durham, NC	53,220	56,980	57,850	59,340	59,940	61,220	64,430
<b>Huntsville, AL</b>	<b>48,080</b>	<b>52,620</b>	<b>52,960</b>	<b>53,600</b>	<b>55,630</b>	<b>55,980</b>	<b>58,730</b>
Raleigh, NC	44,810	48,590	50,410	51,390	52,580	54,850	56,720
State of Alabama	38,590	41,920	42,510	43,170	44,790	44,930	46,840
United States	44,410	48,320	49,630	50,620	51,960	53,490	56,310

Source: Bureau of Labor Statistics, May 2020 Occupational Employment Statistics released on March 31, 2021.

### Per Capita Personal Income by Metropolitan Area

MSA	2010	2015	2016	2017	2018	2019	2020
Austin, TX	\$32,862	\$52,657	\$53,419	\$57,183	\$60,764	\$62,460	\$64,913
Charlotte, NC	30,996	46,759	48,074	50,312	52,232	54,086	56,682
Durham, NC	31,215	47,508	48,999	50,889	52,243	54,408	56,703
<b>Huntsville, AL</b>	<b>28,672</b>	<b>45,388</b>	<b>46,592</b>	<b>48,017</b>	<b>50,044</b>	<b>52,208</b>	<b>55,126</b>
Raleigh, NC	34,450	50,309	51,412	52,735	56,139	58,147	60,884
State of Alabama	33,696	38,030	39,231	40,973	42,240	44,145	46,479
United States	40,278	48,112	49,571	51,910	54,098	56,047	59,510

Source: Bureau of Economic Analysis, Table SA1-3 and CA1-3 Personal Income Summary, last updated November 16, 2021.

The U.S. Department of Housing and Urban Development estimates that the median family income of families in the United States for 2021 is \$79,900, for families in Alabama is \$66,700, and for families in the Huntsville MSA is \$82,900.

<b>Professional &amp; Business Service Employment</b>							
<b>MSA</b>	<b>2010</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Austin, TX	113,100	162,600	171,000	177,600	187,700	198,000	199,300
Charlotte, NC	145,700	188,800	197,900	203,500	206,700	212,700	207,700
Durham, NC	35,300	39,200	41,700	42,700	44,800	45,500	46,100
<b>Huntsville, AL</b>	<b>49,200</b>	<b>52,000</b>	<b>54,300</b>	<b>55,500</b>	<b>57,400</b>	<b>60,000</b>	<b>60,800</b>
Raleigh, NC	85,700	109,900	112,500	115,500	120,200	124,100	125,400
Alabama	209,500	229,100	233,600	239,100	245,100	251,100	242,000
United States	16,728,000	19,695,000	20,114,000	20,508,000	20,950,000	21,274,000	20,246,000

Source: Bureau of Labor Statistics, Current Employment Statistics as of January 2021

### Population Characteristics

According to the 2010 Federal Decennial Census 2019 population estimates, the City is both the largest municipality in Madison County and the second largest municipality in the State, surpassing the City of Mobile in 2016 and the City of Montgomery in 2018. Madison County is the third largest county in the State as well. The following table depicts the history of population growth in Madison County, the City of Huntsville, and the Huntsville MSA since 1980. The Huntsville Metro area includes Madison, Limestone and Morgan Counties.

<b>Population Growth</b>			
<b>Census</b>	<b>Madison County</b>	<b>City of Huntsville</b>	<b>Huntsville Metro Area (MSA)</b>
1980	196,966	145,604	242,971
1990	238,912	159,789	293,047
2000	276,700	156,216	343,798
2010	336,138	180,924	419,279
2011*	340,111	182,354	425,480
2012*	343,080	183,463	429,876
2013*	346,892	185,662	435,275
2014*	350,299	187,506	440,212
2015*	353,089	189,975	444,373
2016*	356,967	191,956	449,232
2017*	361,046	194,585	455,448
2018*	367,004	198,125	455,448
2019*	372,909	200,574	466,377
2020*	388,153	215,006*	491,723

\* U.S. Census Bureau estimates

Source: U.S. Census Bureau ([www.census.gov](http://www.census.gov)) as of August 12, 2021

## Major Economic Activity

Huntsville has experienced a rapid population rise in the last two decades. With multiple established economic cornerstones in our community like Redstone Arsenal, Huntsville Hospital, and NASA Marshall Space Flight Center, the City remains poised to continue strong growth in all economic sectors. The growth brings financial stimulus and added revenues as well as increased need for public services provided by the City. However, within the opportunities and challenges, the City has seen financial stability through sound fiscal policy, conservative fiscal practices and strong economic activities.

The City not only brought industry, federal funding and commercial employers to the area, but worked to raise the standard quality of life. Recreation and transportation projects which attracted people to live in the City, were prioritized, which caused population expansion in the area, increasing revenue and creating energy that drives economic expansion.

**Economic Diversification.** Federally funded space and defense programs have a significant impact on the Huntsville region. However, economic analysts for local organizations such as the Huntsville/Madison County Chamber of Commerce and the Alabama State Employment Service point to the increasing shares of trade and services employment as indications that the economy has become more diversified. In addition, the education and technical skills associated with the space and defense programs in the region have been applied in the private sector, as evidenced by the success of numerous high-technology firms that originated in Huntsville. Such firms include: Sanmina/SCI Systems, a Fortune 500 computer manufacturer established in Huntsville in 1961; Intergraph Corporation, a computer graphics firm established in Huntsville in 1969; Nichols Research Corporation, a diversified computer services firm established in 1976 which later merged with Computer Sciences Corporation in 1999; ADTRAN, Inc., a telecommunications firm founded in 1985; Avocent, a leading provider of KVM switching and remote access devices which was acquired in 2010 by Emerson; Dynetics, an information technology company providing services to the U.S. Government and others since 1974, headquartered in Huntsville; Digium, Inc., established in 1999 and headquartered in Huntsville, which created, owns and is the innovative force behind Asterisk, the most widely used open-source telephony software in the world; Nektar Therapeutics, with headquarters in San Francisco and locations in Huntsville and India, a clinical-stage biopharmaceutical company developing a pipeline of drug candidates that utilize its PEGylation and polymer conjugate technology platforms, which are designed to improve the benefits of drugs for patients; and DIATHERIX Laboratories, Inc., headquartered in Huntsville, which provides clinical laboratory services on a multiplexing platform for the detection of infectious diseases.

HudsonAlpha Institute for Biotechnology is a nonprofit institute dedicated to innovating in the field of genomic technology and sciences across a spectrum of biological problems. HudsonAlpha has a four-fold mission of conducting genomics-based research to improve human health and well-being; implementing genomic medicine, sparking economic development; and providing educational outreach to nurture the next generation of biotech researchers and entrepreneurs, as well as to create a biotech literate public. Since opening in 2008, HudsonAlpha, under the leadership of Dr. Richard M. Myers — a key collaborator on the Human Genome Project — has built a name for itself in genetics and genomics research and biotech education.

HudsonAlpha's 270,000 square-foot facility is the cornerstone of the 152-acre Cummings Research Park Biotechnology Campus. Currently, 35 biotechnology businesses reside within the nonprofit institute on the campus and together these organizations employ over 700 individuals. This synergistic cluster of life sciences talent promises collaborative innovation to turn knowledge and ideas into commercial products and services for improving human life and strengthening Alabama's progressively diverse economy. The biotech campus currently features three other facilities: the Jackson Center, a full-service conference facility, 701 McMillian Way, which provides an additional 88,000 square feet of lab and office space, and the Paul Propst Center, totaling more than 100,000 square feet and houses the institute's growing education and research programs and its growing biotech companies. McMillian Park, the central green space connecting current facilities and future growth, boasts intertwining walkways that create a double-helix — the structure of DNA and the path to understanding living organisms. Two water features and hundreds of plantings are also contained in the park.

Since the world first learned of a new coronavirus infection, HudsonAlpha Institute for Biotechnology Faculty Investigators and Associate Companies that call the biotech campus home have pivoted some of their efforts to battle COVID-19. At the outset of the COVID-19 pandemic, companies residing on HudsonAlpha's biotech campus increased laboratory testing capacity and launched point-of-care testing diagnostics and are working tirelessly to produce neutralizing monoclonal antibodies to treat COVID-19 disease symptoms by blocking its viral entry into our cells. Through a project led by the Centers for Disease Control and Prevention, HudsonAlpha is also sequencing the viral genome from people who have been affected by the disease in an effort to monitor the spread and mutation

of the virus. Projects studying the transmission of the virus through the air in enclosed areas, and the detection of dead viral particles in wastewater to monitor pending outbreaks in a community are among some of the environmental monitoring projects ongoing on HudsonAlpha's campus.

In May of 2021 an expansion was announced which will consist of two facilities: the global headquarters for Discovery Life Sciences, and new state-of-the-art laboratory and greenhouse space for HudsonAlpha's Center for Plant Science and Sustainable Agriculture. DLS is an international market leader in biospecimen analysis, procurement, and distribution for the pharmaceutical, biotechnology, and diagnostics industries. This global headquarters will consist of 90,000 square feet and house DLS's research and development, laboratory and business operations. The Center for Plant Science and Sustainable Agriculture will add 13,000 square feet of lab and greenhouse space and will be able to propagate and grow research plants here to improve existing crops and develop new uses for plants.

The following table depicts some of the major industrial job growth for previously announced new and expanding companies in Huntsville/Madison County for the period 2005 to 2020. It is interesting to note the continued diversification of the local employment base and that only four of the largest announced developments from 2005-2020 were by federal contractors.

#### Announced New and Expanding Industry

Year	Total New Jobs	Total New Investment	Largest Single Development
2005	7,017	685,849,435	Hudson-Alpha Inst. Biotech.
2006	3,188	175,350,000	Verizon Wireless
2007	4,181	115,860,000	International Diesel of AL
2008	3,811	96,093,846	BASF Catalysts
2009	2,027	219,290,000	Toyota Motor Manuf. of AL
2010	2,901	152,886,089	Raytheon Company
2011	1,956	133,428,000	Boeing Company
2012	1,189	231,077,749	Toyota Motor Manuf. of AL
2013	1,603	266,545,020	Toyota Motor Manuf. of AL
2014	3,423	323,067,000	Toyota Motor Manuf. of AL
2015	3,546	413,094,000	GE Aviation
2016	2,000	259,201,083	Boeing Company
2017	2,554	600,579,820	Blue Origin
2018	4,666	2,582,293,941	Mazda Toyota Manuf. USA
2019	450	1,829,875,000	Toyota Motor Manuf. of AL
2020	852	1,009,422,692	Mazda Toyota Manuf. USA
2021	1,297	345,740,380	Amazon

Source: Huntsville Chamber of Commerce/Economic Development/New & Expanding Industry

**High Technology/Industrial Activity.** Research and industrial parks are the center of much of the high-technology and manufacturing activity within or near the city of Huntsville. Those parks include Cummings Research Park ("CRP"), Chase Industrial Park, Jetplex Industrial Park (on Airport property), Lowe Industrial Park, Chelsea Industrial Park, Thornton Research Park, Gateway Research Park, North Huntsville Industrial Park, SouthPoint Industrial Park and Triana Industrial Park. The 3,800-acre Cummings Research Park is the second largest research park in the country and the fourth largest in the world. It is one of the world's leading science and technology business parks, with a mixture of Fortune 500 companies, local and international high-tech enterprises, U.S. space and defense agencies, thriving business incubators and competitive higher-education institutions. CRP is the home of more than 300 companies, more than 26,000 employees and 13,500 students. This collection of technical expertise gives the Huntsville community the highest concentration of engineers in the country and is vital to supporting major Department of Defense and NASA contract programs and commercial technology applications. The University of Alabama in Huntsville is also located in the park and is annually ranked among the highest technology research universities in the U.S. The unique synergy of academia, government and industry working together on a global scale makes the Huntsville community a premier technology center of excellence for aerospace and defense research and development.

The Jetplex Industrial Park (JIP) includes 4,000 acres of which approximately 2,800 acres are currently available for development. From this strategic Southeastern location, the Jetplex Industrial Park offers a rare combination of air, rail, and truck transportation. The Park is divided into six sections allowing for various types of

economic development opportunities ranging from warehousing/ distribution, office, aviation/aerospace, and light manufacturing/assembly. Major industrial park tenants include The Boeing Company, LG Electronics, Navistar, Northrop Grumman, Yulista Management Services, and SESI. The Jetplex Industrial Park houses more than 70 companies representing seven different countries in a variety of industries.

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Source: Huntsville-Madison County Airport Authority, Marketing

In February 2014, Remington Outdoor Company, Inc., a parent and affiliate of Remington Arms Company, LLC (collectively, "Remington") announced that it would expand with a new manufacturing facility in Huntsville. Among other incentives, the City and other local entities provided approximately \$12.5 million to purchase and convey to Remington an approximately 840,000 square foot manufacturing facility near the Huntsville International Airport in the Jetplex Industrial Park (the "Facility") to lure the company to North Alabama.

The plant opened in 2015 with over 300 employees. It was originally expected and agreed that Remington would create roughly 2,000 jobs at the facility by 2021.

Carrying a heavy debt load and enduring an industry-wide slump in gun sales, Remington sought bankruptcy protection in March 2018 while continuing operations. Two months later, Remington converted more than \$775 million in debt into equity, turning over ownership of Remington Outdoor Company, Inc. to its lenders. In November 2018, the City struck a new arrangement with Remington to maintain at least 415 employees with the stipulation that it hit its goal of 1,868 employees in 2023. Remington never met the revised employment targets, and pursuant to the development agreement and other instruments under which the City provided the Facility Incentives, Remington owes \$12.5 million, plus interest and other fees and charges, in recapture payments to the City. These obligations are secured by a first-priority mortgage in favor of the City on the Facility.

On July 28, 2020, Remington filed a petition for Chapter 11 restructuring in the United States Bankruptcy Court for the Northern District of Alabama (the "Bankruptcy Court"). In its filings, Remington attributed insufficient financial liquidity, an inability to satisfy covenants owed to its lenders, and operational challenges arising from the COVID-19 pandemic as reasons for the filing. Remington further acknowledged its indebtedness to the City in the amount of \$12,500,000 secured by a first-priority mortgage on the Facility. At a status conference before the Bankruptcy Court on July 28, 2020, lawyers for Remington advised the Bankruptcy Court that Remington and its affiliated debtors were actively marketing all of their operations for sale on a going concern basis and had engaged investment bankers and other advisors to assist with the sale process. On July 23, 2021 the City announced it had fully recovered incentives used to lure Remington to the City via the sale of Remington's 800,000 square foot facility.

Lowe Industrial Park, Chase Industrial Park and Thornton Research Park house a number of companies including PPG, Technicolor and BASF. North Huntsville Industrial Park received an AdvantageSite designation in February 2017 and has seen a significant uptick in activity. In addition, the SouthPoint Industrial Park was designed for companies that support the Redstone Arsenal, Army Contracting Command; NASA's Marshall Space Flight Center; and the Southern Automotive corridor.

Toyota Motor Manufacturing Alabama (TMMAL) is the only Toyota plant globally to produce four-cylinder, V-6 and V-8r for the Sequoia SUV and Tundra. The plant's total annual engine capacity is more than 900,000. With more than 1,800 team members and investments totaling more than \$1.2 billion, TMMAL has made a substantial impact on North Alabama for almost 18 years. Toyota announced the Huntsville facility in 2001 and broke ground later that same year. The first Toyota V-8 engine ever made outside of Japan came off the line at TMMAL in 2003. In 2017, TMMAL assembled its 5 millionth engine. In October 2021 Toyota announced its fifth expansion, a \$288 million investment which added a new twin-turbo V6 engine line that also added 450 jobs at the Huntsville plant. The hiring spree boosted the plant's total employment to 1,800.

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Source: Toyota, External Affairs

In January 2015, Polaris Industries announced plans to build a 600,000-square-foot plant on a 453-acre site located within the Huntsville city limits in Limestone County. Polaris specializes in all-terrain vehicles (ATVs), the Polaris RANGER® and RZR® side-by-side vehicles, snowmobiles, motorcycles and on-road electric/hybrid powered vehicles. Production on the \$142 million plant was completed in 2016. It is anticipated that Polaris will employ up to 2,000 people at full production and will be the model of all of Polaris' production facilities.

In 2017, Google Fiber brought its services to Huntsville, making it just the 10th US City to receive the service. Google Fiber is the first of possibly many ISPs to lease excess dark fiber on a Huntsville Utilities-constructed network.



Construction of the Huntsville Utilities network was complete in 2019. The community is now focused on implementing small cell technology into the right of way to enable greater cellular network coverage and eventually 5G. The community has permitted more than 50 small cell sites.

Aerojet Rocketdyne announced in 2017 the establishment of the company's Advanced Hydrocarbon Propulsion Development Office (AHPDO) in Huntsville. The facility will focus on delivering a 21st century advanced hydrocarbon rocket engine to the nation and the integration of the company's ongoing hydrocarbon technology and development efforts. The California-based company that is building the propulsion engines for the SLS deep space rocket, will bring more than 700 jobs to Huntsville. The new Aerojet Rocketdyne headquarters will be located in Cummings Research Park while the 122,000 square foot advanced manufacturing facility will be in the North Huntsville Industrial Park. Construction on the manufacturing facility began in December 2017 while the headquarters construction began in January 2018. The plant began production in 2019.

The German auto parts manufacturer BOCAR built a new plant in North Alabama and is hiring 300 high-tech workers to supply parts for regional automobile manufacturers. BOCAR is considered a Tier 1 auto parts supplier and uses advanced manufacturing techniques to build parts such as intake manifolds, oil pans and oil pumps for a variety of automobile companies. Work on the 330,880 sq. ft. plant started in spring 2018 on a site adjacent to I-65 near I-565 in the part of Huntsville located in Limestone County. Production began in 2020.

Blue Origin opened its 200,000 square foot state-of-the art production facility in Cummings Research Park to manufacture its BE-4 engine. Blue Origin will employ up to 342 people in this new facility. The company will make approximately \$200 million in capital investment in the state. It will also perform testing of the Huntsville-built engines at the historic Test Stand 4670, where the Saturn V rocket from the Apollo program was tested.

On January 10, 2018, Japanese automobile manufacturers Toyota Motor Corporation and Mazda Motor Corporation announced a new North American plant for the manufacture of vehicles pursuant to a \$1.6 billion joint venture between the two companies on a site within the City and Limestone County. Full-scale construction began in 2018, and when fully operational in 2022, the plant is expected to employ 4,000 people. It will have the capacity to produce 150,000 units of a Mazda crossover model to be introduced to the North American market and 150,000 units of Toyota SUV. Since announcing its original plans, the joint venture has expanded the scope of the project to a total investment of \$2.4 billion. Several suppliers are located onsite and adjacent, which are expected to create more than 2,000 jobs in the region.

BAE Systems, the third-largest defense contractor in the world, has opened a new \$45.5 million facility in Huntsville including a new 83,000 square foot manufacturing and office facility in Cummings Research Park. It will provide workspace for more than 200 high-tech employees by the end of 2021. The company plans to design, develop and build precision munitions and aircraft survivability technology. BAE announced the expansion in 2018 as an opportunity to establish a close working relationship with the U.S. Army and Redstone Arsenal and attract key local talent to develop and deliver important new capabilities to its customers.

Other areas with existing projects include downtown Huntsville (more than 400 apartment units planned, four hotels, 375,000 square foot surgical and medical tower, and a recently-opened 1500 person capacity music hall), south Huntsville (250 units of multifamily housing, nine acres of retail development, and 400 single family homes), north Huntsville (redevelopment of a closed high school into a community/recreation center with indoor climbing wall, gym, and more than 100 single family homes, as well as a \$750M Facebook Data Center (see below) and the recently completed, Aerojet Rocketdyne Rocket Shop), and historic west Huntsville, which was awarded a U.S. Housing and Urban Development Choice Neighborhood Planning Grant.

Facebook, the social media giant, unveiled plans in June 2018 for a \$750 million center in Huntsville. The first two buildings of the Facebook Data Center in Huntsville went online Sept. 15, 2021. Construction is continuing on other buildings that will be part of the \$1 billion campus. Once all six buildings are online, more than 200 people are expected to be working at the data center.

**Retail.** While high technology research and manufacturing continue to dominate Huntsville's economy, retailing has been steadily growing in recent years. This is especially significant since Huntsville derives a significant portion of its operating budget from sales tax collections. A major factor in this growth is Huntsville's above-average per capita and median family incomes. This healthy buying power has attracted many national retailers to the area.

After breaking ground in 2012, the \$100 million Twickenham Square lodging/living/retail/office space development on the old Council Courts housing project is fully operational on a site near Huntsville Hospital. The

development is anchored by a 33,500-square foot Publix supermarket, a 101-room Homewood Suites hotel, a 246-loft apartment building and a 110,000-square foot, five-story office tower, Twickenham Place. Homewood Suites hotel was the first business to open at Twickenham Square, followed by Publix, which opened in May 2014. The city built a nearly \$10 million, 920-space parking garage adjacent to the development. Bryant Bank opened a new bank in the summer of 2017 adjacent to the development in a 32,000 sq ft newly constructed building. Twickenham Square is also home to Ruth's Chris Steakhouse, H&R Block, 9Round Boxing Studio, FirstBank and Huntsville Hospital's clinical laboratory, which is in the top ten largest clinical labs in the country.

Cabela's completed construction and opened for business in fall of 2015 in an 80,000-square-foot superstore at the \$80 million mixed-use development, Parkside Town Centre, near the intersection of Interstate 565 and Research Park Boulevard. It is the first Cabela's store in Alabama and one of only a handful in the Southeast. The store employs approximately 180 full and part time employees from the area. Parkside Town Centre includes 300,000 square feet of various commercial, retail and related enterprises and is meant to complement its neighbor, Bridge Street Town Centre.

After breaking ground in 2014 the Shops at Merchants Walk is now complete. Merchants Walk is a \$50 million 100,000 square foot shopping development. Anchored by Whole Foods Market, the Shops at Merchants Walk also hosts Mountain High Outfitters, Orangetheory Fitness, Lululemon Athletica and Farm Burger. A handful of other stores opened in late 2016, including the fashion and gift store Envy, Xtend Barre, The Masters salon, Amazing Lash Studio, Spa Sydell, Local Taco and Maki Fresh Casual Asian Cuisine. The Shops at Merchants Walk is expected to generate approximately \$58.75 million in new sales taxes and \$1.4 million in property taxes over the next 25 years and is expected to create additional commercial development in the area as the City seeks to redevelop its Parkway Corridor (the major north-south thoroughfare).

Across the street from Merchants Walk is Merchants Square, a \$40 million 41,000 square foot development hosting fine retail options and new-to-market dining. Already leased are Chuy's, a Mexican restaurant; Ulta Beauty; Char, an upscale steak house; The Brass Tap Craft Beer Bar, Hand and Stone Massage and Facial Spa, among other retail offerings. The Merchants Square property was annexed into the City of Huntsville in 2017, allowing the city to collect property, sales and business taxes. The city agreed in January 2017 to spend \$3 million on a new 300-unit parking deck at Merchants Square, which is expected to generate \$19 million in tax dollars over the next 20 years.

In June 2016, work began on a \$70 million mixed-use project called CityCentre at Big Spring. It will take over the now demolished Holiday Inn site near Big Spring International Park and Von Braun Center in downtown Huntsville. The project will feature two hotels, 270 multi-family units and an artisanal food hall inspired by Ponce City Market and Krog Street in Atlanta, Eataly in Chicago and The Source in Denver. Phase I will include a 150-unit new-to-market AC Hotel, a six-story Marriott hotel. It will also include a rooftop deck for the public and hotel patrons, 31,000 square feet of retail stores and restaurants, 53,000 square feet of office loft space and 270 multi-family apartments. This will be the 10th AC Marriott in the world, the first in Alabama, which are all custom-designed for their specific location. The AC Hotel began accepting reservations in April of 2019. Phase II will represent a \$30 million investment with a 100-key urban hotel and 50,000 square feet of mixed-commercial and office loft space. The addition of these 250 units will bring the city one-step closer to its goal of attaining 1,000 rooms in the downtown area.

Sealy Property Development recently opened a \$35 million five-story development, called The Avenue, featuring 197 upscale lofts and 21,000 square feet of street-level retail and restaurant space on a former parking lot at the corner of Jefferson Street and Holmes Avenue in downtown Huntsville across from the federal courthouse. The Avenue offers a resort-style swimming pool, 400-vehicle parking garage and large sidewalks to encourage outdoor dining and pedestrian walking. The Avenue lofts are now fully occupied and commercial spaces began opening in phases in 2017.

In 2016, work began on a mixed-use project called MidCity, a \$350 million development that will not only serve as a civic and commercial hub, but an iconic new mixed-use environment located on a 100-acre site at the intersection of Research Park Boulevard and University Drive in the midst of Cummings Research Park and just minutes from downtown. MidCity is amenity-rich, walkable, mixed use development replacing a declining regional mall. Phase I includes hotels (120-room aloft, 130-room Hotel Indigo, and an additional property to be announced), multiple restaurants, 500 multifamily units, 100,000 square feet of office space, and family and culture entertainment such as TopGolf, Dave and Busters, and outdoor event venue, the Camp, several of which are already open. When completed, MidCity will include a total of 345,000 square feet of specialty retail, at least 200,000 square feet of high-tech office space, a wide range of inspired dining options, a 150 room boutique hotel and 900 amenity-rich residential units. At least 70 percent of the businesses at MidCity will be new-to-market. MidCity Park, a 38-acre

public park with an 8,500-seat community amphitheater, will eventually feature a lake and kayak center, bike and running trails, and an outdoor recreation retailer is also slated to open soon.

***National Aeronautics and Space Administration.*** For six decades, NASA and its partners have relied on the experience, capabilities, and state-of-the-art facilities at the Marshall Space Flight Center to solve spaceflight's most complex and technical problems.

Marshall is one of NASA's largest field centers, with nearly 6,000 employees and an annual budget of approximately \$2.8 billion. Marshall also manages NASA's Michoud Assembly Facility in New Orleans, offering state-of-the-art manufacturing, fabrication and welding capabilities with more than 3,500 employees, including government and contractor employees and commercial tenants.

Today, Marshall is developing NASA's advanced, heavy-lift Space Launch System to loft Artemis missions back to the Moon and to destinations across the solar system. The Marshall workforce is also leading the development, testing and delivery of human-rated landers to descend to the Moon's surface for NASA's Human Landing System Program.

From inside the Payload Operations Integration Center, the Marshall team coordinates and integrates all scientific and commercial experiments on the International Space Station, as well as Earth-to-station science communications, 24 hours a day, 365 days a year.

Marshall space scientists conduct scientific research, design, and development in support of NASA exploration missions, while our Earth scientists use satellite data to tackle global challenges such as climate variability, weather prediction, and natural disaster response. For more information about these and other Marshall capabilities, please view the NASA Marshall Fact Sheet.

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Source: Marshall Space Flight Center Office of Stakeholder Relations

***Military.*** Since the early 1950s, Huntsville, Alabama has been one of the United States' principal centers for space and defense technology. Home to the work of Dr. Werner von Braun and America's rocket development programs, the Huntsville community and Redstone Arsenal became the location of choice for the country's best and brightest aerospace engineers and scientists during the 1960s. Rocket City USA, as the region was known, gave original meaning to the term "rocket science".

Today, Redstone Arsenal is a diverse federal campus for more than 60 major federal agencies and organizations providing the highest level of technology development for national defense and space exploration. Army commands manage key logistics, missile and aviation programs while NASA's Marshall Space Flight Center is responsible for large components of America's space program. Roughly half of the Army's weapons procurement budget is managed on Redstone Arsenal, including all US Army aviation systems, missile systems and missile defense systems. With a renewed emphasis on technological modernization, Redstone Arsenal tenant organizations are poised for new missions. As part of the Army Futures Command, Redstone Arsenal organizations are taking a lead on two primary focus areas: Future Vertical Lift and Air & Missile Defense.

Other federal agencies perform a wide variety of intelligence and homeland defense functions on Redstone. Cummings Research Park, one of the country's original and largest science and technology parks, is home to many of the 300+ national and international aerospace and defense contractors that call Huntsville home.

There is a significant military presence in Huntsville/Madison County. As of November 2021, Redstone employed some 37,500 DOD civilians and contractor employees and 850 active military personnel (this does not include construction workers on base). Activities in the area involve a number of different organizations including:

*U.S. Army Materiel Command (AMC)* is an Army Major Command responsible for materiel readiness including technology, acquisition support, materiel development, logistics power projection and sustainment. The Command's missions range from development of sophisticated weapon systems and cutting-edge research to maintenance and distribution of spare parts and supplies to US Army units located around the globe. If a soldier shoots it, drives it, flies it, wears it, communicates with it, or eats it, AMC provides it.

*U.S. Army Space & Missile Defense Command (SMDC)* is responsible for developing the Army's missile defense systems including support of space and ground-based midcourse

defense and assuring the Army's access to and utilization of space assets in the execution of their mission.

*U.S. Army Aviation & Missile Command (AMCOM)* provides support to joint warfighters and allies to ensure aviation and missile system readiness for combat operations. The Command is responsible for the development, acquisition and fielding of aviation and missile systems and the integration of aviation and missile technology. AMCOM develops, acquires, fields and sustains aviation, missile and unmanned vehicle systems, ensuring readiness with a seamless transition to combat operations.

*U.S. Army Security Assistance Command (USASAC)* is responsible for managing security assistance programs and Foreign Military Sales (FMS) for the Army. USASAC is known as the "Army's Face to the World" because it serves as the primary entry point for US Army materiel and service related FMS requirements.

*Army Contracting Command (ACC)* supports the warfighter worldwide through the acquisition of equipment, supplies and services vital to the soldier's mission and well-being. The Command Headquarters relocated to Redstone Arsenal in 2011.

*Expeditionary Contracting Command (ECC)* is responsible for expeditionary contracting across all military operations for Army Service Component Commanders and the Joint Warfighter and support to Army and other joint operations as well as other defense organizations outside the continental United States.

*Program Executive Office – Aviation (PEO AVN)* is the Army manager responsible for providing overall direction and guidance for the development, acquisition, testing, product improvement and fielding of Army aviation programs of record including the Apache Attack Helicopter, Cargo Helicopter, Utility Helicopter, Non-Standard Rotary Wing Aircraft, Fixed Wing Aircraft, Aviation Systems, Unmanned Aircraft System and Armed Scout Helicopter.

*Program Executive Office – Missiles & Space (PEO M&S)* provides centralized management for all Army tactical and air defense missile programs and selected Army space programs. The PEO was established in January 2005 with the merger of the PEO Air, Space and Missile Defense and the PEO Tactical Missiles.

*U.S. Army Combat Capabilities Development Command Aviation & Missile Center* is the Army's focal point for providing research, development and engineering technology and services for aviation and missile platforms. CCDC Aviation & Missile Center manages and conducts research, exploratory and advanced development, and provides one-stop lifecycle engineering and scientific support for aviation and missile systems and UAV platforms.

*Redstone Test Center (RTC)* was created through the merger of the Redstone Technical Test Center (RTTC) and the Aviation Technical test Center (ATTTC) in 2010. RTC specializes in line-of-sight missile and rocket testing, guidance system testing, optical and electro optical systems, air-armament component tests and electromagnetic environmental effects testing of aircraft systems. RTC is the designated DOD lighting effects tester for explosive ordnance and munitions. RTC also tests and certifies all modifications to the Army aviation fleet.

*U.S. Army Garrison (USAG) Redstone*, executes daily operations effectively and efficiently with a qualified and professional workforce. The focus of its workforce is the continued viability and sustainability of the installation, achieved through deliberate strategic planning and appropriate execution of services and programs. The Garrison strives for excellence every day to make certain its tenant organizations can execute their peacetime and wartime missions without concern for any interruption in home-station support.

*2<sup>nd</sup> Recruiting Brigade* conducts recruiting operations for non-prior and prior service recruits for the Active Army and Army Reserves in several states across the Southeast, Puerto Rico and the Virgin Islands. The brigade is supported by numerous recruiting battalions and recruiting companies and partners with a wide range of colleges, ROTC programs, high schools, and vocational trade schools.

*Fox Army Health Center (FAHC)* is part of the Southern Regional Medical Command which provides access to quality and cost-effective primary care for patients while maintaining a state of readiness for mobilization. FAHC provides many types of services for Redstone, including direct healthcare, public health and education, occupational medicine and industrial hygiene.

*Logistics Support Activity (LOGSA)* supports Army operations through timely and integrated life cycle logistics information, knowledge and expertise. LOGSA maintains the Army's official single authoritative logistics data repository. LOGSA provides critical logistics information capabilities through analytical tools and business intelligence solutions to effectively acquire, manage, equip, and sustain the materiel requirements of the U.S. Army.

*Missile Defense Agency (MDA)* is the Department of Defense agency that facilitates the research, development, acquisition and integration of multi-service capabilities into seamless theater and national missile defense systems.

*Defense Intelligence Agency – Missile & Space Intelligence Center (MSIC)*, is an intelligence organization charged with producing scientific and technological intelligence on adversary surface-to-air missiles and ballistic missile systems and directed energy systems. This intelligence includes characteristics, capabilities and limitations of foreign military systems.

*U. S. Army Engineering and Support Center, Huntsville*, is a specialized agency of the U.S. Corps of Engineers. The Huntsville Center manages national programs that have a broad scope, require standardization across corps of engineers boundaries, or are otherwise complex in nature.

*FBI Terrorist Explosive Device Analytical Center (TEDAC)*, was formally established in 2003 and moved to Huntsville in 2015 to serve as the single interagency organization to receive, fully analyze, and exploit all terrorist improvised explosive devices, or IEDs, of interest to the United States. TEDAC coordinates the efforts of the entire government, from law enforcement to intelligence to military, to gather and share intelligence about these devices—helping to disarm and disrupt IEDs, link them to their makers, and, most importantly, prevent future attacks. To date, TEDAC has received tens of thousands of IED submissions, primarily from Iraq and Afghanistan.

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Source: Redstone Arsenal Public Affairs Office; [www.garrison.redstonearmy.mil](http://www.garrison.redstonearmy.mil)

**BRAC.** There have been five previous rounds of Base Realignment and Closure (BRAC) – a congressionally approved process for consolidating military infrastructure. Redstone Arsenal has consistently gained significant roles, missions and personnel through this process.

The 2005 BRAC relocated the Army Materiel Command's headquarters to Redstone Arsenal from Fort Belvoir, Va., along with more than 1,350 AMC positions and the AMC commander, a four-star command which is the first for Alabama. In 2010, leaders with Redstone Arsenal and the city of Huntsville were presented the designs for Redstone Gateway, a 468-acre development that accommodates growth on Redstone Arsenal and from new defense contractors relocating as a result of BRAC 2005. The land is owned by the U.S. Government and is under a long-term master lease to the developers through the Enhanced Use Lease (EUL) program. Through this master lease, the joint venture will work closely with Redstone Arsenal to create a business park that will total approximately 4.6 million square feet of office and retail space as well as hotel amenities when completed. TownePlace Suites by Marriott, a 120-room hotel at Redstone Gateway, opened in early 2016. Approximately 4.4 million square feet of Class A office space will be built in three phases, with three to six story buildings containing 80,000 to 165,000 square feet, of which 1.2 million square feet will be secured office space. Several office buildings have been fully leased to companies such as The Boeing Company and DRS Technologies, and several more are currently under development.

Raytheon opened a state-of-the-art missile production facility on Redstone Arsenal in November 2012, creating an estimated 300 new jobs. Raytheon already employs about 600 people in Huntsville. The company plans to assemble and test the Standard Missile-3 and Standard Missile-6 at a 70,000 square-foot facility. Those programs are managed by the Missile Defense Agency at Redstone Arsenal. Huntsville is the only Raytheon location that

includes all six of the company's primary business units: Integrated Defense Systems, Intelligence and Information Systems, Missile Systems, Network Centric Systems, Technical Services, and Space and Airborne Systems.

Source: Chamber of Commerce Huntsville/Madison County, COPT Properties, and AL.COM

### New Missions to Redstone Arsenal

While Redstone Arsenal has seen growth from BRAC, most recent growth has come from outside that process. Redstone Arsenal was selected as the preferred headquarters for the U.S. Space Command, the newest combined combatant command. The headquarters will bring roughly 1,600 direct jobs to Redstone. The Department of the Air Force conducted both virtual and on-site visits to assess which of six candidate locations would be best suited to host the U.S. Space Command Headquarters based on quantitative and qualitative factors related to mission, infrastructure capacity, community support and costs to the Department of Defense. The project is expected to be complete in six years and positions Huntsville to be a leader in national security space.

The growth of the Federal Bureau of Investigation (the "FBI") has also been significant. The FBI is currently undergoing significant capital projects for specialized facilities at Redstone Arsenal serving, essentially, as a second headquarters. In addition to much of the back office work, expertise in cyber security, data analytics, innovation, and training for agents will occur on its Redstone Arsenal campus. The FBI is currently building a sprawling, college-like campus on Redstone Arsenal, part of a multi-year effort to expand its presence at Redstone Arsenal. The Innovation Center, which broke ground in June of 2021, is considered to be a key part of that campus, which will top \$1 billion in investment by its completion. Initial announcements by the FBI indicated as many as 1,350 employees would be relocated to Huntsville, however recent announcements have indicated between 4,000 and 5,000 jobs could eventually be shifted to Redstone Arsenal over the next 10 years.

### Labor Force Characteristics

According to the 2019 American Community Survey 5 Year Estimates, the City had a "labor force participation rate" of 63.0%, compared with 57.4% for the State of Alabama and 63.4% for the United States.

The quality of the City's work force is enhanced by the educational attainments of a significant portion of the work force. The following table compares the educational attainments, for persons over 25 years of age, with respect to the City, the State of Alabama and the United States.

#### Educational Attainment

	City of Huntsville	State of Alabama	United States
Percentage high school graduates or higher	91.0%	86.2%	88.0%
Percentage bachelor's degree or higher	44.1%	25.5%	32.1%

Source: U.S. Department of Commerce, Bureau of the Census, 2019 ACS 5 Year Estimates

### Employment Data

**Civilian Labor Force.** The following table provides statistics regarding the average civilian labor force and unemployment rates of Huntsville/Madison County in the years indicated:

	2000	2010	2015	2016	2017	2018	2019	2020
Labor Force	175,460	208,154	210,320	212,474	216,780	223,557	229,213	231,870
Unemployment Rates								
Huntsville/Madison County	2.8%	8.6%	5.5%	5.2%	4.0%	3.5%	2.6%	4.6%
State of Alabama	4.6	10.5	6.1	5.9	4.6	3.9	3.0	5.9
United States	4.0	9.6	5.3	4.9	4.4	3.9	3.7	8.1

Source: Alabama Department of Labor, Bureau of Labor Statistics

### Major Employers in the Huntsville Region

As shown in the following table, there are 10 private sector firms with employment in excess of 1,000 employees. The major private sector employers in the Huntsville Region include The Boeing Company (aerospace), Dynetics, Inc. and SAIC, each with more than 2,500 employees in 2021. Most of the major employers are involved in high-technology research and manufacturing, previously noted as a leading source of economic activity in the Huntsville Region.

#### MAJOR EMPLOYERS IN THE HUNTSVILLE REGION

Private Employers	Number of Employees
The Boeing Company	2,900
Dynetics, Inc	2,796
SAIC	2,746
Northrop Grumman	1,970
ADTRAN, Inc	1,925
Polaris	1,500
Toyota Motor Manufacturing	1,350
Hexagon US Federal	1,325
Crestwood Medical Center	1,109
Science and Engineering Services (SES)	1,050
AT&T Alabama	940
QuantiTech, Inc	900
KBR	844
Alorica	800
Teledyne Brown Engineering	794
Raytheon Technologies	779
Target Distribution Center	770
Lockheed Martin Corporation	764
PPG Aerospace	750
SCI Technology, Inc	733
Sanmina	726
ERC, Inc	694
Redstone Federal Credit Union	681
COLSA Corporation	635
<b>Public Employers</b>	
U.S. Army/Redstone Arsenal*	38,000
Huntsville Hospital System **	9,352
NASA/Marshall Space Flight Center *	6,000
Huntsville City Schools	3,000
Madison County Schools	2,389
City of Huntsville	2,206
University of Alabama in Huntsville	1,946
Alabama A&M University	1,207
Madison County Commission	1,069
Madison City Schools	976
Huntsville Utilities	680
* Includes contractors	
**Employees in Madison County	

Source: Chamber of Commerce Huntsville/Madison County, April 2021

## Employment Data

The total number of persons employed in Huntsville/Madison County in nonagricultural wage and salary employment has consistently increased since 2014. The four largest sectors of employment are (in descending order) services (104,200), government (51,700), manufacturing (26,200) and retail trade (24,500), in the Huntsville Region during 2020.

<b>Huntsville Metropolitan Area Employment by Industry Sector (in thousands)</b>							
	<b>2010</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Manufacturing	23.7	23.5	24.2	24.8	25.2	25.9	26.2
Durable	20.5	20.0	20.6	21.4	22.0	22.5	22.5
Non-Durable	3.2	3.6	3.6	3.4	3.2	3.5	3.7
Construction & Mining	7.5	8.1	8.2	8.6	9.2	9.5	9.7
Transportation/Utilities	2.6	3.1	3.1	3.0	3.3	3.8	3.6
Wholesale Trade	5.4	5.9	5.8	6.0	6.1	6.1	6.2
Retail Trade	22.0	23.9	24.3	24.3	24.6	25.1	24.5
Finance/Insurance/Real Estate	6.1	6.3	6.5	6.7	6.9	7.0	7.1
Services	94.1	102.6	106.1	109.0	112.2	115.4	104.2
Government	48.6	49.0	49.5	50.3	51.2	51.9	51.7
Total Nonagricultural Employment	210.0	222.4	227.7	227.7	238.7	245.2	240.9

Source: Huntsville/Madison County Chamber of Commerce - Alabama Department of Labor, Bureau of Labor Statistics

## Construction Activity

The following table shows the value of new building permits issued in the City for the fiscal years indicated.

<b>Value of Building Permits* (Residential, Apartment and Commercial/Industrial)</b>				
<b>Year</b>	<b>Residential</b>	<b>Apartment</b>	<b>Commercial/ Industrial</b>	<b>Total</b>
2006	\$59,193,692	\$12,284,320	\$289,268,058	306,746,070
2007	69,324,698	73,366,333	257,689,367	400,380,398
2008	45,055,563	37,108,158	197,117,416	279,281,137
2009	46,014,460	24,624,748	111,635,798	182,275,006
2010	45,385,091	--	136,237,193	181,622,284
2011	67,349,833	23,890,934	199,764,460	291,005,227
2012	72,510,679	37,965,634	201,958,518	312,434,831
2013	76,153,776	31,493,814	258,148,571	365,796,161
2014	68,232,945	24,971,287	260,554,000	393,758,232
2015	50,480,824	25,086,049	146,238,696	221,805,569
2016	51,902,779	45,546,068	144,199,219	241,648,066
2017	55,176,401	32,675,273	165,076,154	252,927,828
2018	62,452,059	47,378,131	248,175,919	358,006,109
2019	71,989,506	58,894,007	420,081,963	550,965,476
2020	83,616,940	160,688,487	638,146,981	882,452,408
2021	126,727,217	318,311,624	1,226,553,374	567,694,178

\*Exclusive of "Moving and Demolition Permits" and consists of new construction only  
Source: City of Huntsville, Inspection Department



## Education

*Primary and Secondary Education.* The City school system is now comprised of fifty-seven pre-K programs, twenty elementary schools (including kindergarten), five middle schools, six P-8 programs, six senior high schools, and a vocational school. In addition, there are three magnet schools serving students in elementary and middle school grades and four magnet programs operating within existing high schools. These magnet programs emphasize science, foreign language, creative and performing arts, pre-Engineering and international education. Students of City schools consistently score above national and state averages on standardized achievement tests and on the American College Test (ACT). Enrollment for the City School System for the 2021-2022 school year is 23,657 with 2,398 teachers and support personnel employed.

Madison County and the City of Madison also have public school systems, and in addition to public schools, there are approximately fifty private kindergartens and private schools (including church-related or parochial schools) in the City and the County.

The Alabama School of Cyber Technology and Engineering, the state's only fully public, residential high school for students interested in engineering and cyber technology, opened for its first year in Huntsville in August 2020 with 71 students from across the state and strong financial backing. Raytheon Technologies gave a \$4 million boost to funding a new school building in Cummings Research Park. Students are meeting now in the former Oakwood Academy building on the campus of Oakwood University. The new school is designed to help meet a national shortage of qualified cybersecurity experts and engineers. Its goal is to grow to 350 students.

*Higher Education.* There are three state-supported four-year colleges and universities located within or near the City: the University of Alabama in Huntsville, a campus of the University of Alabama system; Alabama A & M University; Athens State University, located in the City of Athens, Alabama, approximately 20 miles west of the City; and Oakwood University, a private four-year university. Other area institutions include John C. Calhoun State Community College, and J. F. Drake State Community and Technical College.

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Source: City of Huntsville School System and Alabama State Department of Education

## Medical and Health Services

Huntsville Hospital is the second largest hospital in Alabama with 881 licensed beds on two campuses, Huntsville Hospital-Main and Women & Children Hospital. It serves as the regional referral center for North Alabama and southern Tennessee and is home to one of only three statewide Level I Trauma Centers. In recent years, the hospital has expanded its service throughout North Alabama with the development of Huntsville Hospital Health System, making it one of the top 5 largest publicly owned hospital system in the nation with more than 2,300 beds, 16,000 employees, 11 hospitals and several outpatient facilities. Huntsville Hospital Health System has grown to include hospitals in a 14-county service area in North Alabama and Southern Tennessee.

Huntsville Hospital Main serves as a teaching facility for UAB's Family Practice Residency Program, and is also assisting to establish a nursing program at the Huntsville campus of Calhoun Community College. Huntsville Hospital for Women & Children offers the most advanced pediatric health care in the region including pediatric emergency services, pediatric intensive care, level III neonatal intensive care and pediatric surgery as well as providing specialized health care for women. Madison Hospital is a full service 90-bed hospital offering medical, surgical, obstetrical, non-invasive cardiac care, special procedures, emergency care, imaging, and therapy services.

Huntsville Hospital is governed by a volunteer board appointed by the City Council through the Health Care Authority of the City of Huntsville.

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Source: [www.huntsvillehospital.org](http://www.huntsvillehospital.org)

The City also hosts a 150-bed full service acute care hospital, Crestwood Medical Center, which has more than 530 physicians on staff representing more than 50 different specialties.

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Source: [www.crestwoodmedcenter.com](http://www.crestwoodmedcenter.com)

## **The U.S. Space and Rocket Center**

The U.S. Space and Rocket Center, a state agency operated by the Alabama Space Science Exhibit Commission, which opened in 1969, is regularly the state's top paid tourist attractions in Alabama, attracting some 650,000 visitors annually. Recent additions include a full-scale space shuttle and a Saturn V and portions of the Space Station. A related activity of the Space and Rocket Center is U.S. Space Camp, a hands-on educational experience for young people and, in special corporate camps, adults. The U.S. Space Camp attracts approximately 35,000 young people and adults each year for its Space Camp and Corporate Camp programs. Additional programs include Aviation Challenge, Robotics Camp, U.S. Cyber Camp and a host of traveling exhibits.

## **Transportation**

The City of Huntsville is accessed by highway, railway, waterways and a modern airport facility. U.S. Interstate Highway 65, which runs between Chicago and Mobile, is connected to the City by I-565. There are four major highways 231 (North-South), 431 (North-South), 72 (East-West) and 72 Alternate (East-West) which traverse the City and provide access to outlying areas. The City is served by numerous common carriers, including the Norfolk Southern Railway. In 2004 Huntsville built a new public transit center just off I-565 which is home to the offices of the Public Transit and Parking Services, Greyhound Bus, and the Convention and Visitor's Bureau. It serves as the central transfer point for the city's shuttle bus service. The City recently implemented the first phase of a five part plan which streamlined routes and extended hours of operations to meet demand.

The Huntsville-Madison County Airport Authority (a joint authority of the City and Madison County) operates the Huntsville International Airport located approximately twelve miles west of the downtown area of the City, which is the principal airport serving northern Alabama and parts of Tennessee and Georgia. Airport operations are conducted on approximately 3,400 acres of land and include two active runways, associated taxiways and an industrial park. The airport is served by numerous carriers including: American, Delta, United, Frontier, Silver Airlines and Breeze Airways.

## **Quality of Life**

Huntsville is situated in the foothills of the Appalachian Mountains, and the natural beauty of the area contains many opportunities for hiking, biking, golfing, outdoor exploration and water sports on the Tennessee River and nearby Lake Guntersville. The mild climate allows for outdoor enjoyment throughout much of the year. Huntsville offers a number of parks, natural reserves, nature trails and a stop on the Robert Trent Jones Golf Trail.

Huntsville's downtown is undergoing a renaissance with a growing and vibrant nightlife. The arts are fully covered between Huntsville's Broadway Theatre League, the Huntsville Ballet Company and the Huntsville Symphony Orchestra. Downtown Huntsville now has three hotels, with the AC Hotel by Marriott and Embassy Suites Huntsville conveniently located right in the heart of downtown and connected by a sky bridge to the city's convention center space, the Von Braun Center, and to the city's sports arena, concert hall and playhouse.

Originally constructed in 1975, the Von Braun Center underwent major renovations in 2010 which transformed the Arena. The renovations changed the facade of the Arena to a modern glass frontage overlooking Big Spring Park as well as expanded the lobby by adding more pre-function space and a pub. The project also added over 1,000 seats to concert setups, VIP suites, and additional restrooms. The Von Braun Center Concert Hall has also recently undergone a major renovation. In 2019, the Von Braun Center opened a new music venue, Mars Music Hall, which includes a restaurant area and rooftop bar located at the corner Clinton Avenue and Monroe Street. It is a "plug-and-play" venue with permanent stage, lighting and sound systems for the artists' use. The second phase of the renovation will be a large convention center expansion. There will be a new state-of-the-art ballroom. North Hall will be totally revamped. A new kitchen complex is going in, as well as a new break out rooms to support larger conventions and groups, and there will be many interior improvements to existing areas.

Source: <http://www.vonbrauncenter.com/construction>

Among the many museums and historic sites are the U.S. Space and Rocket Center, Huntsville Botanical Garden, Monte Sano State Park, Big Spring Park, the Huntsville Museum of Art and several children's museums.

Huntsville is home to Lowe Mill ARTS & Entertainment, America's largest independent center for the arts. With over 120 working artists, small businesses, restaurants, and a live performance venue, this huge historic textile

mill is now a rising home for music, art, and culture. Lowe Mill completed a 37,000 square foot expansion in December 2014.

In sports, Huntsville hosts a minor league hockey (SPHL) team and minor league baseball team of the Southern League. College athletics such as UAH and Alabama A&M are also popular.

**APPENDIX B**  
**GOVERNMENTAL ORGANIZATION AND FUNCTIONS OF THE CITY OF HUNTSVILLE**

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**OF THE CITY OF HUNTSVILLE**

**Governmental Organization**

The City is a municipal corporation under the laws of the State of Alabama. The municipal government may be characterized as a "strong" mayor-council form of government, wherein the mayor is elected at large for a four-year term to serve as the full-time administrative head of the City government. The Mayor is assisted in the day-to-day management of the City by an administrative assistant and a professional staff who oversee the various departments of the City.

The City Council, which consists of five members elected for staggered terms of four years each, operates exclusively as a legislative body and acts with respect to the executive branch of the City government (including all appointive officers, department directors and employees) only through ordinances and resolutions formally adopted at Council meetings. Members of the City Council are elected from five electoral districts. Each member of the City Council is required to reside in the district which he or she represents and to be elected by the qualified electors residing in such district.

The present Mayor and members of the City Council, and the dates of beginning and ending of their respective current terms of office, are as follows:

<b>Name</b>	<b>Date of Beginning of Current Term</b>	<b>Date of Ending of Current Term</b>
Tommy Battle, Mayor	November 2, 2020	November 4, 2024
John Meredith	November 2, 2020	November 4, 2024
Bill Kling, Jr.	November 5, 2018	November 5, 2022
Dr. Jennie Robinson	November 5, 2018	November 5, 2022
Frances Akridge	November 5, 2018	November 5, 2022
Devyn Sherard Keith	November 2, 2020	November 4, 2024

Colonel (Ret.) John Hamilton became City Administrator effective as of October 1, 2013. Mr. Hamilton received a Bachelor of Science in Business Management in 1990 from Florida State University and a Masters in Logistics Management from the Florida Institute of Technology in 1999. He served for 23 years in the United States Army and retired a full Colonel in 2013. His final position was as Garrison Commander of Redstone Arsenal.

In the Fall of 2019, Penny L. Smith, CPA, became the Finance Director of the City. Previously, Mrs. Smith was the Finance Director for the City of Auburn, a position she had held since 2011 after spending seven years as that city's Deputy Finance Director. Mrs. Smith is a graduate of Auburn University, from which she received a bachelor's degree in accounting. She is a Certified Public Accountant, Certified Government Financial Manager and Chartered Global Management Accountant. Mrs. Smith is a past president of Governmental Finance Officers Association of Alabama and previously served on the Security for Alabama Funds Enhancement (SAFE) Board of Directors. She has more than 27 years' experience in public and governmental accounting and auditing.

Ken Benion is the City Clerk –Treasurer. Mr. Benion was appointed City Clerk – Treasurer as of January 4, 2016. Mr. Benion is a Certified Public Accountant with 21 years governmental accounting experience. He received his Bachelor of Business Administration degree from Tennessee State University 1981. Mr. Benion been with the City of Huntsville since January of 2010. He most recently served as Director of Community Development since September 2011.

Marion "Trey" Riley is the City Attorney. Mr. Riley was appointed as City Attorney in the Fall of 2015. Mr. Riley received a Bachelor in Business Administration degree from Auburn University in 1977, and his Juris Doctorate degree from the University of Alabama School of Law in 1980. Upon graduating from law school, Mr. Riley served a brief tenure as an Assistant District Attorney, and thereafter engaged in the solo practice of law for almost 35 years, representing a broad cross-section of individuals in a wide variety of legal matters before numerous different tribunals, primarily in Alabama but also in surrounding states.

The City Administrator, the Finance Director, the City Attorney, and the City Clerk-Treasurer are appointed by the Mayor, subject to the approval of the Council, for four-year terms concurrent with that of the Mayor.

## Certain City Officials

**Tommy Battle, Mayor.** Mr. Battle is currently serving his fourth term as Mayor of the City. Mayor Battle was first elected Mayor in 2008, and before then served on the City Council between 1984 and 1988. A commercial real estate developer, Mayor Battle has served on various local boards within the City, including the Huntsville Emergency Medical Services, Inc., board, EarlyWorks Children's Museum board and the administrative council of Trinity United Methodist Church. Mayor Battle received his B.S. degree in Business Administration from the University of Alabama.

**Devyn Sherard Keith, Council Member.** Devyn Sherard Keith, representing District 1, was first elected to the City Council in 2016. Mr. Keith received his Bachelor's Degree in Human Development and Family Science from Samford University and holds a Master's Degree in Public Administration from the McCormack Graduate School of Policy and Global Studies at the University of Massachusetts. During his undergraduate career Mr. Keith started a non-profit called Brothers of 1 Voce aimed at educating, empowering and advocating for youths who have aged out of state support services and while obtaining his Master's Degree in Boston, Massachusetts worked in leadership roles at the nonprofit and state levels. Mr. Keith has worked as an Assistant Coordinator for Community Service for the Massachusetts Trial Court, a Job Development/ Massachusetts Rehabilitation Commission Case Specialist for Morgan Memorial Goodwill Industries and a Transitional Living Specialist/Case Manager for Youth Villages.

**Frances Akridge, Council Member.** Mrs. Akridge, representing District 2, was newly elected to the City Council in 2018. She holds a B.S. degree in Special Education from Virginia Commonwealth University. After a career in education in Westmoreland County, VA, Mrs. Akridge entered the private sector in commercial real estate including work as a land planner in a civil engineering firm then marketing and leasing industrial, office, and retail property, and building telecommunication sites for AT&T Wireless in the Baltimore, Maryland area. She came to Huntsville in 2006 and worked for ERC, Inc., assigned to NASA as a technical coordinator for the Ares program. Mrs. Akridge has been active in several civic organizations, including the Northeast Huntsville Civic Association, the Association of American University Women and Monte Santo Arts Festival, among others.

**Dr. Jennie Robinson, Council Member.** Dr. Robinson, representing District 3, was first elected to the City Council in 2014. Prior to her election to the City Council, Dr. Robinson served three terms on the Huntsville City Schools Board of Education. Before being elected to the School Board in 2002, Dr. Robinson served five times as a PTA president in Huntsville city schools. She has also served on the Executive Committee of the Alabama Association of School Boards (AASB) and chaired the State Legislative Committee for AASB. Dr. Robinson received her Doctor of Philosophy and Master's Degree in Consumer Behavior from Purdue University, and she owns a management consulting firm specializing in strategic planning and leadership development for corporations and non-profits. She is a graduate of Leadership Alabama and Leadership Huntsville. She received the Distinguished Leadership Award from Leadership Huntsville Madison County in 2006. She also serves on the boards of Leadership Huntsville Madison County and the Rotary Club of Greater Huntsville.

**Bill Kling, Jr., Council Member.** Mr. Kling, representing District 4, was first elected to the City Council in 1988. He received a B.S. degree in Mass Media Communications and Public Administration from the University of Alabama, and an M.S. degree in Urban Studies from Alabama A & M University. Mr. Kling was a recipient of Troy State University's "Grover C. Hall" journalism fellowship. He is professionally accredited by the Southern Public Relations Federation. Mr. Kling previously served as a member of the Huntsville City Board of Education. Mr. Kling has held numerous positions in the broadcast and public relations field including public relations director, radio announcer and newscaster for a public radio station and broadcast instructor and public relations specialist for John C. Calhoun Junior College. Mr. Kling is a past President of the Huntsville Press Club.

**John Meredith, Council Member.** Mr. Meredith, CASE (Ret.), representing District 5, was first elected to the City Council in 2020. He currently serves as President of the City Council. Mr. Meredith earned an Associate's Degree from Hinds Junior College, a Bachelor's Degree from the University of Cincinnati, and a Master's Degree from Mississippi College. He serves as the Chair of the Madison County American Red Cross Board, Vice Chair of the Drake State Foundation Board, Board Member of Leadership Greater Huntsville and Advisory Board Member of Burritt on the Mountain and the Junior League. Mr. Meredith spent a majority of his professional career as a lobbyist and legislative advocate in various business sectors and for various public initiatives. During his distinguished lobbying career, Mr. Meredith was the recipient of two national awards for advocacy – the Legislative Champion Award and the Advancing Arboriculture Award. He has served as a National Co-Chair of Minority Outreach for the Voting Integrity Project and Executive Committee member of the National Council of Agricultural Employers ("NCAE"). At NCAE, he was the Moderator for the 2005 NCAE Immigration Roundtable in Washington,

D.C. Mr. Meredith is the son of civil rights icon James H. Meredith, the first African American to enroll and graduate from the previously segregated University of Mississippi.

### **Employees**

As of September 30, 2021, the City employed 2,424 people and the City-owned but separately operated Huntsville Utilities employed 734 people. The employees of the City are administered under a separate personnel system from that of Huntsville Utilities.

### **Municipal Powers and Functions**

The City provides police and fire protection, streets and highways, garbage and refuse collection and disposal, sanitary sewage and disposal service and certain recreational and cultural services. It is only in the area of law enforcement, where state and county officers have concurrent jurisdiction, that there is any significant overlap in City-furnished governmental-type services. The City (through the City-owned Huntsville Utilities) also provides, subject to policies established by the several utilities boards, electric, water and natural gas service for its citizens. For information as to a change in the furnishing of garbage and refuse disposal service, see "Refuse-to-Energy Plant", below.

Several municipal functions have been delegated, by statute or authorized City ordinance or resolution, to municipal boards or commissions, such as the several utilities boards, including the following functions: industrial development, solid waste disposal, health care, library services, museum and civic center operations and public housing. Some, but not all, of these boards or authorities may issue revenue debt. Policy decisions concerning these functions are in most cases made by the applicable board or commission (the members of which are appointed by the Mayor or the City Council) and implemented by an administrative head or staff responsible to such board or commission.

Certain municipal or public functions are performed jointly with Madison County (the "County") through statutory authorities or boards whose members are appointed by the governing bodies of both the City and the County. Such authorities or boards include The Huntsville-Madison County Airport Authority (which is responsible for the operation of Huntsville International Airport), the Huntsville-Madison County Mental Health Board, the Huntsville-Madison County Civil Defense Board and The Huntsville and Madison County Railroad Authority. In addition, the City and County governing bodies jointly elect the members of the Huntsville-Madison County Marina and Port Authority, a public corporation created under an act of the Alabama Legislature to construct and operate marina and port facilities.

Funding for certain municipal boards or commissions is provided, in whole or in part, by the City, and in other cases, such boards or commissions operate as separate public corporations created by the City, but funded entirely through revenues generated by the particular municipal functions involved.

### **Annexation Program**

The City annexes land considered important to its future growth and economic expansion, which has included significant acreage in the past twenty years. Madison County annexations in excess of 40,000 acres have primarily been in the east, with mostly mixed, higher value residential developments occurring. The annexation in Limestone County, which is west of Madison County, primarily borders the Huntsville International Airport and Interstate 565, and is generally planned for commercial development. Smaller tracts are regularly being annexed, however, for residential and commercial uses.

With very few exceptions, the City's annexations have been accomplished by petition of the landowner requesting annexation. There is no pending or threatened legal action contesting the validity or legality of any of the City's annexations.

The City, in concert with the Metropolitan Planning Organization (MPO), has adopted a major street plan for the entire City. The rights of way for the streets shown on the master street plan are being protected from development as provided by Alabama law. The expansion and extension of these major streets will be the major expenditure for the City resulting from the City's annexation programs. Most of the local streets in the annexed areas will be constructed to City standards and specifications by developers as subdivision of property and development occur.

The City has in operation sufficient sewer treatment capacity for the annexed areas and future annexations. The City generally extends sewer outfall lines and facilities into annexed areas when there is a finding of sufficient economic return to justify such extension. The City's extension policy and its sewer rate structure are, in general, a significant part of its economic development policy.

The rate of growth in the annexed areas is unpredictable, and the full extent of any impact on the City's finances and resources cannot be measured. While the City cannot make a definite prediction or offer assurances that development will in fact occur in these areas, the City does expect that, as a result of the annexations and the services offered by the City in those areas, considerable industrial and commercial development and supporting residential development will occur.

### **Huntsville Utilities**

The City's municipally-owned water, electric, gas and sanitary sewer systems are operated by separate boards of directors which are responsible for their supervision and control and the members of which are appointed by the City Council. These three systems are owned by the City, but operate separately from the City under the name of Huntsville Utilities and are managed by Wes Kelly, President and CEO of Huntsville Utilities. The employees of Huntsville Utilities are subject to personnel rules established by the respective utilities boards and administered by a separate Personnel Department of Huntsville Utilities. The financial statements of the City attached as Appendix C include the water, electric and natural gas systems, although it should be noted that the City's independent auditors have not examined these financial statements and that their opinion thereon is based solely on reports of other auditors.

### **Refuse-to-Energy Plant**

The Solid Waste Disposal Authority of the City of Huntsville (the "Authority") constructed a solid waste resource recovery plant to assist the City in its solid waste disposal program. The plant, which was completed in July of 1990, was designed to convert garbage and other solid waste into energy (steam), primarily for use by and sale to the Department of the Army at Redstone Arsenal, an Army facility near the City. The Authority is a public corporation separate from the City, the members of the Board of Directors of which are appointed by the City Council. In 1987 the City Council adopted an ordinance authorizing the transfer and conveyance by the City to the Authority, without the payment of any pecuniary consideration, of the City's existing landfill, which, along with the plant and recycling programs, constitutes an integrated system for the disposal of solid waste and other refuse operated by or for the account of the Authority. Such transfer and conveyance was effected in August, 1988, when the Authority authorized the issuance of bonds to finance the construction of the plant. Pursuant to an agreement with the Authority, Ogden Martin Systems of Huntsville, Inc. now known as Covanta Huntsville, Inc. (an affiliate of Ogden Corporation, now known as Covanta Energy, Inc.) designed, constructed, and is operating the plant for the Authority.

In the ordinance authorizing the transfer and conveyance of the City's existing landfill to the Authority, the City Council also authorized the execution of a Solid Waste Delivery Agreement between the City and the Authority, under which the City agreed (a) to deliver to the Authority, for processing or other disposal, substantially all solid waste and other refuse collected by the City through its solid waste collection system (as well as substantially all the sewage sludge generated through the operation of the City's sanitary sewer or wastewater system) and (b) to pay to the Authority, for such processing or other disposal, such tipping fees as the Authority may from time to time impose and charge. This Agreement provides that all tipping fees and any other moneys due by the City under the Agreement are to be payable solely out of the current or general operating revenues or funds of the City received or receivable by it for or during the fiscal year during which such tipping fees or other moneys are required to be paid. The current rates are \$39.90 per ton for municipal solid waste and \$26.50 per ton for construction and demolition waste and may be adjusted in the future. The many variable factors on which any such adjustments in the future will depend (including, for example, plant operating results, landfill acquisition, if any, and operating costs, the effect of existing and future environmental laws and landfill regulations, and general economic conditions) are such that the City cannot accurately predict the extent of such adjustments, but it does expect increases in the amount of tipping fees over the next 25 to 30 years.

The City has taken steps to reduce the waste stream by instituting the following recycling programs: (1) the recycling of white goods at the landfill and (2) the first citywide curbside recycling program in the State of Alabama, for the removal and recycling of newspaper, plastics, metals, magazines, motor oil, and batteries. The Authority also operates a separate hazardous household wastes program. These recycling programs are expected to allow the City to meet any currently anticipated changes in environmental law which may mandate a reduction in the waste stream. The Authority expects that, even after such reductions in the waste stream are made, the amount of



solid waste to be delivered by the City, together with amounts to be delivered by the Army, will continue to be in excess of the required minimum amount the Authority has agreed to deliver to the plant.

The Authority has entered into a steam sales agreement with the Department of the Army, providing for the sale of steam by the Authority to the Army for use at Redstone Arsenal. The agreement between the Authority and the Army is not, however, a take-or-pay contract and does not obligate the Army to pay for steam that is not delivered or available for delivery. While the City expects that revenues from tipping fees and from the sale of steam to the Army will be sufficient to pay the costs of operating the plant and the landfill there can be no assurance that such tipping fees and steam sale revenues will be sufficient to pay all such expenses and any future debt service and that the payment by the City to the Authority of substantial tipping fees, as authorized in the Solid Waste Delivery Agreement, may be necessary. At this point in time, all of the debt of the Authority has been repaid and there is no current debt service requirement for the Authority.

The failure of the plant to operate in the manner expected, as well as any substantial plant "down-time", would adversely affect expected steam sale revenues and thus result in tipping fee increases substantially in excess of those otherwise expected. However, the plant has complete redundancy; it has four fossil-fuel-fired boilers which could supply steam to the Army if the failure to operate in the manner expected is related to the incineration of solid waste.

#### **Miscellaneous Municipal Functions**

The City, the County and the State of Alabama have coextensive law enforcement jurisdiction. The City operates a misdemeanor court system.

The State is responsible for maintaining state and federal highways in the City. Further, pursuant to an understanding between the County and the City, the County maintains certain roads and streets in the Green Mountain area annexed by the City in 1973.

While public health service is principally a state function, the City historically has made annual contributions to the Madison County Department of Public Health.

The City finances all major public recreation facilities in the City except for (a) Ditto Landing and Marina, which has received some appropriations from Madison County, and (b) Monte Sano State Park, which is located adjacent to the City and is owned and operated by the State of Alabama.

Huntsville International Airport is owned and operated by The Huntsville-Madison County Airport Authority, the members of the Board of Directors of which are appointed by the governing bodies of the City and the County.

**APPENDIX C**  
**CERTAIN FINANCIAL, DEBT AND RELATED INFORMATION OF THE CITY OF HUNTSVILLE**

**APPENDIX C**  
**CERTAIN FINANCIAL, DEBT AND RELATED INFORMATION**  
**OF THE CITY OF HUNTSVILLE**

**COVID-19**

As has been widely-reported, following the March 11, 2020 declaration by the World Health Organization of a novel strain of coronavirus ("COVID-19") to be a global pandemic, the United States, various states and local governments (including the State of Alabama and various local governments within the State of Alabama), and private corporations and businesses implemented quarantines, limited or shut-down operations, and took other measures to limit travel, social interaction and other customary behaviors in an effort to lessen the spread and impact of COVID-19. Such measures have had, and will continue to have, a materially negative impact on national, state and local economies, including without limitation the economy of the City and that of the municipalities and counties surrounding the City.

Since the first declaration of the COVID-19 pandemic states and local governments, including the State of Alabama and the City of Huntsville, issued "stay at home", "shelter in place", "safer at home" and similar orders and curfews designed to restrict movement outside the home and limit businesses and commercial activities to essential functions. Such orders have required, among other things, the wearing of facial coverings in certain public places, prohibitions of certain non-work gatherings, limitations on occupancy of retail facilities and entertainment venues, requirements that restaurants, bars and similar businesses, as well as certain "close-contact service providers" such as barber shops and spas, employ facial coverings, requirements that restaurants, bars and similar facilities maintain at least six feet of distance between different tables, bar stools, etc, and similar restrictions. Such restrictions can have a negative impact on sales of commercial goods and services, thus reducing tax revenues for municipalities like the City.

The result thus far of the various restrictions on businesses, activities and events has been a short-lived, but strong contraction in sales tax revenue. Although the City was collecting higher than budgeted tax and fee revenues during the first half of the 2020 fiscal year, up until officials in the Huntsville area began taking measures to combat the spread of COVID-19, revenues have decreased since that time, although not to the degree expected. General Fund revenues measured against budgeted amounts were 102% for the fiscal year ended September 30, 2020.

During the first half of the fiscal year ending September 30, 2021, the City experienced a healthy, but somewhat compacted increase in sales and use taxes. However, in the second half of that fiscal year, the City experience double digit increases in a number of months over pre-pandemic levels.

At this time, the City estimates unaudited General Fund revenues for the fiscal year ended September 30, 2021 to be \$276.5 million, and unaudited General Fund expenditures for the fiscal year ended September 30, 2021 to be \$241.2 million, resulting in an estimated unaudited General Fund balance for the September 30, 2021 fiscal year ended to be an increase of \$35.3 million. The City has also provided unaudited revenues for its largest revenue sources of General Fund revenues. See "SOURCES OF REVENUES" in this appendix.

The City has applied for and received appropriate reimbursement of extra expenses as a result of the pandemic through the State of Alabama CARES Act allocation totaling \$9.3 million. In addition, the City received smaller reimbursements from FEMA, CDBG and FTA for specified spending. The City has received the first tranche of the \$34.4 million allotted to the City of Huntsville in the American Rescue Plan Act funding and will report on planned spending as required.

The City passed its 2022 balanced budget with Sales and Use tax revenue projection level with actual projected collections from fiscal year ended September 30, 2021. Staff and administration will continue to monitor monthly collections in all revenue considering the ongoing pandemic understanding the economic reality may impact expectations. The projection will be adjusted at mid-year to appropriately adjust to current forecasting.

Due to the evolving nature of the outbreak and federal, State and local responses thereto, the long-term impacts of the COVID-19 pandemic are unknown and dependent on factors such as the length of any existing

or future shutdown or partial inaccessibility of commercial and governmental facilities, the extent to which the City's population is directly affected and is unable to work, and the impact on the economy as a whole within the country, state or city. The City cannot predict whether there will be increased costs associated with the COVID-19 pandemic, or any other potential disease outbreak, including whether there will be an increase in operational costs incurred to protect the public, provide City services, or clean, sanitize and maintain public facilities. The City also cannot predict the long-term impacts of the outbreak on the City's revenues, including whether there will be a reduction in taxable assessed values of properties in the City, or a reduction in ad valorem tax collections or revenues from sales and use taxes, or an adverse impact on the City's credit ratings.

## **FINANCIAL SYSTEM**

### **General**

The City maintains a financial reporting system designed to provide timely and accurate reports of receipts and expenditures. Internal accounting controls, which are developed and monitored by the City Finance Department, are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. Activities of the City are monitored internally on a monthly basis and are audited annually, as required by law, by independent certified public accountants. The report of such accountants for the fiscal year ended September 30, 2020 (the City's most recent audit), is included as Appendix C.

### **Budget System**

Prior to the commencement of each fiscal year, the Mayor, in conjunction with the administrative staff and the City's department heads, prepares an annual operating budget for City Council approval. The budget represents a complete financial plan for the City and reflects the projection of all receipts and disbursements from all sources, including all revenues, expenditures and the surplus or deficit in the General Fund and all special funds of the City. Any expenditure request that results in budget increases, overruns or transfers between departments or funds must, under existing procedures, have City Council approval.

The budget for the General Fund is customarily adopted on a categorical basis consistent with generally accepted accounting principles (GAAP). Budgetary control is maintained at the departmental line item level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. By ordinance, the City is required to maintain at all times an undesignated General Fund balance of 11.5% of the current fiscal year's General Fund recurring revenues. The fund balance was at the required policy amount at the close of each of the last five fiscal years. At this time, the City expects to satisfy this requirement for its fiscal year ending September 30, 2021.

The City maintains a ten (10) year Capital Improvement Plan which forecasts expenditures for capital improvements for each of the City's capital improvement funds (1990 Capital Improvement Fund and the 2014 Capital Improvement Fund). These plans include (a) construction and improvement of local roads and the City's financing share of non-local roads, (b) drainage projects and projects for the preservation of the natural environment, (c) acquisition and improvement of public safety equipment and facilities, and (d) acquisition of land for industrial growth.

During the budget process, the Mayor requests that each department head assign priorities to department capital improvements, by year, for the number of years to be budgeted. These requests are consolidated and reviewed, then the Mayor proposes a Capital Improvements Programs to the City Council for its consideration. Capital expenditures have been and will be funded with borrowings or with internally generated funds.

### **Accounting System**

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The various funds designated in the City's financial statements (attached as Appendix C) include the following:

**General Fund.** The General Fund, which is the general operating fund of the City, is the largest and most important accounting activity of the City and accounts for the current operations of the general government and all financial resources except those required to be accounted for in another fund. Expenditures from the General Fund are financed from a variety of revenue sources, including ad valorem and sales and use taxes, licenses and permits, charges for services, and fines and forfeitures. See "SOURCES OF REVENUES" in this appendix.

**Special Revenue Fund.** The Special Revenue Fund is used to account for the proceeds of restricted property taxes, state gasoline taxes and seizure/forfeiture revenues, which are as follows:

*6.5-Mill School Tax* - accounts for the School Tax authorized to be levied for school purposes until the tax year for which City taxes become due and payable on October 1, 2046.

*6.5-Mill Bond Tax* - accounts for the Bond Tax levied under authority of Section 216 of the Constitution of Alabama of 1901, as amended, the proceeds of which may be used to pay principal of and interest on bonds.

*7-Cent State Gasoline Tax* - accounts for the City's share of a 7-cent gasoline tax and 2-cent inspection fee levied by the State, the proceeds of which are required by state law to be used only for street and highway purposes.

*4/5-Cent State Gasoline Tax* - accounts for the City's share of a 4-cent and 5-cent gasoline tax levied by the State, the proceeds of which must, under state law, be used only for resurfacing, restoring and rehabilitating roads and bridges.

*TIFs* - accounts for collection of property taxes and other revenues of the TIF Districts and the related capital projects.

**2014 Capital Improvement Fund.** In fiscal year 2014, the City established the 2014 Capital Improvement Fund, a capital projects fund, to account for the proceeds of a one-percent sales and use tax levied by the City effective March 1, 2014. This fund accounts for the capital and economic development expenditures authorized for this fund, and the debt service on projects intended to be paid from the taxes.

**Debt Service Fund.** The Debt Service Fund is used to account for the accumulation of moneys for, and the payment of, principal of and interest on long-term debt and related costs, other than long-term debt payable from special assessments and debt issued for and serviced primarily by City-owned enterprises.

**Capital Projects Funds.** Capital Project Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds and TIF taxes of the Special Revenue Fund). In most cases, the City uses the Capital Projects Fund to account for the expenditure of the proceeds from all warrant issues, and uses separate accounts within that to show that the proceeds of the issues were spent only on the project or projects and for the purpose or purposes authorized, and that any unused warrant proceeds or project deficits were properly handled and accounted for in accordance with applicable legal, budgetary and policy provisions.

Proceeds from warrants or other obligations issued by the City to pay for capital improvements will be accounted for in capital project funds, as will the expenditures of the proceeds of warrants and other City obligations.

There are instances in which the General Fund or a Special Revenue Fund budgets and expends its own resources for long-term improvements, which may involve general long-term borrowing, and such outlays are properly accounted for in those funds without a separate Capital Projects Fund. The City also maintains other capital projects funds to account for the expansion and development of an industrial park, which is financed by revenues other than long-term debt.

**Enterprise Funds.** Enterprise Funds are used to account for operations that provide goods or services to the general public on a continuing basis and that are financed and operated similarly to private business enterprises,

*i.e.*, those the costs of which are to be financed or recovered primarily through user charges, or those for which it is deemed advisable (for capital maintenance, public policy, management control, accountability, or other purposes) that periodic determinations be made of revenues earned, expenses incurred, and net income. The City currently maintains Enterprise Funds for the operation of the City's Sanitary Sewer System, the Municipal Iceplex and the Von Braun Center, and accounts for the operations of one of its "discrete component units" (Huntsville Utilities) as an Enterprise Fund. With the exception of the Enterprise Funds, which may be characterized as "proprietary" funds, all above-mentioned funds currently maintained by the City are categorized as "governmental" funds.

## SOURCES OF REVENUES

### Introduction

Sales and use taxes and business licenses and permits are directly related to changes in personal income rate, price levels and general economic conditions and have in the past (subject to certain exceptions) increased at a more rapid rate than ad valorem taxes. Shared state, local and intergovernmental revenue is not subject to periodic appropriations, but results from general statutory allocation to the City of a portion of certain taxes collected by the State of Alabama and Madison County. Additional information on the principal City revenue sources is provided in the following paragraphs. While the following paragraphs show the rates at which certain of these tax proceeds have increased, the City makes no representation that future increases will be at the same or greater rates or that there will, in fact, be any such increases.

### Property Taxes and Payments in Lieu of Taxes

Property or ad valorem taxes are levied under various provisions of the constitution and statutes of Alabama and, except for the 6.5-mill general purpose tax, may be used only for the purpose or purposes for which they are levied. Under present law, the rates at which local ad valorem taxes are levied may be increased only after approval by the Alabama Legislature and a majority vote of the qualified electors of the affected jurisdiction. See "AD VALOREM TAXES" in this appendix.

Payments in lieu of taxes, calculated on various bases, are made to the General Fund by Huntsville Utilities with respect to the City-owned electric, water and natural gas systems. Under the City's contract with the Tennessee Valley Authority (TVA) for the purchase of electric power, payments in lieu of taxes with respect to the electric system will be made at an agreed upon six percent (6%) of net book value of the electric system's properties. Payments in lieu of taxes are also received by the General Fund in lesser amounts from the water and natural gas systems, computed on the basis of gross revenues. All such payments are made, at the option of the City Council, in lieu of taxes which would be due if such utility systems were subject to ad valorem taxation. The City also receives certain payments in lieu of taxes from the TVA and from the Huntsville Housing Authority. Ad valorem property taxes paid on real property are subject to periodic adjustment based upon reappraisals required by the State Department of Revenue. See "Property Re-Evaluation Program" under "AD VALOREM TAXES" in this appendix.

The following table shows the receipts from the 6.5-mill general purpose tax and from payments in lieu of property taxes for fiscal years shown:

<b>Fiscal Year</b>	<b>6.5 Mill Tax General Fund General Purpose</b>	<b>TVA Payments in Lieu of Property Taxes</b>	<b>Huntsville Utilities Electric System Payments in Lieu of Property Taxes<sup>(1)</sup></b>	<b>Total</b>
2021	\$20,409,023*	\$2,864,376*	\$24,091,527*	\$47,364,926*
2020	19,565,805	2,827,779	21,172,061	43,565,645
2019	18,299,987	2,494,464	13,468,913	32,608,787
2018	18,889,927	2,829,553	9,680,872	31,400,352
2017	17,178,680	2,813,159	11,296,708	31,288,547
2016	16,916,289	3,375,449	11,437,077	31,728,815

\* Unaudited

<sup>(1)</sup> Huntsville Utilities expanded its electric system and services during 2019, resulting in additional capital improvements that increased the amount of payments in lieu of taxes to the City during such years. The increase is also due to accounting adjustments. Source: Comprehensive Annual Financial Reports of the City for Fiscal Years 2016-2020 (modified accrual basis of accounting).

## Sales Taxes and License Fees

**Sales and Use Taxes.** The largest sources of General Fund revenues are the sales and use taxes levied by ordinance of the City. Retailers are required to collect the sales tax on sales of tangible personal property at retail from the consumer and to pay collections to the City, monthly. The use tax is levied upon the use of tangible personal property brought into the City and upon which the sales tax has not previously been paid. The sales and use tax was increased effective November 1, 1989, when the basic rate was raised from 3% to 3.5% and the automobile rate was increased from 1.5% to 1.75% (certain manufacturing machinery being exempt). Additionally, the general sales and use tax rate was raised from 3.5% to 4.5% effective March 1, 2014. The total sales tax rate paid by persons purchasing items in the City in Madison County is 9% - 4% being collected for the State and 0.5% for Madison County; the rate is 10.5% in those portions of the City within Limestone County – 4% being collected for the State and 2% for Limestone County.

The following table shows sales and use tax receipts levied by and collected for the City (at a total rate of 4.5%) for the fiscal years shown:

<b>Fiscal Year</b>	<b>Receipts<sup>(1)</sup></b>	<b>Percentage Increase</b>
2021	\$268,438,074*	13.20%
2020	237,141,756	4.61
2019	226,685,473	8.48
2018	208,966,293	6.95
2017	195,384,837	2.44
2016	190,729,980	--

\* Unaudited

<sup>(1)</sup> Includes receipts from the Simplified Sellers Use Tax (the "SSUT"), which allows sellers of tangible personal property or service in the State of Alabama from inventory or locations outside the State (typically, on-line sellers) to collect, report, and remit a flat 8.0% sales and use tax. For the fiscal year ended September 30, 2021, unaudited SSUT receipts accounted for 3.63% of the \$268,438,074 (unaudited) sales and use tax receipts shown above.

The following table shows the allocation and deposit of total sales and use tax receipts levied by and collected for the City (at a total rate of 4.5%) for the fiscal years shown:

<b>Fiscal Year</b>	<b>General Fund</b>	<b>Capital Improvements Fund</b>	<b>2014 Capital Improvement Fund</b>	<b>Total Receipts</b>
2021	\$147,774,579*	\$66,653,826*	\$54,009,669*	\$268,438,074*
2020	129,911,237	59,096,942	48,133,575	237,141,754
2019	122,432,577	57,361,880	46,891,016	226,685,473
2018	111,892,511	53,432,614	43,641,168	208,966,293
2017	104,489,438	50,078,215	40,817,184	195,384,837
2016	102,111,909	48,938,824	39,679,247	190,729,980

\* Unaudited

By ordinance, the City designates the below special annual appropriations from the gross proceeds of sales and use taxes levied by the City:

(1) For the 3.5% general sales and use tax and 1.75% automotive rates, 18.0% of sales and use taxes are appropriated in the year earned from the General Fund to the Capital Improvements Fund.

(2) For the 3.5% general sales and use tax and 1.75% automotive rates, 14.7% of sales and use taxes are appropriated in the year earned from the General Fund to the Huntsville City Board of Education.

(3) For the 1.0% general sales and use tax rate effective March 1, 2014, 100% of sales and use taxes are reported as revenue in the 2014 Capital Improvement Fund, and earmarked for certain capital and economic development purposes.

There is no express constitutional or statutory maximum on the rates at which sales and use taxes may be levied by the City. Except for limitations concerning the rates at which privilege or business license taxes may be levied on certain types of business (such as banks and insurance companies), there are no express constitutional or statutory limitations upon the rates at which privilege or business license taxes may be levied by the City. The statements made in this paragraph concerning sales and use taxes and privilege or business license taxes are subject, however, to the qualification that, under applicable judicial precedents, none of such taxes may be levied at rates that are confiscatory or "unreasonable".

**Licenses and Permits.** Under general authority granted to cities and towns in Alabama by the Alabama Legislature, the City levies privilege license taxes on the privilege of engaging in certain businesses and professions within the corporate limits of the City. Most license taxes are computed as a stated amount plus a percentage of gross receipts based on a graduated scale. The following table shows receipts from licenses and permits for the fiscal years shown, and the percentage increase in such receipts over those for the preceding fiscal year:

<b>Fiscal Year</b>	<b>Receipts</b>	<b>Percentage Increase</b>
2021	\$36,532,678*	12.4*
2020	32,514,504	10.4
2019	29,448,382	4.4
2018	28,208,646	6.5
2017	26,499,649	6.4
2016	24,901,908	--

\* Unaudited

Source: Comprehensive Annual Financial Reports of the City for Fiscal Years 2016-2020. General Fund Statement of Revenues, Expenditures and Changes in Fund Balance (modified accrual basis of accounting).

#### **Tax Increment Financing Districts**

From fiscal years 2000 through 2006, the City created five (5) tax increment financing districts as a part of the City's long-range economic development plan. Two of those districts (formerly known as "TIF 1" and "TIF 3" have since been closed and all debt obligations associated therewith have been retired. Remaining from that initial group of tax increment financing districts are "TIF2", "TIF3A" and "TIF4". The City has since created three additional tax increment districts, as follows.

In fiscal year 2010, the City created a tax increment financing district ("TIF5") in connection with the obligations of the City under an Annexation and Development Agreement dated March 25, 2010 (the "Annexation and Development Agreement") between the City and L W Redstone Company, LLC. TIF5 was adopted by the City Council on May 13, 2010, and the Madison County Commission on May 17, 2010.

In fiscal year 2016, the City created a tax increment financing district ("TIF6") in connection with the development of public infrastructure improvements and related work in real property to foster industrial and economic development.

In fiscal year 2018, the City created a tax increment financing direct ("TIF7") with respect to the financing of certain improvements and obligations of the City incident to the development of the North American plant on a site within the City and Limestone County for the manufacture of vehicles by a joint venture between Toyota Motor Corporation and Mazda Motor Corporation. See Appendix A – "CITY OF HUNTSVILLE - CERTAIN DEMOGRAPHIC INFORMATION – Major Economic Activity".

Accordingly, there are six (6) the tax increment districts of the City that are currently open, consisting of TIF2, TIF3A, TIF4, TIF5, TIF6 and TIF7.



## REVENUES AND EXPENDITURES

The following table sets forth the audited revenues, expenditures and changes in fund balance for the City for all governmental fund types for the fiscal years ended September 30, 2016, through September 30, 2020, inclusive, which such information has been extracted from the audited financial statements of the City for such fiscal years and should be read in conjunction with the financial statements of the City attached as Appendix C.

	2020	2019	2018	2017	2016
<b>Revenues</b>					
Sales and Use Tax	\$237,141,754	\$226,685,473	\$208,966,293	\$195,384,836	\$190,729,980
Property Tax	71,077,318	65,167,286	66,083,001	59,517,420	57,850,973
Other taxes	50,507,374	52,525,318	47,796,692	43,907,918	45,465,453
Licenses & permits	32,514,504	29,448,382	28,208,646	26,499,649	24,901,908
Fines & forfeitures	3,382,013	3,507,915	3,826,040	4,003,972	4,466,875
Revenues from money & property	5,316,225	9,717,987	6,972,716	5,299,539	4,919,314
Charges for services	22,274,966	37,161,056	42,349,949	17,993,904	17,333,314
Intergovernmental	20,131,353	17,595,641	11,244,579	18,343,577	32,320,686
Gifts & donations	2,111,362	3,408,869	2,440,644	2,460,757	6,907,406
Other revenues	<u>10,336,324</u>	<u>3,330,072</u>	<u>1,806,477</u>	<u>1,668,794</u>	<u>1,268,490</u>
<b>Total Revenues</b>	454,793,193	448,547,999	419,695,037	375,080,366	386,164,399
<b>Expenditures</b>					
Current					
General government	39,293,215	39,778,460	29,488,028	30,718,856	31,372,454
Public safety	97,451,844	95,034,927	92,865,616	89,362,560	90,332,831
Public services	95,438,193	106,397,516	88,173,064	78,125,664	121,919,036
Urban development	30,623,574	26,419,907	20,403,337	20,658,265	18,328,725
Debt Service					
Principal	40,675,086	37,462,146	37,243,956	209,770,224	28,657,088
Interest	34,881,073	34,041,366	26,716,331	28,179,262	26,167,860
Fiscal charges	469	724	624	507	711
Debt issuance costs	6,500	514,302	1,269,946	1,185,748	723,615
Capital projects construction & outlay	153,287,127	95,846,575	166,255,294	66,860,745	36,777,565
Intergovernmental assistance	<u>31,198,551</u>	<u>34,137,648</u>	<u>29,670,223</u>	<u>52,910,502</u>	<u>49,110,279</u>
<b>Total Expenditures</b>	522,855,632	469,633,571	492,086,420	397,772,332	403,390,164
Excess of revenues over (under) expenditures	(68,062,439)	(21,085,572)	(72,391,383)	(22,691,966)	(17,225,765)
<b>Other financing sources (uses)</b>					
Long-term debt issued	16,582,628	80,078,908	166,609,194	103,482,451	121,175,789
Premium on debt issue	--	17,514,638	27,882,248	10,700,582	27,065,510
Payment to escrow agent	--	--	(55,291,484)	(71,944,745)	(65,074,549)
Transfers in	107,648,922	85,058,749	77,083,967	72,761,360	48,054,906
Transfers (out)	<u>(114,834,843)</u>	<u>(99,295,656)</u>	<u>(87,800,809)</u>	<u>(75,618,816)</u>	<u>(53,123,863)</u>
<b>Total other financing sources (uses)</b>	9,396,707	83,356,639	128,483,116	39,380,831	78,097,793
Net change in fund balances	(58,665,732)	62,271,067	56,091,733	16,668,865	60,872,028
Fund Balance, Beginning	349,137,549	292,982,886	240,854,290	224,165,425	163,293,397
Prior Period Adjustment	(453,133)	(6,116,404)	(3,963,137)	--	--
<b>Fund Balance, Ending</b>	<u>\$290,018,684</u>	<u>\$349,137,549</u>	<u>\$292,982,886</u>	<u>\$240,854,290</u>	<u>\$224,165,425</u>

## DEBT MANAGEMENT

### General

The principal forms of indebtedness that the City is authorized to incur include general obligation bonds, general obligation warrants, general obligation bond anticipation notes, revenue anticipation notes, gasoline tax anticipation warrants, and various revenue anticipation bonds and warrants relating to enterprises. In addition, the City has the power to enter into certain leases which constitute a charge upon the general credit of the City. General obligation warrants, general and special obligation bonds financing street, sidewalk and sewer improvements and supported (wholly or in part) by assessments therefor, certain revenue anticipation bonds and notes and capitalized lease obligations may be issued or incurred without voter approval.

Existing statutes also permit the City, without the approval of the electorate, to enter into certain financing lease arrangements with county and municipal public building authorities with respect to needed municipal buildings and facilities; such lease arrangements are required to be on a year-to-year basis and may be considered as essentially "off-balance sheet" debt. No such financing lease arrangements on the part of the City are now in effect other than the City's lease with the Authority in the table herein below under the caption "Long-Term General Obligation Indebtedness of the City" and the Lease that will be in place between the City and the Authority upon issuance of and in connection with the Series 2022 Bonds being issued by the Authority.

There follows, in the discussion and tables below, various references to the existing City indebtedness. All such references exclude debt for the full retirement of which irrevocable deposits of funds or U.S. Government securities have been made.

Included in the material under section entitled "DEBT MANAGEMENT" are several references to the amount of assessed value of property in the City. The amount stated in each case includes and refers to only City property in Madison County. The City has annexed a substantial amount of land located in neighboring Limestone County, and also has annexed land in Morgan County. The land in Morgan County is not of the size or nature as to be material, at the present time, to the City's overall ad valorem tax collections.

Most of the Limestone County land was agricultural in nature, but in recent years there have been located thereon several industrial projects, including among other the North American plant being constructed for the manufacture of vehicles by a joint venture between Toyota Motor Corporation and Mazda Motor Corporation. See Appendix A – "CITY OF HUNTSVILLE - CERTAIN DEMOGRAPHIC INFORMATION – Major Economic Activity". The land in Limestone County, for the fiscal year most recently ended, is insignificant in relation to the assessed value of the City property in Madison County for the same fiscal year.

### Long-Term General Obligation Indebtedness of the City

The City's long-term indebtedness consists of (1) general obligation warrants and bonds, (2) warrants payable solely from revenues of the sanitary sewer system of the City, (3) warrants payable solely from revenues derived from the water system the ("Water System"), electric system (the "Electric System"), and natural gas system (the "Gas System") of the City operated by Huntsville Utilities, and (4) TIF5 Revenue Warrants.

Indebtedness payable from the City's (i) Water System is issued under a Trust Indenture dated as of May 1, 2008, as supplemented and amended (the "Water System Indenture") between the City and The Bank of New York Mellon Trust Company, N.A. ("BONY"), (ii) Electric System is issued under a Trust Indenture dated July 27, 2017, as supplemented and amended (the "Electric System Indenture") between the City and BONY, and (iii) Gas System is issued under a Trust Indenture dated August 1, 2019 (the "Gas System Indenture") between the City and BONY.

General Obligation Warrants and Bonds Obligations. The following table lists the maximum amount of all long-term general obligation bonds and warrants payable by the City following entry of the Lease simultaneously with the issuance of the Series 2022 Bonds by the Authority:

<b>Description</b>	<b>Principal Amount Originally Issued</b>	<b>Principal Outstanding (not in excess of)</b>
Series 2017 Bonds <sup>(1)</sup>	\$46,965,000	\$40,585,000
General Obligation Refunding and Capital Improvement Warrants, Series 2012-A	56,305,000	2,445,000
General Obligation Refunding Warrant, Series 2013-A	6,450,000	1,730,000
General Obligation Warrants, Series 2013-B	14,580,000	14,580,000
General Obligation School Warrants, Series 2013-C	77,050,000	7,775,000
General Obligation Warrants, Series 2013-D	24,970,000	2,240,000
General Obligation Warrant, Series 2013-E	6,460,000	815,000
General Obligation Warrants, Series 2014-A	54,110,000	43,980,000
General Obligation Lease Refunding & Capital Improvement Warrants, Series 2014-B	19,345,000	15,640,000
General Obligation School Refunding & Capital Improvement Warrants, Series 2014-C	27,045,000	21,265,000
General Obligation Warrants, Series 2015-A	61,390,000	48,160,000
Taxable General Obligation Warrants, Series 2015-B	8,185,000	7,095,000
General Obligation Warrants, Series 2016-A	35,725,000	32,790,000
General Obligation School Warrants, Series 2016-B	29,890,000	29,890,000
General Obligation Warrants, Series 2016-C	36,030,000	28,535,000
General Obligation School Warrants, Series 2016-D	31,550,000	28,800,000
General Obligation School Warrants, Series 2017-A	17,355,000	15,205,000
General Obligation Warrants, Series 2017-B	8,560,000	6,105,000
Taxable General Obligation Warrants, Series 2017-C	11,045,000	9,440,000
General Obligation Refunding Warrants, Series 2017-D	20,055,000	19,445,000
General Obligation Refunding School Warrants, Series 2017-E	49,195,000	48,335,000
2017 IDB Guaranty Agreement <sup>(2)</sup>	21,000,000	18,879,994
General Obligation Warrants, Series 2018-A	50,590,000	50,590,000
General Obligation Warrants, Series 2018-B	61,985,000	56,545,000
Taxable General Obligation Warrants, Series 2018-C	5,385,000	5,040,000
General Obligation Warrants, Series 2019-A	77,000,000	71,825,000
General Obligation Warrants, Series 2020-A	34,630,000	29,140,000
General Obligation School Warrants, Series 2020-B	13,265,000	11,670,000
Taxable General Obligation Warrants, Series 2020-C	31,210,000	30,600,000
Taxable General Obligation School Warrants, Series 2020-D	27,610,000	27,495,000
General Obligation Warrant, Series 2020-E	15,047,500	14,249,413
General Obligation Warrant, Series 2021	7,000,000	7,000,000
Series 2021 Bonds <sup>(3)</sup>	37,000,000	37,000,000
Series 2022 Bonds	<u>74,285,000</u>	<u>74,285,000</u>
<b>Total</b>	<b><u>\$1,098,267,500</u></b>	<b><u>\$859,174,407</u></b>

<sup>(1)</sup> Represents principal of the Series 2017 Bonds, which are revenue bond obligations issued by the Authority paid by lease payments made by the City for use of a municipal public safety and corrections facility in the City.

<sup>(2)</sup> On December 1, 2017, The Industrial Development Board of the City of Huntsville (the "IDB") issued its \$21,000,000 Industrial Revenue Bond, Series 2017 (the "2017 IDB Bond") to pay the costs of constructing a manufacturing facility to be owned by the IDB. The initial tenant of the facility is Aerojet Rocketdyne, Inc. ("AR"). Under a lease agreement between the IDB and AR (the "2017 IDB Lease"), AR agreed to make certain lease payments to the IDB including, among others, payments at such times and in such amounts as shall be equal maturing installments of debt service on the 2017 IDB Bond. The 2017 IDB Bond was sold in a private placement to Regions Bank. The City has entered a guaranty agreement to Regions Bank pursuant to which the City has agreed to pay Regions Bank whatever is owed as debt service on the Series 2017 Bond in the event the IDB lacks funds from the 2017 IDB Lease for the same. The 2017 IDB Bond bears interest at a per annum rate of 4.61%, and matures over a period of 21 years.

<sup>(3)</sup> Represents principal of the Series 2021 Bonds, which are revenue bond obligations issued by the Authority paid by lease payments made by the City for use of a public amphitheater in the City.

**Sewer Revenue Warrants.** The City has issued warrants payable to the Alabama Water Pollution Control Authority to finance improvements to the City's sanitary sewer system (the "Sewer System"). The City has the following outstanding indebtedness payable to Alabama Water Pollution Control Authority as of February 1, 2022, all of which are payable solely out of the revenues derived from the operation of the Sewer System.

<b>Sewer Revenue Warrant Description</b>	<b>Principal Outstanding</b>
Sewer Revenue Warrant, Series 2011-CWSRF-DL	\$1,325,000
Sewer Revenue Refunding Warrant, Series 2010D-CWSRF-BL	920,000

**Warrants Payable from Water, Electric and Natural Gas System Revenues.** The following tables list all outstanding bonds and warrants as of February 1, 2022 of the City payable solely out of revenues from the Water System, Electric System and Gas System of the City, each of which is operated by Huntsville Utilities:

<b>Obligations Payable from Water System Revenues</b>	<b>Principal Outstanding</b>
Water Revenue Warrants, Series 2021-A	\$ 6,825,000
Taxable Water Revenue Warrants, Series 2021-B	71,010,000
Water Revenue Warrants, Series 2016	7,525,000
Water Revenue Warrants, Series 2015	11,680,000
Subordinated Water Revenue Warrant, Series 2013-DWSRF-DL	120,000
Subordinated Water Revenue Warrant, Series 2021-DWSRF-DL	10,615,000
Subordinated Water Revenue Warrant, Series 2021-B-DWSRF-DL	15,715,000

Huntsville Utilities also plans to request and cause the City to issue over the next 12 to 18 months limited obligation water revenue warrants to the Alabama Drinking Water Finance Authority ("ADWFA") in the amount of approximately \$20,000,000 (the "Anticipated ADWFA Warrants"). The Anticipated ADWFA Warrants are expected to be payable solely from and secured solely by a pledge of revenues from the City's water system on parity of lien with the Subordinated Water Revenue Warrant, Series 2013-DWSRF-DL, Subordinated Water Revenue Warrant, Series 2021-DWSRF-DL, and the Subordinated Water Revenue Warrant, Series 2021-B-DWSRF-DL, and subordinate to the other obligations payable from water system revenues hereinabove described.

<b>Obligations Payable from Electric System Revenues</b>	<b>Principal Outstanding</b>
Electric Revenue Warrants, Series 2017-B	\$15,255,000
Electric Revenue Warrants, Series 2017-A	53,490,000

<b>Obligations Payable from Natural Gas System Revenues</b>	<b>Principal Outstanding</b>
Taxable Gas System Revenue Warrant, Series 2019-B	\$3,565,500
Gas System Revenue Warrant, Series 2019-A	2,658,739

**TIF Revenue Warrants.** In connection with the obligations of the City under an Annexation and Development Agreement dated March 25, 2010, as amended (the "Annexation and Development Agreement") between the City and L W Redstone Company, LLC ("L W Redstone"), the City from time to time issues to L W Redstone taxable limited obligation revenue warrants (the "TIF5 Revenue Warrants") payable solely out of tax increment revenues generated in connection with TIF5, hereinafter described, in order to pay the costs of various public infrastructure improvements referable to the project described in the Annexation and Development Agreement. TIF5 Revenue Warrants are payable solely out of TIF revenues generated within TIF5, and in that regard do not constitute an indebtedness of the City for purposes of the City's constitutional debt limit. Under the Annexation and Development Agreement, the City may issue up to \$76,000,000 of TIF Revenue Warrants. Payment obligations evidenced by the TIF5 Revenue Warrants shall be deemed satisfied and paid in full at maturity to the extent not covered by tax increment revenues generated within the boundary of TIF5 during the term of such obligations. To date, the City has issued thirteen (13) series of limited obligation warrants aggregating in their initial face amount \$73,700,000 heretofore defined as "TIF5 Revenue Warrants", leaving up to \$2,300,000 in initial principal amount of such warrants available for issuance pursuant to the Annexation and Development Agreement. Outstanding TIF5 Revenue Warrants are payable solely from revenues collected within TIF5.

As permitted under the Annexation and Development Agreement, certain of these TIF5 Revenue Warrants heretofore issued have been subsequently refinanced with general obligation warrants of the City (and, as

permitted by the Annexation and Development Agreement, the City covers debt service on such general obligation warrants with TIF revenues collected within TIF5). These refinancings do not alter or otherwise increase the availability for additional TIF5 Revenue Warrants beyond the \$2,300,000 remaining maximum amount stated above.

**Future Borrowings.** Pursuant to its ten-year Capital Improvement Plan and other initiatives, the City anticipates borrowing approximately \$45 million in the next 36 months. These borrowings are anticipated to be made in order to finance additional capital projects expected during 2022 and 2023. In addition, the City may from time to time borrow additional money in connection with various City projects or at the request of the Huntsville School System based on its administration of the School Tax. The City expects to borrow approximately \$6.0 million for public school capital improvements within the City.

**Payment Record.** The City has never defaulted in the payment of debt service on its warrants, bonds or other funded indebtedness, nor has it refunded indebtedness for the purpose of preventing or avoiding such a default.

### Legal Debt Margin

The City's constitutional debt limit is an amount equal to twenty percent (20%) of the assessed value of the property therein. However, the following, among other types of indebtedness, are under existing general law not chargeable to the City's constitutional debt limit: obligations issued for the purpose of acquiring, providing or constructing schools, waterworks or sewers; obligations incurred for street or sidewalk improvements where the costs thereof, in whole or in part, are to be assessed against the property abutting such improvements; subject to certain conditions, tax anticipation notes; certain lease obligations; and revenue securities issued for the purpose of extending, enlarging or improving water, electric, gas or sewer systems and payable solely from the revenues of one or more of such systems. Further, by virtue of a constitutional provision applicable only to the City and Madison County, certain general obligation bonds issued for industrial development purposes, which may themselves be issued in an amount up to 20% of the assessed value of the property in the City, are also not chargeable to the generally applicable 20% debt limit. No such general obligation industrial development bonds may be issued, however (except for financing the acquisition of industrial sites), unless the City simultaneously enters into a lease or other similar arrangement providing for net rentals sufficient to pay debt service. The City does not have any such general obligation industrial development bonds outstanding.

The following schedule analyzes the City's estimated constitutional debt margin upon entry of the Lease simultaneously with the issuance of the Series 2022 Bonds by the Authority:

Assessed value (real and personal property); October 1, 2020 real property assessment date <sup>(1)</sup>	\$3,970,072,000
Debt limit (20% of assessed value)	794,014,400
Maximum amount of all direct outstanding debt payable by the City <sup>(2)</sup>	859,174,407
Less those portions not chargeable to debt limit:	
Lease revenue bonds of the Authority paid by the City <sup>(3)</sup>	77,585,000
Series 2018-A Warrants <sup>(4)</sup>	50,590,000
Series 2022 Bonds	74,285,000
Sewer and school purpose direct debt:	
General obligation sewer warrants	34,924,440
Warrants issued for school purposes	200,850,102
Total debt not chargeable to debt limit	438,234,542
Maximum amount of debt chargeable to debt limit	<u>420,939,865</u>
Estimated constitutional debt margin (not less than)	<u>\$373,074,535</u>

<sup>(1)</sup> The total reported by the Madison County Tax Assessor on the abstract for the city district tax, which is the basis for collection of the 6.5 mill general fund and 6.5 mill special revenue fund tax, along with the total reported by the Limestone County Tax Assessor and the Morgan County Tax Assessor. The most recent assessment date pertinent to this calculation is October 1, 2020.

<sup>(2)</sup> Includes all general obligation warrant and bond debt service of the City. All other long-term indebtedness of the City, consisting of (i) warrants payable solely from the Sewer System, (ii) warrants payable from the water, electric or natural gas systems of the City

operated by Huntsville Utilities, and (ii) TIF Revenue Warrants payable solely from TIF revenues, are exempt from the constitutional debt limit and, therefore, are excluded from this figure.

<sup>(3)</sup> The Series 2017 Bonds and the Series 2021 Bonds.

<sup>(4)</sup> The Series 2018-A Warrants were issued under and in accordance with Amendment 919 to the Constitution of Alabama of 1901, under which the said warrants are exempt from the City's constitutional debt limit.

### Direct and Overlapping Tax-Supported Debt

The following schedule reflects the maximum amount of direct and overlapping tax-supported debt of the City upon entry of the Lease simultaneously with the issuance of the Series 2022 Bonds by the Authority:

	Net Direct Debt Outstanding	Percent of Debt Applicable to the City	City's Share of Debt <sup>*</sup>
<b>Direct Debt</b>			
General Obligation Bonds and Warrants	\$859,174,407	100%	\$859,174,407
<b>Overlapping Debt</b>			
Madison County, general obligation debt	\$42,254,242 <sup>(1)</sup>	55.5% <sup>(1)</sup>	\$23,451,104
Limestone County, general obligation debt	\$13,685,000 <sup>(2)</sup>	4.9% <sup>(2)</sup>	\$670,565
Morgan County, general obligation debt	\$19,495,000 <sup>(3)</sup>	0.0% <sup>(3)</sup>	\$0.00
<b>Total</b>			<b>\$883,296,076</b>

\* Includes all general obligation warrant and bond debt service of the City, as well as debt service referable to the Series 2022 Bonds pursuant to the Lease. All other long-term indebtedness of the City, consisting of (i) warrants payable solely from the Sewer System, (ii) warrants payable from the water, electric and natural gas systems of the City operated by Huntsville Utilities, and (iii) TIF Revenue Warrants are payable from specific enterprise or, in the case of TIF5 Revenue Warrants, similar revenue streams and, therefore, are not included in the calculation of direct debt of the City.

<sup>(1)</sup> As of October 1, 2021. The Madison County percentage reflects the ratio of the population estimated by the City as of July 2021 as residing in the City and living in Madison County (215,572) and the total population of Madison County as of the 2020 federal census (388,153).

<sup>(2)</sup> Outstanding debt as presented in audited financial statements of Limestone County for the fiscal year ended September 30, 2019. The Limestone County percentage reflects the ratio of the population estimated by the City as of July 2021 as residing in the City and living in Limestone County (5,024) and the total population of Limestone County as of the 2020 federal census (103,570).

<sup>(3)</sup> As of October 1, 2021. The Morgan County percentage reflects the ratio of the population estimated by the City as of July 2021 as residing in the City and living in Morgan County (0) and the total population of Morgan County as of the 2020 federal census (123,421).

The following schedule shows the percentage of maximum direct and overlapping tax-supported debt to assessed value per capita in the City following entry of the Lease simultaneously with the issuance of the Series 2022 Bonds by the Authority.

Direct general obligation debt	\$859,174,407
Overlapping	\$24,121,669
Total (direct and overlapping debt)	\$883,296,076
Assessed value of property in City (10/01/2020 assessment date)	\$3,970,072,000
Ratio of direct debt to City's assessed value	21.64%
Ratio of direct and overlapping debt to City's assessed value	22.25%
Fiscal Year 2021 population of City (estimated by City, July 2021)	220,596
Per capita direct debt	\$3,895
Per capita direct and overlapping debt	\$4,004

**SCHEDULED GENERAL OBLIGATION DEBT SERVICE  
REQUIREMENTS OF THE CITY**

**Annual Debt Service Requirements for all General Obligation Warrants  
and Bonds Payable by the City**

The following table reflects the scheduled annual debt service requirements on a fiscal year basis respecting all general obligation warrants and bonds paid by the City, including debt service respecting the Series 2022 Bonds:

<b>Fiscal Year</b>	<b>Existing Fixed Rate Debt<sup>(1)</sup></b>	<b>Series 2022 Bonds<sup>(2)</sup></b>	<b>Total Debt Service<sup>(2)</sup></b>
2022	\$81,735,323	\$1,513,053	\$83,248,376
2023	80,309,306	4,778,675	85,087,981
2024	78,745,387	4,778,850	83,524,237
2025	76,191,735	4,780,500	80,972,235
2026	77,439,677	4,778,500	82,218,177
2027	73,073,939	4,778,375	77,852,314
2028	71,549,005	4,779,875	76,328,880
2029	70,783,835	4,777,875	75,561,710
2030	62,341,515	4,777,250	67,118,765
2031	62,979,907	4,777,750	67,757,657
2032	59,778,031	4,779,125	64,557,156
2033	57,977,694	4,781,125	62,758,819
2034	50,508,009	4,778,625	55,286,634
2035	42,735,333	4,776,500	47,511,833
2036	37,214,563	4,779,375	41,993,938
2037	29,648,377	4,777,000	34,425,377
2038	18,569,613	4,779,125	23,348,738
2039	9,058,510	4,780,375	13,838,885
2040	2,916,282	4,780,500	7,696,782
2041	2,918,721	4,779,250	7,697,971
2042	471,088	4,781,250	5,252,338
2043	469,312	4,776,250	5,245,562
2044	466,907	4,778,875	5,245,782
2045	468,873	4,778,625	5,247,498
2046	--	4,780,125	4,780,125
2047	--	4,778,000	4,778,000
2048	--	4,776,875	4,776,875
2049	--	4,781,125	4,781,125
2050	--	4,780,250	4,780,250
2051	--	4,778,875	4,778,875
2052	--	4,776,500	4,776,500

<sup>(1)</sup> Includes: the Series 2012-A Warrants, the Series 2013-A Warrant, the Series 2013-B Warrants, the Series 2013-C Warrants, the Series 2013-D Warrants, the Series 2013-E Warrant, the Series 2014-A Warrants, the Series 2014-B Warrants, the Series 2014-C Warrants, the Series 2015-A Warrants, the Series 2015-B Warrants, the Series 2016-A Warrants, the Series 2016-B Warrants, the Series 2016-C Warrants, the Series 2016-D Warrants, the Series 2017-A Warrants, Series 2017-B Warrants, the Series 2017-C Warrants, the Series 2017-D Warrants, the Series 2017-E Warrants, the Series 2018-A Warrants, the Series 2018-B Warrants, the Series 2018-C Warrants, the Series 2019-A Warrants, the Series 2020-A Warrants, the Series 2020-B Warrants, the Series 2020-C Warrants, the Series 2020-D Warrants, the Series 2020-E Warrant, and the Series 2021 Warrant. Also includes annual debt service (assuming renewal of the lease related thereto through final scheduled maturity of the Series 2017 Bonds) on the Series 2017 Bonds, and annual debt service (assuming renewal of the lease related thereto through final scheduled maturity of the Series 2021 Bonds) on the Series 2021 Bonds.

<sup>(2)</sup> Assumes renewal by the City of the Lease for the Facility through final scheduled maturity of the Series 2022 Bonds.

## AD VALOREM TAXES

### General

The levy and collection of ad valorem taxes in Alabama are subject to the provisions of the Constitution of Alabama of 1901, which limits the ratios at which property may be assessed, specifies the maximum millage rates that may be levied on property and limits total ad valorem taxes on any property in any year. Recent constitutional changes and statutory enactments, summarized below, have caused significant changes in Alabama's ad valorem tax structure.

### Classification of Taxable Property

For purposes of ad valorem taxation, all taxable property in Alabama is required under current law to be divided into the following four classes:

Class I	-	All property of utilities used in their business*
Class II	-	All property not otherwise classified*
Class III	-	All agricultural, forest and single family, owner-occupied residential property, and historic buildings and sites
Class IV	-	Private passenger automobiles and pickup trucks

\*Under applicable law, railroad property is not considered Class I (utility) property and is instead Class II.

Taxable property designated as "Class III" may, upon the request of the owner of such property, be appraised at its "current use value" rather than its "fair and reasonable market value". "Current use value" was originally defined in a legislative act as the value of such property based on the use being made of it on October 1 of the preceding year, without taking into consideration the "prospective value such property might have if it were put to some other possible use." Amendatory legislation, effective since the beginning of the 1981-82 tax year, extensively revised the formulas and methods to be used in computing the current use property value of agricultural and forest property. However, the original statutory definition, though somewhat modified, remains applicable to residential and historical property. There are exempted from all ad valorem taxes household and kitchen furniture, farm tractors, farming implements when used exclusively in connection with agricultural property, and inventories of goods, wares and merchandise.

### Assessment Ratios

The following are the assessment ratios now in effect in the City for purposes of state and local taxation:

Class	I	-	30%
Class	II	-	20
Class	III	-	10
Class	IV	-	15

Although current law provides in effect that with respect to ad valorem taxes levied by the City, the governing body of the City may, subject to the approval of the Legislature and of a majority of the electorate of the City at a special election, and in accordance with criteria established by legislative act, adjust (by increasing or decreasing) the ratio of assessed value of any class of taxable property to its fair and reasonable market value or its current use value (as the case may be), the governing body of the City has not heretofore sought to make any adjustment of the assessment ratio applicable to any class of taxable property in the City and has no present plans for any such adjustment. The Legislature has no power over the adjustment of assessment ratios pertaining to local taxes except to approve or disapprove an adjustment proposed by a local taxing authority. The assessment ratio applicable to each class of taxable property must in any event be uniform with respect to ad valorem taxes levied by the City.



### Current Ad Valorem Tax Rates

Existing law provides that the rate of any ad valorem tax levied by the City may be increased only after the approval of the Alabama Legislature and of a majority of the electorate of the City at a special election. A general constitutional limitation on the total ad valorem taxes (*i.e.*, state, county, municipal, school district, etc.) on any property in any one year to certain percentages of the fair and reasonable market value of such property is by its terms not applicable to property in the City.

The City is located within each of Limestone County, Alabama ("Limestone County"), Madison County, Alabama ("Madison County"), and Morgan County, Alabama ("Morgan County"). Ad valorem taxes on property in the City within each of the aforesaid three counties are currently levied (*i.e.*, for the tax year ending September 30, 2022) as follows:

#### Limestone County

Levying Entity	Rates in Mills (Dollars per \$1,000 of Assessed Value)
State of Alabama	6.5
Limestone County:	
General	7.0
Road and Bridge/Public Building	3.5
Hospital	3.0
County-wide School	5.5
City of Huntsville:	
General	6.5
Bond Tax	6.5
School Tax	<u>22.0</u>
Total Mills	59.5

Source: Alabama Department of Revenue

#### Madison County

Levying Entity	Rates in Mills (Dollars per \$1,000 of Assessed Value)
State of Alabama	6.5
Madison County:	
General	7.0
Road and Bridge	4.0
County-wide School	5.5
District School	15.5
City of Huntsville:	
General	6.5
Bond Tax	6.5
School Tax	<u>6.5</u>
Total Mills	58.0

Source: Alabama Department of Revenue

#### Morgan County

Levying Entity	Rates in Mills (Dollars per \$1,000 of Assessed Value)
----------------	--

State of Alabama	6.5
Madison County:	
General	7.2
Road and Bridge	3.6
Fire Protection	3.0
County-wide School	5.8
City of Huntsville:	
General	6.5
Bond Tax	6.5
School Tax	<u>10.7</u>
Total Mills	49.8

Source: Alabama Department of Revenue

### **Homestead Exemption**

The governing body of the City is authorized by law to grant a homestead exemption of not exceeding \$4,000 in assessed value against any City ad valorem tax except one "earmarked for public school purposes." The City Council has not heretofore granted any such homestead exemption against any of the ad valorem taxes currently levied by the City.

### **Property Tax Litigation**

The validity of the levy, assessment and collection of ad valorem taxes in Alabama have been from time to time the subject of significant litigation in both state and federal courts, which has on occasion resulted in substantial changes in Alabama's property tax system affecting ad valorem tax receipts of the various taxing authorities (including the City). However, no such litigation is, to the City's knowledge, presently pending. The City has not been a party to any such litigation that relates solely to ad valorem taxes levied by the City.

### **Assessment and Collection**

Ad valorem taxes on taxable properties, except motor vehicles and public utility properties, are assessed by the County Tax Assessor and collected by the County Tax Collector. Ad valorem taxes on motor vehicles in the City are assessed and collected by the Madison County License Director, and ad valorem taxes on public utility properties are assessed by the State Department of Revenue and collected by the County Tax Collector.

Ad valorem taxes are due and payable on October 1 and delinquent after December 31 in each year (except for taxes with respect to motor vehicles, which have varying due dates), after which a penalty and interest are required to be charged. If real property taxes are not paid by the March 1 following the due date, a tax sale is required to be held.

### **Property Re-Evaluation Program**

Under existing procedures of the State Department of Revenue, each county in the State is effectively required to carry out a property reappraisal program at least once every five years. The Department of Revenue also annually reviews the appraised values and the fair market values of a representative sample of taxable property in each county in the State. A county property reappraisal program is customarily ordered by the Department of Revenue if such annual review indicates that the appraised value of property in such county has fallen below 85% of its then current fair market value. The current level of property tax collection is dependent on many factors, including possible taxpayer appeals from increased property assessments. There can be no assurance that the current level of property tax collection will continue.

## Assessed Valuations

The City is located mainly within Madison County, but smaller portions of the City exist in Limestone County and Morgan County. Historically, the City presented its assessed values based solely from those portions of the City located in Madison County because the vast majority of the City and its citizens are located in Madison County. However, over the past several years the City experienced substantial industrial and commercial growth and development within Limestone County, and the City has determined to include those portions of the City located within Limestone County and Morgan County, commencing with the 2021 tax year (for which assessments were made on October 1, 2020), when presenting information regarding City assessed values in this Official Statement.

*Madison County.* The following table shows the estimated assessed values, by category, of properties within the corporate limits of the City located within Madison County as of the indicated assessment dates:

### Real and Personal Property Assessed Values (in thousands)\*

Assessment Date October 1	Residential/ Corporate	Public Utilities	Motor Vehicles	Exemptions	Total
2020	\$4,015,281	\$16,919	\$350,461	\$(578,597)	\$3,804,064
2019	3,631,402	17,621	318,648	(385,376)	3,582,295
2018	3,470,746	18,416	295,485	(508,991)	3,275,656
2017	3,217,860	20,906	285,517	(460,143)	3,064,140
2016	3,113,218	21,064	294,537	(486,073)	2,942,746

*Limestone County.* The following table shows the estimated assessed values, by category, of properties within the corporate limits of the City located within Limestone County as of the indicated assessment dates:

### Real and Personal Property Assessed Values (in thousands)\*

Assessment Date October 1	Residential/ Corporate	Public Utilities	Motor Vehicles	Exemptions	Total
2020	\$532,687	\$274	\$10,436	\$(377,511)	\$165,886
2019	199,543	243	8,732	(57,406)	150,752

*Morgan County.* The following table shows the estimated assessed values, by category, of properties within the corporate limits of the City located within Morgan County as of the indicated assessment dates:

### Real and Personal Property Assessed Values (in thousands)\*

Assessment Date October 1	Residential/ Corporate	Public Utilities	Motor Vehicles	Exemptions	Total
2020	\$256	\$0.00	N/A	\$(0.00)	\$256
2019	257	\$0.00	N/A	\$(0.00)	257

## **PENSION AND OTHER POST-EMPLOYMENT BENEFITS**

### **Defined Benefit Pension Plan**

The City participates in the Employees' Retirement System of Alabama (the "State System") which is operated by the State of Alabama. Contributions are made by employees and the City to the State System. Membership is compulsory for all employees of the City and the State System acts only in an administrative capacity with respect to the City plan. The information given below respecting the participation of the City in the State System relates only to the administration of the local plan by the State System and should not be interpreted as indicating that the State System is in any way responsible for the funding of any benefits payable to employees of the City.

In general, employees of the City participating in the State System are entitled to the same benefits provided for State employees as though those local employees were State employees having comparable years of covered service. Upon such election, the State System administers the local plan and the rates of contributions to be made by the City are determined by the actuary for the State System. The cost of providing benefits is borne by the City and no part of such cost is paid by the State System.

Employees of Huntsville Utilities are subject to separate contribution rates established by the Water, Electric and Natural Gas Boards, respectively, and the Employees' Retirement System. Funding for such retirement plans is derived from revenues of Huntsville Utilities and not from general funds of the City.

See Note #11 - "Pension Plans" to the audited financial statements of the City attached as Appendix C for more information about the City's participation in the State System and the City's pension plans, pension liability and related information.

Retirement plans for teachers in the City's school system are funded by the State Teachers' Retirement System (the "Teachers' System"), maintained by the State of Alabama. Because the State of Alabama has assumed responsibility for providing retirement plans for public school teachers, the City historically has had no direct responsibility in this area.

Unlike the Teachers' System, the State System does not undertake to fund the retirement plans of participating local governments and acts only in an administrative capacity, and then only upon the election of local governments. The statute permitting such election provides that the "retirement system shall not be liable for the payment of any pensions or other benefits on account of the employees or pensioners of any employers under this section, for which reserves have not been previously created from funds contributed by such employer or its employees for such benefits." The statute further provides that the agreement of the City to contribute to the Employees' System on account of its employees is irrevocable, but should it become financially unable to make the normal and accrued liability contribution, the City would be deemed to be in default under the State System.

### **Other Post-Employment Benefits**

The City provides certain post-retirement health insurance benefits (the "OPEB Plan") to qualifying retired employees (generally, those employees age 55 or older with 25 years of consecutive service or those employees with 30 consecutive years of service, regardless of age).

See Note #12 "Other Post-Employment Benefits (OPEB)" to the audited financial statements of the City attached as Appendix C for more information about the OPEB Plan.

## **LITIGATION AND OTHER MATTERS**

The City is a defendant in various lawsuits, and there are various other claims pending or threatened against the City with respect to which lawsuits may be filed, including several under Section 1983 of Title 42 of the United States Code. The City does not, on account of availability, costs and coverages offered, carry any general or professional liability insurance (though the City does carry general liability insurance for public transit vehicles and drivers). Except as stated in the last paragraph under this heading, in the opinion of the City Attorney, the maximum

probable liability of the City with respect to all the lawsuits and claims that are pending or threatened against the City, taken together, will not have a material adverse effect on the financial condition of the City.

Court decisions have substantially eroded the immunity from tort liability formerly enjoyed by local governmental units in Alabama. However, Chapter 93 of Title 11 of the Code of Alabama 1975, as amended, now prescribes certain maximum limits on the liability of local governmental units (such as the City) for bodily injury, sickness, disease or death sustained by a person and for injury or destruction of tangible property. These limits are presently \$100,000 in the case of bodily injury or death of one person in any single occurrence, \$300,000 in aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence, and \$100,000 in the case of property damage arising out of a single occurrence. Applicable decisions of the Supreme Court of Alabama have upheld the constitutionality of Chapter 93 (although indicating that there is no statutory "aggregate limit" with respect to property damage arising out of a single occurrence comparable to that specified for personal injury or death claims) and have limited the applicability of Chapter 93 to causes of action arising after its effective date, May 23, 1977. While the matter may not be free from doubt, it should be assumed that the liability limitations of Chapter 93 are not applicable to causes of action under Section 1983 of Title 42 of the United States Code.

**APPENDIX D**  
**PROPOSED FORM OF APPROVAL OPINION OF BOND COUNSEL TO THE AUTHORITY**

**APPENDIX D**  
**PROPOSED FORM OF APPROVAL OPINION OF BOND COUNSEL TO THE AUTHORITY**

We have examined certified copies of proceedings and other documents showing the organization under the laws of Alabama of **THE PUBLIC BUILDING AUTHORITY OF THE CITY OF HUNTSVILLE** (herein sometimes called the "Authority"), together with certified copies of proceedings of the Authority and other documents submitted to us pertaining to the issuance and validity of

**\$74,285,000**  
**THE PUBLIC BUILDING AUTHORITY**  
**OF THE CITY OF HUNTSVILLE**  
Lease Revenue Bonds  
Series 2022

(herein called the "Bonds"). We have not examined the title of the Authority to the real property hereinafter referred to, but we have, for purposes of this opinion, assumed that the Authority has good and marketable title to said real property subject only to Permitted Encumbrances (as defined in the Indenture hereinafter referred to and herein called "Permitted Encumbrances"). The statements hereinafter made and the opinions hereinafter expressed are based upon our examination of said proceedings, documents and said assumption of title.

The documents submitted to us show as follows:

(a) that the Bonds have been issued under and are secured by a Trust Indenture dated the date of the Bonds (herein called the "Indenture"), between the Authority and Regions Bank, as trustee (together with its successors in trust herein called the "Trustee");

(b) that the Authority and the City of Huntsville (herein called the "City") have entered into a Lease Agreement dated the date of the Bonds (herein called the "Lease") wherein the Authority has leased to the City certain real property (herein called the "Real Property") and the city hall facility to be located thereon (herein called the "Facility" and, together with the Real Property, the "Leased Property");

(c) that the Lease provides for the lease of the Leased Property by the City for a current term ending September 30, 2022, and further provides for the renewal of the Lease thereafter, at the sole option of the City, for the successive annual terms coinciding with the fiscal year of the City (such fiscal year being a period of twelve consecutive months beginning on each October 1 and continuing until the next succeeding September 30 and being herein called a "Fiscal Year") until and including the Fiscal Year (or part thereof) during which the Bonds shall be paid in full;

(d) that the Lease provides that, during each Fiscal Year for which it shall be in effect, the City will pay to the Authority certain amounts, including such amount as shall equal debt service on the Bonds coming due in such Fiscal Year, all such payments by the City for each Fiscal Year to be made solely from current revenues of the City for the same Fiscal Year; and

(e) that in the Indenture the Authority has reserved the right to issue Additional Bonds (herein called the "Additional Bonds"), without express limit as to principal amount, on a parity with the Bonds as respects the security afforded by the Indenture, but only upon compliance with the applicable conditions specified in the Indenture.

We are of the following opinion:

(1) that the Authority has been duly organized as and is a validly existing public corporation pursuant to and under the laws of Alabama and has corporate power to issue the Bonds, to execute and deliver the Lease and the Indenture and to perform the agreements on its part contained in each of said instruments;

(2) that the Bonds have been duly authorized, sold, executed, authenticated and issued in the manner provided by the applicable provisions of the constitution and laws of Alabama, are in due and legal form and evidence valid and binding limited obligations of the Authority payable, as to principal, interest and premium (if any), solely out of revenues to be derived by the Authority from the Leased Property, as it may at any time exist;

(3) that the Indenture and the Lease have been duly authorized by the Authority and constitute valid and binding obligations of the Authority;

(4) that payment of the principal of and the interest (and premium, if any) on the Bonds is secured, pro rata and without preference or priority of one over another or of any of the Bonds over any of the Additional Bonds, by the lien of the Indenture and by a valid pledge of payments of Basic Rent, as defined in the Lease, , which the Lease requires the City to pay directly to the Trustee for the benefit of the Bonds;

(5) that, the aforesaid pledge for the benefit of the Bonds is a valid pledge of said revenues;

(6) that the Lease has been duly authorized, executed and delivered on behalf of the City;

(7) that for each Fiscal Year in which it shall be renewed by the City, the Lease will constitute a valid, binding and enforceable agreement of the City, except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws affecting creditors' rights generally; and

(8) that the interest on the Bonds is, under existing statutes, exempt from Alabama income taxation.

We are further of the opinion that, under the Internal Revenue Code of 1986, as amended (herein called the "Code"), as presently construed and administered, and assuming compliance by each of the Authority and the City with its covenants pertaining to certain requirements of federal tax law that are set forth in the proceedings authorizing the issuance of the Bonds and in the tax compliance agreement and certificate executed by the Authority and the City in connection with the Bonds, the interest on the Bonds will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code, and the interest on the Bonds will not be an item of tax preference included in alternative minimum taxable income for the purpose of computing the minimum tax imposed by Section 55 of the Code. We express no opinion with respect to the federal tax consequences to the recipients of the interest on the Bonds under any provision of the Code not referred to above.

The Indenture provides that in the event the Authority should default in any of the provisions thereof in the manner and for the time therein provided, the Trustee may declare all the bonds secured thereby and then outstanding thereunder forthwith due and payable, and the Trustee shall be entitled to exercise the rights specified in the Indenture. The mortgage lien of the Indenture, however, is not foreclosable, and the remedies available to the Trustee and the holders of the bonds issued under the Indenture will not include foreclosure or sale of the Leased Property or any part thereof.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the holders of the Bonds and the enforceability thereof and of the Indenture and the Lease may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.



The rights of the holders of the Bonds and the enforceability thereof and of the Indenture and the Lease may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof and we assume no obligation to or update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours very truly,

**APPENDIX E**  
**SUMMARY OF CONTINUING DISCLOSURE AGREEMENT**

**APPENDIX E**  
**SUMMARY OF CONTINUING DISCLOSURE AGREEMENT**

**General.** The following is a summary of the Continuing Disclosure Agreement (the "Agreement") entered into by the City for the benefit of the holders of the Series 2022 Bonds, in order to assist the Underwriter in complying with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission of the United States of America (the "Commission") pursuant to the Securities Exchange Act of 1934. Except where otherwise defined in this Appendix, all capitalized terms have the meaning assigned in the front portion of this Official Statement.

**Annual Report of the City.** The City agrees, in accordance with the provisions of the Rule, to provide or cause to be provided through EMMA (or such other system as may be subsequently authorized by the MSRB), not later than 270 days after the close of each fiscal year of the City (October 1 – September 30), commencing with the fiscal year ending September 30, 2021, a report (the "City's Annual Report") containing:

(i) the audited general purpose financial statements of the City, prepared in accordance with accounting principles generally accepted in the United States of America, and the notes thereto, and

(ii) if not otherwise contained in the Annual Report, the following information for the fiscal year being reported:

(a) receipts of (i) the 6.5 mill general purpose ad valorem tax levied by the City, (ii) TVA Payments in Lieu of Property Taxes and (iii) Huntsville Utilities Electric Payments in Lieu of Property Taxes, in format substantially similar to the table shown under the heading "SOURCES OF REVENUES – Property Taxes and Payments in Lieu of Taxes" in APPENDIX C;

(b) collections of sales and use taxes levied by the City, in format substantially similar to the table shown under the heading "SOURCES OF REVENUES – Sales Taxes and License Fees – Sales and Use Taxes" in APPENDIX C;

(c) collections of privilege license taxes levied by the City, in format substantially similar to the table shown under the heading "SOURCES OF REVENUES – Sales Taxes and License Fees – Licenses and Permits" in APPENDIX C; and

(d) to the extent available from applicable taxing authorities, the assessed value of real property in the City, or, to the extent actual assessed values are not available, estimated assessed values of such real property, in format substantially similar (with respect to such real property) to the tables shown under the heading "AD VALOREM TAXES – Assessed Valuations" in APPENDIX C.

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of the City's Annual Report, to the extent necessary or appropriate in the judgment of the City; provided, that the City agrees that any such modification will be done in a manner consistent with the Rule.

**Notice of Certain Events.** The City agrees to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, through EMMA (or such other system subsequently authorized by the MSRB), notice of the occurrence of any of the following events with respect to the Series 2022 Bonds:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2022 Bonds, or other material events affecting the tax status of the Series 2022 Bonds;
7. modifications to rights of security holders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Series 2022 Bonds, if material;
11. rating change;
12. bankruptcy, insolvency, receivership or similar event of the obligated person;
13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. failure of the City to timely file its Annual Report;
16. incurrence of a financial obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or obligated person, any of which affect security holders, if material; or
17. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City or obligated person, any of which reflect financial difficulties.

***Additional Information.*** The City may from time to time choose to provide other information in addition to the information and notices listed above, but the City does not undertake in the Agreement to commit to provide any such additional information or to update or to continue to provide such additional information or notices once provided.

#### **Amendment; Waiver**

The City may amend the Agreement and any provision of the Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not cause the undertakings therein to violate the Rule taking into account any subsequent change in or official interpretation of the Rule.

**Beneficiaries and Enforcement**

The City agrees that its undertakings pursuant to the Rule set forth in the Agreement are intended to be for the benefit of the holders of the Series 2022 Bonds and shall be enforceable by such holders. No failure by the City to comply with its obligations under the Agreement shall constitute an event of default under the Indenture or under the Lease.

**APPENDIX F**  
**BOOK-ENTRY ONLY SYSTEM**

**APPENDIX F**  
**BOOK-ENTRY ONLY SYSTEM**

*Portions of the following information concerning The Depository Trust Company ("DTC") and DTC's book-entry system have been obtained from DTC. The Authority and the Underwriter make no representation as to the accuracy of such information. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.*

Initially, DTC will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds initially will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Initially, one fully-registered bond certificate for each maturity will be issued for the Series 2022 Bonds, in the aggregate principal amount of the Series 2022 Bonds of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Trusteeing Law, a "Trusteeing organization" within the meaning of the New York Trusteeing Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, Trustees, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, Trustees, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org). So long as the Series 2022 Bonds are maintained in book-entry form with DTC, the following procedures will be applicable with respect to the Series 2022 Bonds.

Purchases of the Series 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2022 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2022 Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all the Series 2022 Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

As long as the book-entry system is used for the Series 2022 Bonds, redemption notices will be sent to DTC. If less than all of the Series 2022 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

As long as the book-entry system is used for the Series 2022 Bonds, principal, premium, if any, and interest payments on the Series 2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, and disbursement of such payments to the Participants or the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

DTC may discontinue providing its services as securities depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to the Authority or the Trustee. In addition, the Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Under either of such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The Authority and the Trustee will have no responsibility or obligation to any securities depository, any Participants in the book-entry system, or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the securities depository or any Participant; (ii) the payment by the securities depository or by any Participant of any amount due to any Participant or Beneficial Owner, respectively, in respect of the principal amount or redemption or purchase price of, or interest on, any of the Series 2022 Bonds; (iii) the delivery of any notice by the securities depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2022 Bonds; or (v) any other action taken by the securities depository or any Participant.



**APPENDIX G**  
**AUDITED FINANCIAL STATEMENTS OF THE CITY**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**APPENDIX H**  
**FORM OF LEASE**

**APPENDIX I**  
**FORM OF INDENTURE**

**Exhibit V**  
**Agency Agreement**

This **CONSTRUCTION AGENCY AGREEMENT** (this "Agreement") is entered between **THE PUBLIC BUILDING AUTHORITY OF THE CITY OF HUNTSVILLE**, a public corporation organized and existing under the provisions of Chapter 56 of Title 11 of the Code of Alabama of 1975 (herein sometimes called the "Authority"), and the **CITY OF HUNTSVILLE**, a municipal corporation in the State of Alabama (herein sometimes called the "City") as of the Effective Date hereafter defined,

#### **RECITALS:**

**WHEREAS**, the City has determined it to be necessary, wise and in the public interest to cause to be constructed and developed a new facility, including parking deck and related improvements, to serve as city hall for operations of the City (the "City Hall Project"), which will be constructed on land of the City to be transferred and conveyed by the City to the Authority; and

**WHEREAS**, in order to be in a position to proceed with the City Hall Project if so determined by the City and the Authority, it will be necessary that various actions and agreements be undertaken now including, without limitation, the bidding, negotiation and finalization of contracts, agreements and other instruments for site preparation and the design, development, construction, installation, equipping, and provision of the City Hall Project (collectively, the "Contracts and Agreements"), and

**WHEREAS**, the Authority desires that the City act as agent for the Authority in connection with bidding, procuring, and obtaining all Contracts and Agreements, and to take and perform all other activities incident to site preparation and the design, development, construction, installation, equipping, and provision of the City Hall Project by and on behalf of the Authority, and the City is, subject to the provisions hereof, willing to act as the agent of the Authority in connection with the same;

**NOW THEREFORE**, in consideration of the respective agreements on the part of the Authority and the City herein contained, the Authority and the City do hereby agree as follows

**Section 1. Agreement Respecting Construction Activities; Construction Contracts and Agreements** The City shall act as agent of the Authority in connection with all activities incident to the City Hall Project including, without limitation, all Contracts and Agreements for the City Hall Project.

**Section 2. Additional Documents.** The Authority and the City may execute and deliver such additional documents, certificates and instruments as may be necessary or appropriate to carry out the intent of this Agreement.

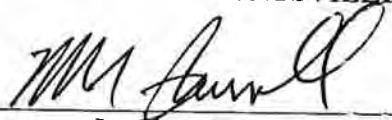
**Section 3 Limited Effect of Agreement on Obligation of City** Neither the execution and delivery of this Agency Agreement nor any other actions taken by the City shall constitute a general liability of the City and shall not be construed to require the City to make any payments with respect to the construction of the City Hall Project except as specifically set forth in separate agreements entered into by the City, or by other lawful action of the City

**Section 4. Assignment.** This Agency Agreement shall not be assigned by the City or the Authority, and any instrument purporting or attempting to assign any interest hereunder shall be void.

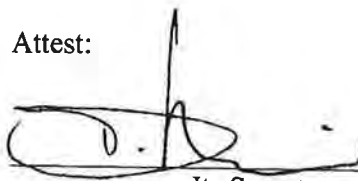
**Section 5. Binding Effect.** This Agency Agreement shall inure to the benefit of and shall be binding upon the Authority and the City

IN WITNESS WHEREOF, the parties have entered into this Agreement this  
18th day of Nov., 2021 (the "Effective Date")

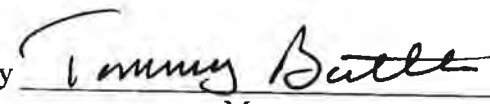
**THE PUBLIC BUILDING AUTHORITY  
OF THE CITY OF HUNTSVILLE**

By   
Its Chairman

Attest:

  
Its Secretary

**CITY OF HUNTSVILLE**

By   
Mayor

Attest:

  
City Clerk

**Exhibit VI**  
**Form of Continuing Disclosure Agreement**



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**CONTINUING DISCLOSURE AGREEMENT**

**by**

**CITY OF HUNTSVILLE, ALABAMA**

**for the benefit of**

**BENEFICIAL OWNERS OF**

**THE PUBLIC BUILDING AUTHORITY OF THE CITY OF HUNTSVILLE**

**\$74,285,000  
LEASE REVENUE BONDS  
SERIES 2022**

**DATED MARCH 3, 2022**

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## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") dated March 3, 2022, is entered into by the **CITY OF HUNTSVILLE, ALABAMA**, a municipal corporation under the laws of the State of Alabama (the "City"), for the benefit of the beneficial owners of the Series 2022 Bonds described herein.

### RECITALS:

Contemporaneously with the execution and delivery of this Agreement by the City, The Public Building Authority of the City of Huntsville (the "Authority") will issue its \$74,285,000 Lease Revenue Bonds, Series 2022, dated the date hereof (the "Series 2022 Bonds"), pursuant to the provisions of a Mortgage Indenture and Deed of Trust dated March 3, 2022 (the "Indenture"). The Series 2022 Bonds are being issued for the purpose of (i) paying the costs of designing, developing, constructing, equipping and installing on certain real property within the City a new city hall facility and related parking improvements (together with such real property, the "Project"), and (ii) paying the costs of issuing the Series 2022 Bonds. The Series 2022 Bonds are payable from and secured by certain rental payments to be made by the City under that certain Lease Agreement dated the date of the Series 2022 Bonds, between the Authority and the City (the "Lease Agreement").

The Series 2022 Bonds are subject to the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission of the United States of America (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended. The Series 2022 Bonds have been issued to Stifel, Nicolaus & Associates, Incorporated (the "Underwriter"), and the Authority has delivered to the Underwriter its Official Statement with respect to the Series 2022 Bonds dated February 16, 2022 (the "Official Statement"). There are no "obligated persons," as defined in the Rule, with respect to the Series 2022 Bonds, other than the City.

The parties hereto have entered into the Agreement in order to assist the Underwriter in complying with the Rule.

**NOW, THEREFORE**, the City does hereby undertake and agree with the beneficial owners of the Series 2022 Bonds as follows:

**Section 1. Annual Report of the City.** The City agrees, in accordance with the provisions of the Rule, to provide or cause to be provided through EMMA (or such other system subsequently authorized by the MSRB), as designated by the Commission in accordance with the Rule, not later than 270 days after the close of each fiscal year of the City (October 1 – September 30), commencing with the fiscal year ending September 30, 2021, a report (the "City's Annual Report") containing:

(i) the audited general purpose financial statements of the City, prepared in accordance with accounting principles generally accepted in the United States of America, and the notes thereto, and

(ii) if not otherwise contained in the Annual Report, the following information for the fiscal year being reported:

(a) receipts of (i) the 6.5 mill general purpose ad valorem tax levied by the City, (ii) TVA Payments in Lieu of Property Taxes and (iii) Huntsville Utilities Electric Payments in Lieu of Property Taxes, in format substantially similar to the table shown under the heading " SOURCES OF REVENUES – Property Taxes and Payments in Lieu of Taxes" in Appendix C of the Official Statement;

(b) collections of sales and use taxes levied by the City, in format substantially similar to the table shown under the heading "SOURCES OF REVENUES – Sales Taxes and License Fees – Sales and Use Taxes" in Appendix C of the Official Statement;

(c) collections of privilege license taxes levied by the City, in format substantially similar to the table shown under the heading "SOURCES OF REVENUES – Sales Taxes and License Fees – Licenses and Permits" in Appendix C of the Official Statement; and

(d) to the extent available from applicable taxing authorities, the assessed value of real property in the City, or, to the extent actual assessed values are not available, estimated assessed values of such real property, in format substantially similar (with respect to such real property) to the table shown under the heading "AD VALOREM TAXES – Assessed Valuations" in Appendix C of the Official Statement.

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of the City's Annual Report, to the extent necessary or appropriate in the judgment of the City; provided, that the City agrees that any such modification will be done in a manner consistent with the Rule.

**Section 2. Notice of Certain Events.** The City agrees to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, through the EMMA system (or any such other system subsequently authorized by the MSRB), notice of the occurrence of any of the following events (the "Listed Events") with respect to the Series 2022 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2022 Bonds, or other material events affecting the tax status of the Series 2022 Bonds;
- (7) modifications of the rights of holders of the Series 2022 Bonds;
- (8) calls for redemption, other than scheduled mandatory redemption, of any of the Series 2022 Bonds if material, and notice of tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Series 2022 Bonds;
- (11) any change in rating on the Series 2022 Bonds;
- (12) bankruptcy, insolvency, receivership or similar event of the City or of any obligated person respecting the Series 2022 Bonds;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or any obligated person respecting the Series 2022 Bonds (each, an "Obligated Person") or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinance course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement related to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security

holders, if material; and

- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

As used herein, "Financial Obligation" shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term financial obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

**Section 3. Failure to Timely File Annual Reports.** The City, in a timely manner, shall file notice in accordance with the Rule of a failure to timely file the Annual Report, respectively, by the dates herein specified.

**Section 4. Additional Information.** Nothing in this Agreement shall be deemed to prevent the parties hereto from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If any of the parties hereto choose to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, such parties shall have no obligation under this Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

**Section 5. Beneficiaries and Enforcement.** The parties hereto agree that their undertakings pursuant to the Rule set forth in the Agreement are intended to be for the benefit of the holders and beneficial owners of the Series 2022 Bonds and shall be enforceable by such holders and beneficial owners. No failure by the City to comply with its obligations under the Agreement shall constitute an event of default under the Indenture or the Lease.

**Section 6. Amendment.** This Agreement may be amended without the consent of any holders of the Series 2022 Bonds if:

- (a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City;

- (b) this Agreement, as so amended, would have complied with the requirements of the Rule at the time of the execution thereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

- (c) the City receives an opinion of nationally recognized bond counsel that such amendment does not materially impair the interests of any of the holders of the Series 2022 Bonds.

**IN WITNESS WHEREOF**, this Agreement has been duly authorized and executed by the City dated this 3<sup>rd</sup> day of March, 2022.

**CITY OF HUNTSVILLE, ALABAMA**

By: \_\_\_\_\_  
Mayor