



Huntsville, Alabama

305 Fountain Circle
Huntsville, AL 35801

Cover Memo

Meeting Type: City Council Regular Meeting **Meeting Date:** 9/12/2024

File ID: 2024-1795

Department: Huntsville Utilities

Subject:

Type of Action: Unanimous Consent

Ordinance authorizing a series of Water Revenue Warrants, Series 2024, and various related documents and agreements, to finance improvements to the City's water works plant and distribution system, payable from a senior lien on net revenues from such water system. (Unanimous Consent)

Ordinance No.

Finance Information:

Account Number: N/A

City Cost Amount: \$ N/A

Total Cost: \$ N/A

Special Circumstances:

Grant Funded: \$ N/A

Grant Title - CFDA or granting Agency: N/A

Resolution #: N/A

Location: (list below)

Address: N/A

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

Additional Comments: N/A

ORDINANCE NO. 24-652

**AN ORDINANCE TO PROVIDE FOR THE
ISSUANCE BY THE CITY OF HUNTSVILLE OF ITS
\$14,335,000 WATER REVENUE WARRANTS, SERIES 2024**

BE IT ORDAINED by the City Council (herein called the "Council") of the City of Huntsville (herein called the "City") in the State of Alabama as follows:

Section 1. Findings. The Council has determined and hereby finds and declares that the following facts are true and correct:

(a) The City has heretofore executed and delivered to The Bank of New York Mellon Trust Company, N.A. (herein called the "Trustee"), a Trust Indenture dated as of May 1, 2008 (herein called the "2008 Indenture"), under and pursuant to which the City has issued its Water Revenue Warrants, Series 2008, dated May 1, 2008 (herein called the "Series 2008 Warrants"), all of which have been redeemed and retired.

(b) Under the provisions of Article 7 of the 2008 Indenture, the City reserved the right to issue additional warrants (herein called "Additional Warrants") to be secured by the 2008 Indenture, as at any time supplemented, by a pledge of the net revenues derived from operation of the City's water works plant and distribution system (herein called the "System"), on a parity with the Series 2008 Warrants, upon compliance with the conditions set out in said Article 7.

(c) Pursuant to said reservation, the City has heretofore issued its Water Revenue Warrants, Series 2015, dated August 4, 2015 (herein called the "Series 2015 Warrants"), pursuant to a First Supplemental Indenture dated August 4, 2015 (herein called the "First Supplemental Indenture"), its Water Revenue Warrants, Series 2016, dated December 20, 2016 (herein called the "Series 2016 Warrants"), pursuant to a Second Supplemental Indenture dated December 20, 2016 (herein called the "Second Supplemental Indenture"), its Water Revenue Warrant, Series 2019, dated August 1, 2019 (herein called the "Series 2019 Warrant"), pursuant to a Third Supplemental Indenture dated August 1, 2019 (herein called the "Third Supplemental Indenture"), its Water Revenue Warrants, Series 2021-A, dated August 3, 2021 (herein called the "Series 2021-A Warrants"), pursuant to a Fourth Supplemental Indenture dated August 3, 2021 (herein called the "Fourth Supplemental Indenture"), and its Taxable Water Revenue Warrants, Series 2021-B, dated August 3, 2021 (herein called the "Series 2021-B Warrants") pursuant to the Fourth Supplemental Indenture.

(d) The Series 2015 Warrants, the Series 2016 Warrants, the Series 2021-A Warrants and the Series 2021-B Warrants constitute the only series of Additional Warrants heretofore issued by the City.

(e) No Event of Default (as defined in the 2008 Indenture) exists under the 2008 Indenture.

(f) Huntsville Utilities has determined to make certain public capital improvements to the System including, without limitation, the acquisition of land and utility improvements and related infrastructure improvements, including new elevated water storage tanks, new water distribution mains, new water booster stations and various other capital improvements and assets for the operation, development and expansion of the System (collectively, the "2024 Improvements"); and

(g) It is necessary, desirable and in the public interest that the City issue the Series 2024 Warrants hereinafter authorized to provide a portion of the funds necessary to pay the costs of the 2024 Improvements and to pay the costs of issuing the said Series 2024 Warrants.

Section 2. Authorization of Series 2024 Warrants. There are hereby authorized to be issued by the City \$14,335,000 aggregate principal amount of Water Revenue Warrants, Series 2024, dated September 25, 2024 (herein called the "Series 2024 Warrants"), all under the terms, conditions and provisions set out in the 2008 Indenture, as heretofore supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, and the Fourth Supplemental Indenture, and as further supplemented and amended by the Fifth Supplemental Indenture provided for in Section 4 of this ordinance. All the provisions of the 2008 Indenture, as so supplemented and amended (herein called the "Indenture"), are hereby adopted as a part of this ordinance.

Section 3. Source of Payment of the Series 2024 Warrants; Special Finding.

(a) The principal of and the interest on the Series 2024 Warrants shall be payable solely from the revenues derived from operation of the System (as it may at any time be constituted) remaining after payment of the reasonable and necessary expenses of efficiently and economically administering and operating the System and maintaining it in good repair and operating condition (herein called the "Net System Revenues"). Neither the Series 2024 Warrants nor any of the agreements herein contained shall ever constitute an indebtedness of the City, within the meaning of any constitutional or statutory provision or limitation. The general faith and credit of the City are not pledged to payment of the Series 2024 Warrants, and the Series 2024 Warrants shall not be general obligations of the City. None of the agreements, representations or warranties made or implied in this ordinance or in the issuance of the Series 2024 Warrants shall ever impose any personal or pecuniary liability or charge upon the City, whether before or after any breach by the City of any such agreement, representation or warranty, except with the revenues from the System. Nothing contained in this section shall, however, relieve the City from the performance of the several covenants and representations on its part herein contained.

(b) The City hereby specifically finds and determines that the Net System Revenues will, immediately following issuance of the Series 2024 Warrants, be sufficient to make timely payment of all principal and interest on the Series 2015 Warrants, the Series 2016 Warrants, the Series 2021-A Warrants, the Series 2021-B Warrants, the Series 2024 Warrants, the Subordinated Water Revenue Warrant, Series 2021-DWSRF-DL, dated February 15, 2021, the Subordinated Water Revenue Warrant, Series 2021-B-DWSRF-DL, dated October 15, 2021, the Subordinated Water Revenue Warrant, Series 2023-DWSRF-DL, dated October 1, 2023, and the Subordinated Water Revenue Warrant, Series 2024-DWSRF-DL, dated as of September 1, 2024.

Section 4. Authorization of Fifth Supplemental Indenture. The Council does hereby authorize and direct the Mayor of the City to execute and deliver, for and in the name and behalf of the City, to the Trustee, a Fifth Supplemental Indenture to be dated the date of the Series 2024 Warrants (herein called the "Fifth Supplemental Indenture"), in substantially the form presented to the meeting at which this ordinance is adopted (which form shall be attached as Exhibit I to the minutes of the meeting at which this ordinance is adopted and is hereby adopted in all respects as if set out in full herein) and does hereby authorize and direct the City Clerk of the City to impress on the Fifth Supplemental Indenture the corporate seal of the City and to attest the same.

Section 5. Confirmation of Sale of the Series 2024 Warrants. The Mayor is hereby authorized to execute and deliver, for and in the name of and on behalf of the City, a Warrant Purchase Agreement dated September 13, 2024, between the City and the Underwriters named therein (herein together called the "Underwriters"), a copy of which is attached to the minutes of the meeting at which this ordinance is adopted as Exhibit II (which is hereby made a part of this ordinance to the same extent as if set out in full herein), which agreement provides for the sale of the Series 2024 Warrants to the Underwriters. The sale price of the Series 2024 Warrants, as set forth in said Warrant Purchase Agreement, is \$16,192,123.42, which price reflects the initial par amount of the Series 2024 Warrants, less an underwriting discount of \$55,870.23, plus original issue premium of \$1,912,993.65.

Section 6. Authorization of the Preliminary Official Statement and Final Official Statement. The City hereby approves and adopts the Preliminary Official Statement dated September 4, 2024, respecting the Series 2024 Warrants (herein called the "Preliminary Official Statement"), a copy of which is attached to the minutes of the meeting at which this ordinance is adopted as Exhibit III (which is hereby made a part of this ordinance to the same extent as if set out in full herein). The actions of the City in causing the Preliminary Official Statement to be "deemed final" as of its dated date for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission are hereby ratified and affirmed in all respects. The action of the Underwriters in causing the Preliminary Official Statement to be distributed on the part of the City is hereby ratified and approved. Each of the Mayor, the Chief Executive Officer of Huntsville Utilities, and the Chief Financial Officer of Huntsville Utilities, or either of them, is hereby authorized and directed to execute and deliver on behalf of the City, the Official Statement respecting the Series 2024 Warrants and dated September 13, 2024, or such other date as recommended by bond counsel to the City (the "Official Statement"), which such Official Statement shall be in substantially the same form as the Preliminary Official Statement with such

updates and changes as shall be necessary to reflect the results of the sale of the Series 2024 Warrants and such other changes as shall be recommended by the Chief Executive Officer and the Chief Financial Officer of Huntsville Utilities, or either of them.

Section 7. Authorization of Continuing Disclosure Agreement. The Mayor of the City is hereby authorized and directed to sign, for and in the name and behalf of the City, a Continuing Disclosure Agreement dated the date of the Series 2024 Warrants (herein called the "Continuing Disclosure Agreement"), in substantially the form presented to the meeting at which this ordinance is adopted (which form shall be attached as Exhibit IV to the minutes of the meeting at which this ordinance is adopted and is hereby adopted in all respects as if set out in full herein), with such changes as the said Mayor shall approve, and the Council does hereby authorize and direct the City Clerk of the City to impress on the Continuing Disclosure Agreement the corporate seal of the City and to attest the same.

Section 8. Execution and Delivery of Series 2024 Warrants and Fifth Supplemental Indenture. The Mayor of the City is hereby directed to cause each of the Series 2024 Warrants to be signed in the name and behalf of the City by the signature of the said Mayor, the City Clerk of the City is hereby directed to cause the corporate seal of the City to be impressed on each of the Series 2024 Warrants, and to attest the said seal and each of the Series 2024 Warrants by his signature on each of the Series 2024 Warrants, and the City Treasurer is hereby directed to register the Series 2024 Warrants as claims against the City to the extent specified in the Fifth Supplemental Indenture, all in the manner contemplated by the Fifth Supplemental Indenture; and the said Mayor is hereby directed thereupon to deliver the Fifth Supplemental Indenture and the Series 2024 Warrants to the Trustee, and to direct the Trustee to execute the Fifth Supplemental Indenture and to authenticate and deliver the Series 2024 Warrants to the Underwriters, upon payment to the City of the purchase prices set forth hereinabove.

Section 9. Application of Proceeds of Series 2024 Warrants. The entire proceeds derived by the City from the sale of the Series 2024 Warrants shall be paid to the Trustee and applied in accordance with the provisions of Section 2.5 of the Fifth Supplemental Indenture.

Section 10. General Authorization. The Mayor, the City Clerk and the City Treasurer of the City, or any of them, are each hereby authorized and directed to execute, attest and deliver such other documents, agreements, instruments or certificates necessary or desirable in order to consummate the issuance and delivery of the Series 2024 Warrants and to carryout fully the transactions contemplated by this ordinance.

Section 11. Severability Provisions. The various provisions of this ordinance are hereby declared to be severable. In the event any provision hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this ordinance.

Section 12. This Ordinance a Contract. The provisions of this ordinance shall constitute a contract between the City and each holder of the Series 2024 Warrants issued hereunder. Whenever all the Series 2024 Warrants shall have been paid in full or provision for payment thereof made as provided in the Indenture, and all the agreements on the part of the City herein and therein contained with respect thereto shall have been performed, then upon the happening of such events the obligations of the City hereunder shall thereupon cease.

ADOPTED this 12th day of September, 2024.

/s/ David Little
President of the City Council
City of Huntsville, Alabama

APPROVED this 12th day of September, 2024.

/s/ Tommy Battle
Mayor
City of Huntsville, Alabama

Exhibit I

Form of Fifth Supplemental Indenture

FIFTH SUPPLEMENTAL INDENTURE

between

CITY OF HUNTSVILLE, ALABAMA

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
as Trustee**

Dated September 25, 2024

This FIFTH SUPPLEMENTAL INDENTURE between the CITY OF HUNTSVILLE, ALABAMA, a municipal corporation under the laws of Alabama (herein called the "Issuer"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association (herein called the "Trustee"),

RECITALS

(a) The Issuer has heretofore executed and delivered to the Trustee a Trust Indenture dated as of May 1, 2008, as supplemented and amended by a First Supplemental Indenture dated August 4, 2015, a Second Supplemental Indenture dated December 20, 2016, a Third Supplemental Indenture dated August 1, 2019, and a Fourth Supplemental Indenture dated August 3, 2021 (collectively herein called the "Base Indenture").

(b) Under and pursuant to the Base Indenture, the Issuer has issued its \$92,810,000 initial principal amount Water Revenue Warrants, Series 2015, dated August 4, 2015 (the "Series 2015 Warrants"), of which \$64,905,000 is presently outstanding, its \$10,425,000 initial principal amount Water Revenue Warrants, Series 2016, dated December 20, 2016 (the "Series 2016 Warrants"), of which \$6,545,000 is presently outstanding, and its (iii) \$7,010,000 initial principal amount Water Revenue Warrant, Series 2021-A, dated August 3, 2021 (the "Series 2021-A Warrants"), of which \$5,105,000 is presently outstanding, and (iv) its \$71,010,000 initial principal amount Taxable Water Revenue Warrant, Series 2021-B, dated August 3, 2021 (the "Series 2021-B Warrants"), of which \$68,150,000 is presently outstanding.

(c) Under the provisions of Article 7 of the Base Indenture, the Issuer reserved the right to issue additional warrants (herein called "Additional Warrants") to be secured by the Base Indenture, as at any time supplemented, on a parity of lien with the Series 2015 Warrants, the Series 2016 Warrants, the Series 2021-A Warrants, and the Series 2021-B Warrants, upon compliance with the conditions set out in said Article 7.

(d) The Series 2015 Warrants, the Series 2016 Warrants, the Series 2021-A Warrants and the Series 2021-B Warrants constitute the only obligations that have heretofore been issued, and are still outstanding, under the Base Indenture.

(e) The Board has determined it to be necessary, wise and in the public interest to pay the costs of certain land, assets and rights to be acquired for the System including, without limitation, the acquisition of land and utility improvements and related infrastructure improvements, including new elevated water storage tanks, new water distribution mains, new water booster stations and various other capital improvements and assets for the operation, development and expansion of the System (collectively herein called the "2024 Improvements").

(f) In order to provide funds (i) to pay the costs of the 2024 Improvements, and (ii) pay issuance expenses relating to the Series 2024 Warrants (as hereinafter defined), the Issuer has, by proper corporate action and pursuant to the provisions of Article 7 of the Base Indenture, duly authorized the issuance of its Water Revenue Warrants, Series 2024 (herein called the "Series 2024 Warrants"), which such Series 2024 Warrants shall be secured by the Base Indenture as herein and at any time hereafter supplemented and amended (herein called the "Indenture"), on a parity with the Series 2015 Warrants, the Series 2016 Warrants, the Series 2021-A Warrants, the Series 2021-B Warrants, and any Additional Warrants that may hereafter

be issued pursuant to the provisions of the said Article 7. In order to specify the details with respect to the Series 2024 Warrants and to comply with the applicable provisions of the Base Indenture, the Issuer and the Trustee are entering into this Fifth Supplemental Indenture.

NOW, THEREFORE, THIS FIFTH SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed among the Issuer, the Trustee and its successors in trust under the Indenture and the holders at any time of the Series 2024 Warrants hereinafter referred to (the said holders evidencing their consent hereto by their acceptance of the said Series 2024 Warrants), each with each of the others, as follows:

ARTICLE I

DEFINITIONS AND USE OF PHRASES

Section 1.1 Definitions. The words and phrases and others evidently intended as the equivalent thereof which are set forth in Section 1.01 of the Base Indenture shall, in the absence of clear implication herein otherwise, be given the same interpretation herein as in the Base Indenture. In addition, 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:

"*Series 2015 Warrants*" means the \$92,810,000 initial principal amount Water Revenue Warrants, Series 2015, dated August 4, 2015.

"*Series 2016 Warrants*" means the \$10,425,000 initial principal amount Water Revenue Warrants, Series 2016, dated December 20, 2016.

"*Series 2021-A Warrants*" means the \$7,010,000 initial principal amount Water Revenue Warrants, Series 2021-A, dated August 3, 2021.

"*Series 2021-B Warrants*" means the \$71,010,000 initial principal amount Taxable Water Revenue Warrants, Series 2021-B, dated August 3, 2021.

"*Series 2024 Warrants*" means those of the Warrants bearing the designation "Series 2024."

"*2024 Construction Fund*" means the fund of the same name created in Section 3.4 hereof.

"*2024 Improvements*" shall have the meaning given to such term in the recitals hereof.

ARTICLE II

THE SERIES 2024 WARRANTS

Section 2.1 Authorization and Description of Series 2024 Warrants. There is hereby authorized to be issued under the Indenture an issue or series of Warrants designated Water Revenue Warrants, Series 2024, limited in aggregate principal amount to \$14,335,000. The Series 2024 Warrants shall be dated their date of issuance (September 25, 2024), and shall mature and become payable on September 1 in the following years and in the following amounts and shall bear interest from their date at the following per annum rates (payable on March 1, 2025, and on each September 1 and March 1 thereafter):

Year of Maturity	Principal Amount Maturing	Interest Rate
2025	\$475,000	5.00%
2026	455,000	5.00
2027	475,000	5.00
2028	500,000	5.00
2029	525,000	5.00
2030	550,000	5.00
2031	580,000	5.00
2032	610,000	5.00
2033	640,000	5.00
2034	670,000	5.00
2035	705,000	5.00
2036	740,000	5.00
2037	775,000	5.00
2038	815,000	5.00
2039	855,000	5.00
2040	900,000	5.00
2041	945,000	5.00
2042	990,000	5.00
2043	1,040,000	5.00
2044	1,090,000	5.00

The Series 2024 Warrants shall be initially issued in the Authorized Denominations and registered in the names of the Holders as shall, pursuant to the provisions of Article 4 of the Indenture, be designated by the purchaser of the Series 2024 Warrants from the Issuer. All installments of principal of and interest (and premium, if any) on each Series 2024 Warrant 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 that purpose with the Trustee, whichever first occurs, at the rate of interest borne by such Series 2024 Warrant.

Section 2.2 Optional Redemption. Those of the Series 2024 Warrants having stated maturities on September 1, 2035, and thereafter, shall be subject to redemption and

payment prior to maturity, at the option of the Issuer, as a whole or in part, on September 1, 2034, and on any date thereafter (and if in part, of such maturities as shall be selected by the Issuer, and if less than all the Series 2024 Warrants of a single maturity are to be redeemed, those to be redeemed to be selected by the Trustee by lot), at and for a redemption price equal to the principal amount so redeemed plus accrued interest to the date fixed for redemption.

Section 2.3 Form of Series 2024 Warrants. The Series 2024 Warrants and the Trustee's Authentication Certificate applicable thereto shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

(Form of Series 2024 Warrants)

Unless this Warrant is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange, or payment, and any Warrant 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

**CITY OF HUNTSVILLE, ALABAMA
Water Revenue Warrant
Series 2024**

INTEREST RATE

MATURITY DATE

CUSIP NUMBER

Subject to prior payment and other provisions herein provided

The **CITY OF HUNTSVILLE, ALABAMA**, a municipal corporation under the laws of Alabama (herein called the "Issuer"), hereby orders its city treasurer to pay to **CEDE & CO.**, or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of

_____ **DOLLARS**

on the date specified above with interest thereon from the date hereof until the maturity hereof at the per annum rate of interest specified above (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable semiannually on March 1 and September 1, commencing March 1, 2025, in each year until the due date hereof.

This warrant is one of a duly authorized issue of warrants (herein called the "Warrants") issuable in series without express limit as to principal amount issued under a Trust Indenture dated as of May 1, 2008, as supplemented and amended and as further supplemented

and amended by a Fifth Supplemental Indenture dated the date of the Warrants (the said Trust Indenture, as so supplemented and amended, herein called the "Indenture"), from the Issuer to The Bank of New York Mellon Trust Company, N.A. (herein, together with its successors in trust, called the "Trustee"). The principal of and the interest (and premium, if any) on the Warrants are payable solely out of the revenues derived from the operation of the Issuer's water works and distribution system (which, as presently or hereafter constituted, is herein called the "System") remaining after payment of the expenses of operating and maintaining the System. Payment of the principal of and the interest (and premium, if any) on the Warrants is secured, pro rata and without preference or priority of one Warrant over another or of the Warrants of any one series over the Warrants of any other by a valid pledge of the revenues out of which they are payable.

Reference is hereby made to the Indenture for a description of the nature and extent of the security afforded thereby, the rights and duties of the Issuer and the Trustee with respect thereto, the rights of the holders of the Warrants and the terms and conditions on which additional series of Warrants may be issued. The Indenture provides, inter alia, (a) that in the event of default by the Issuer in the manner and for the time therein provided, the Trustee may declare the principal of and the interest accrued on this warrant 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, and (b) that the holder of this warrant shall have no right to enforce the provisions of the Indenture except as provided therein and then only for the equal and pro rata benefit of the holders of all the Warrants. The Indenture also provides that the Issuer and the Trustee, with the written consent of the holders of not less than 66-2/3% in aggregate principal amount of the Warrants 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 Warrant affected, reduce the principal of, the rate of interest on, or the premium (if any) payable on redemption of, any Warrant, or (2) without the consent of the holders of all the Warrants then outstanding under the Indenture, extend the maturity of any installment of principal or interest on any of the Warrants, make any change in the schedule of required sinking fund or other similar payments with respect to any series of the Warrants, create a lien or charge on the revenues from the System ranking prior to or (except in connection with the issuance of additional warrants under the Indenture) on a parity with the lien or charge thereon contained in the Indenture, effect a preference or priority of any Warrant over any other Warrant or reduce the aggregate principal amount of Warrants the holders of which are required to consent to any such amendment. The Indenture does not constitute a mortgage on the System.

The series of Warrants of which this is one is designated "Water Revenue Warrants, Series 2024" and is authorized to be issued in the aggregate principal amount of \$14,335,000 (the "Series 2024 Warrants").

Those of the Series 2024 Warrants having stated maturities on September 1, 2035, and thereafter, are subject to redemption and payment, at the option of the Issuer, as a whole or in part (but if in part, in such maturities as the Issuer shall designate, and if less than all of the principal of the Series 2024 Warrants of a single maturity is to be redeemed, the Trustee shall select by lot the principal portion of the Series 2024 Warrants of such maturity to be redeemed), on September 1, 2034, and on any date thereafter, at and for a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

Notice of any redemption of any Series 2024 Warrants (other than by mandatory redemption) shall be given not less than thirty (30) days prior to the date fixed for such redemption by United States registered or certified mail (first-class, postage prepaid) to the holder of any Series 2024 Warrant called for redemption at the address of such holder shown on the registry books of the Trustee pertaining to the Series 2024 Warrants. In the event that less than all the outstanding principal of a Series 2024 Warrant is to be redeemed, there shall be issued to the registered holder thereof, upon the surrender of such Series 2024 Warrant to the Trustee, a new Series 2024 Warrant of even tenor therewith except in a principal amount equal to the unredeemed portion of the Series 2024 Warrant so surrendered, all as shall be requested by the registered holder of the Warrant to be partially redeemed.

The principal of and premium (if any) on this warrant shall be payable only upon presentation and surrender of this warrant at the designated corporate trust office of the Trustee. Interest on the Series 2024 Warrants is payable by check or draft mailed by the Trustee to the then registered holder thereof at the address shown on the registry books of the Trustee pertaining to the Series 2024 Warrants as of the close of business on the February 15 or August 15, as the case may be, next preceding the date of payment of such interest. Payment of the interest on the Series 2024 Warrants shall be deemed timely made if mailed on the interest payment date or, if such interest payment date is not a Business Day (as defined in the Indenture), then on the first Business Day immediately following such interest payment date. The Indenture provides that all payments by the Issuer or the Trustee to the person in whose name a Series 2024 Warrant is registered shall to the extent thereof fully discharge and satisfy all liability for the same. Any transferee of a Series 2024 Warrant takes it subject to all payments of principal and interest in fact made with respect thereto. Notwithstanding anything herein to the contrary, so long as the Series 2024 Warrants are subject to the Book-Entry Only System of The Depository Trust Company, payments on the Series 2024 Warrants shall be made in accordance with the rules and regulations of the Book-Entry Only System.

The Series 2024 Warrants are not general obligations of the Issuer, and 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 Issuer. Neither the faith and credit of the Issuer nor any of its taxing powers are pledged or shall ever be used for payment of the principal of or interest (or premium, if any) on the Series 2024 Warrants.

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 the Series 2024 Warrants do exist, have been performed and have happened in due and legal form.

The Series 2024 Warrants are issuable only as fully registered warrants in the denomination of \$5,000 or any integral multiple thereof. Provision is made in the Indenture for the exchange of Series 2024 Warrants for a like aggregate principal amount of Series 2024 Warrants of the same maturity and interest rate and in an authorized denomination, all as may be requested by the holder surrendering the Series 2024 Warrant or Series 2024 Warrants to be so exchanged and upon the terms and conditions specified in the Indenture.

This Series 2024 Warrant 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 Series 2024 Warrants and only upon surrender of this Series 2024 Warrant to the Trustee for cancellation, and upon any such transfer a new Series 2024 Warrant 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 warrant, shall consent and agree and shall be estopped to deny that, insofar as the Issuer and the Trustee are concerned, this warrant may be transferred only in accordance with the provisions of the Indenture.

The Trustee shall not be required so to transfer or exchange this warrant during the period of fifteen days next preceding any interest payment date with respect thereto; and in the event this warrant (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 fifteen 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 Issuer has caused this warrant to be executed in its name and behalf with the signature of its Mayor, has caused its corporate seal to be hereunto impressed, has caused this Series 2024 Warrant to be attested by the signature of its City Clerk, and has caused this Series 2024 Warrant to be dated September 25, 2024.

CITY OF HUNTSVILLE, ALABAMA

By _____
Its Mayor

[SEAL]

Attest:

City Clerk

(Form of Trustee's Authentication Certificate)

Date of Registration and Authentication:

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

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.
Trustee

By _____
Its Authorized Officer
(Form of Assignment)

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto _____ the within warrant and hereby irrevocably constitute(s) and appoint(s) _____ attorney, with full power of substitution in the premises, to transfer this warrant 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 warrant in every particular, without alteration, enlargement or change whatsoever.

Signature guaranteed:

(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 2.4 Execution and Delivery of the Series 2024 Warrants. The Series 2024 Warrants shall be forthwith executed and delivered to the Trustee and shall be authenticated and delivered by the Trustee from time to time upon receipt by the Trustee of an order signed on behalf of the Issuer by its Mayor requesting such authentication and delivery and designating the person or persons to receive the same or any part thereof.

Section 2.5 Application of Proceeds from Sale of Series 2024 Warrants. The entire proceeds (except for the underwriter's discount, which shall be withheld by the underwriter of the Series 2024 Warrants) derived by the Issuer from the sale of the Series 2024 Warrants shall be paid to the Trustee and promptly thereafter applied by the Trustee for the following purposes and in the following order:

- (i) payment into the Warrant Fund of that portion of such proceeds that is allocable to accrued interest (if any); and
- (ii) payment of the balance of the said proceeds into the 2024 Construction Fund, to be used for payment of the costs of the acquisition and construction of the 2024 Improvements and the expenses incurred in connection with the issuance and sale of the Series 2024 Warrants.

Section 2.6 Book-Entry Only System. The Series 2024 Warrants shall be initially issued in book-entry only form, registered in the name of Cede & Co., the nominee of The Depository Trust Company. So long as the said book-entry only system remains in effect, the provisions of the Indenture, including the provisions governing the registration and exchange of Series 2024 Warrants, places and manner of payment of Series 2024 Warrants, requirements for presentment of Series 2024 Warrants and manner and effect of redemption of Series 2024 Warrants shall be subject to the standard procedures of The Depository Trust Company, including those set forth in the Letter of Representations.

ARTICLE III

CONSTRUCTION OF 2024 IMPROVEMENTS; 2024 CONSTRUCTION FUND

Section 3.1 Purpose of Issuance. A portion of the sale proceeds of the Series 2024 Warrants will be applied for the purpose of paying the costs of the 2024 Improvements.

Section 3.2 Construction of 2024 Improvements. The Issuer will go forward continuously and with reasonable dispatch with the acquisition, by construction and otherwise, of the 2024 Improvements (all of which are properly chargeable to fixed capital account by generally accepted accounting principles), substantially in accordance with the plans and specifications therefor prepared by or on behalf of the Issuer. The Issuer will complete the

acquisition and construction of the 2024 Improvements, including the acquisition of such real estate (including easements and other interests therein) as may be necessary therefor, as soon as may be practicable, delays incident to strikes, riots, acts of God and the public enemy and similar acts beyond the reasonable control of the Issuer only excepted. The Issuer will promptly pay or cause to be paid as and when due, all expenses incurred in said acquisition and construction, and it will not suffer or permit any mechanics' or materialmen's liens which might be filed or otherwise claimed or established upon or against the System or any part thereof and which might be or become a lien thereon to remain unsatisfied and undischarged for a period exceeding thirty (30) days after the filing or establishment thereof; provided, however, that the Issuer may in good faith contest any such mechanics, or materialmen's lien claims so filed or established and, in the event that any 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 or not, unless the Trustee shall be of the opinion that by such action the System or any part thereof shall be subject to loss or forfeiture, in which event such mechanics' or materialmen's liens shall be satisfied prior to the expiration of said thirty (30) day period.

Section 3.3 Creation of 2024 Construction Fund. Purposes for Which Moneys Therein May be Expended. The Issuer shall establish a special fund that is not subject to the lien of this Indenture, the full name of which shall be the "2024 Construction Fund," for the purpose of providing funds for the acquisition and construction of the 2024 Improvements and for payment of the expenses incurred in connection with the issuance and sale of the Series 2024 Warrants. The Bank of New York Mellon Trust Company, N.A., is hereby designated as the initial depository for the 2024 Construction Fund. The Issuer shall have the right from time to time, at the sole and absolute discretion of the Issuer, to change the depository for the 2024 Construction Fund. Moneys on deposit in the 2024 Construction Fund may be withdrawn from time to time by the Issuer for the following purposes:

- (a) payment of the expenses incurred by the Issuer in the issuance and sale of the Series 2024 Warrants, including the initial charge of the Trustee under the Indenture, and the legal, fiscal, advertising and recording fees and expenses incurred in connection therewith;
- (b) payment of the costs of acquiring any real estate (including easements and other interests therein) necessary and suitable for the construction thereon of any part or parts of the 2024 Improvements;
- (c) payment for labor, services, materials, supplies and equipment furnished in constructing the 2024 Improvements; and
- (d) payment of all expenses (including the reasonable fees and expenses of engineers and attorneys, and recording fees) in connection with matters referred to in the proceeding subsections (b) and (c) of this section or for any other lawful purpose for which such funds may be used by the Issuer;

it being understood that any such payments shall also be deemed to include reimbursement to the Issuer for amounts paid by the Issuer for the foregoing purposes prior to issuance of the Series 2024 Warrants.

Section 3.4 Investment of 2024 Construction Fund. At the written direction of and pursuant to written instructions given by the Issuer to the depository for the 2024 Construction Fund, moneys on deposit in the 2024 Construction Fund may be invested in Qualified Investments having stated maturities in such amounts and at such times, as to make available from the 2024 Construction Fund cash moneys sufficient to meet the needs of the 2024 Construction Fund. In the event of any such investment, the securities in which such moneys are so invested, together with all income derived therefrom, shall become a part of the 2024 Construction Fund to the same extent as if they were moneys originally deposited therein.

Section 3.5 Payments from the 2024 Construction Fund. The Issuer may withdraw the moneys on deposit in the 2024 Construction Fund for the purposes specified in the preceding Section 3.3 hereof upon receipt of a requisition signed in the name of the Issuer by an Authorized Issuer Representative or anyone authorized in writing by an Authorized Issuer Representative to deliver any requisition hereunder for payments from the 2024 Construction Fund.

ARTICLE IV MISCELLANEOUS

Section 4.1 Compliance with Certain Requirements of the Code. The Issuer will comply with all conditions to and requirements for the exclusion from gross income of the recipients thereof for federal income tax purposes of the interest income on the Series 2024 Warrants imposed by Section 103 of the Internal Revenue Code of 1986 (herein called the "Code"). Without limiting the generality of the foregoing,

(a) the Issuer will not apply the proceeds from the Series 2024 Warrants in a manner that would cause any of the Series 2024 Warrants to be "private activity bonds" within the meaning of Section 141(a) of the Code, and

(b) the Issuer will comply with the requirements of Section 148 of the Code in order that the Series 2024 Warrants will not be "arbitrage bonds" within the meaning of said Section 148, including, without limitation, the requirement for the payment of certain amounts to the United States in accordance with the provisions of Section 148(f)(2) of the Code.

Section 4.2 No Account in Reserve Fund for Series 2024 Warrants. The Issuer is not creating an account in the Reserve Fund for the benefit of the Series 2024 Warrants and, accordingly, the Series 2024 Warrants will not be secured by the Reserve Fund.

Section 4.3 IGSA Water Revenues. (a) The Issuer does hereby affirm, acknowledge, covenant, and agree that revenues attributable to services provided for water services performed by the Issuer under that certain Intergovernmental Support Agreement between Huntsville Utilities and the United States of America, originally executed by Huntsville Utilities on January 28, 2021 and by the United States on March 10, 2021, as heretofore

extended and as hereafter may be extended ("IGSA Water Revenues"), are included within the meaning of "System Revenues" for purposes of this Indenture. For the avoidance of doubt, the Indenture is hereby amended to include IGSA Water Revenues within the meaning of "System Revenues" under this Indenture.

(b) All the terms, covenants and conditions of the Indenture, as supplemented hereby, are hereby in all respects ratified and confirmed, and the Indenture as so supplemented shall continue in full force and effect.

Section 4.4 Severability. In the event that any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 4.5 Electronic Communications. The Trustee shall have the right to accept and act upon directions or instructions delivered using Electronic Means (defined below); provided, however, that the Issuer shall provide to the Trustee an incumbency certificate listing Authorized Officers with the authority to provide such directions or instructions (each an "Authorized Officer") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer elects to give the Trustee directions or instructions using Electronic Means and the Trustee in its discretion elects to act upon such directions or instructions, the Trustee's understanding of such directions or instructions shall be deemed controlling. The Issuer understands and agrees that the Trustee cannot determine the identity of the actual sender of such directions or instructions and that the Trustee shall conclusively presume that directions or instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Issuer shall be responsible for ensuring that only Authorized Officers transmit such directions or instructions to the Trustee and that all Authorized Officers treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such directions or instructions notwithstanding such directions or instructions conflict or are inconsistent with a subsequent written direction or written instruction. The Issuer agrees: (i) to assume all risks arising out of the use of Electronic Means to submit directions or instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized directions or instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions or instructions to the Trustee and that there may be more secure methods of transmitting directions or instructions; (iii) that the security procedures (if any) to be followed in connection with its transmission of directions or instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee upon its actual knowledge of any compromise or unauthorized use of said security procedures (if any). "Electronic Means" shall mean the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

Section 4.6 No Broker Confirmations. The Issuer agrees that broker confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered by the Trustee.

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Fifth Supplemental Indenture to be executed and sealed by a duly authorized officer of each, and have caused this Fifth Supplemental Indenture to be dated September 25, 2024.

CITY OF HUNTSVILLE, ALABAMA

[S E A L]

By _____
Its Mayor

Attest:

City Clerk

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.**
As Trustee as Aforesaid

By _____
Its _____

Attest:

Its _____

STATE OF ALABAMA)
 :
COUNTY OF MADISON)

I, the undersigned Notary Public in and for said county in said state, hereby certify that TOMMY BATTLE, as Mayor of the CITY OF HUNTSVILLE, ALABAMA, a municipal corporation under the laws 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 municipal corporation.

GIVEN under my hand and official seal of office, this ____ day of September, 2024.

Notary Public

[NOTARIAL SEAL]

STATE OF ALABAMA)
 :
COUNTY OF JEFFERSON)

I, the undersigned Notary Public in and for said county in said state, hereby certify that [Stuart Statham], whose name as Vice President of THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, 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 bank in its capacity as trustee as aforesaid.

GIVEN under my hand and official seal of office, this ____ day of September, 2024.

Notary Public

[NOTARIAL SEAL]

Exhibit II

Warrant Purchase Agreement

WARRANT PURCHASE AGREEMENT

by

CITY OF HUNTSVILLE

**Relating to the issuance of
\$14,335,000 Water Revenue Warrants, Series 2024
by
City of Huntsville**

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Issuer: City of Huntsville

Senior Manager: PNC Capital Markets LLC, acting on behalf of itself and the other Underwriters (if any) listed on the signature page below.

Securities: \$14,335,000 Water Revenue Warrants, Series 2024

Acceptance Deadline: September 13, 2024, 9:00 a.m. (Huntsville, Alabama time).

Effective Date and Time: September 13, 2024, [8:00 a.m.] (Huntsville, Alabama time).

Closing Date: September 25, 2024

1. Offer to Purchase the Securities; Execution of Terms and Acceptance

The Issuer and the Senior Manager, acting on behalf of itself and the Underwriters (if any) listed on the signature page below (together with the Senior Manager, the “*Underwriters*”), are entering into this Warrant Purchase Agreement (the “*Agreement*”), to provide for the purchase and sale of the Securities identified above. The Securities are further described in Schedule I.

The Underwriters hereby offer to purchase all (but not less than all) of the Securities from, and to enter into this Agreement with, the Issuer. This offer is subject to acceptance by the Issuer by the Acceptance Deadline and, if not so accepted, will be subject to withdrawal by the Underwriters by written notice delivered to the Issuer at any time prior to acceptance. The Issuer shall accept this Agreement by its execution of this Warrant Purchase Agreement Terms and Acceptance (this “*Terms and Acceptance*”). Upon such execution, the Agreement will be binding upon the Underwriters and the Issuer. The Senior Manager is acting on behalf of the Underwriters under this Agreement. This Agreement is effective as of the Effective Date and Time.

2. Documents Comprising the Agreement

This Agreement consists of this Terms and Acceptance, the following Schedules, including the General Provisions and Conditions, all of which are incorporated herein and constitute part of this Agreement as if fully restated herein. The Schedules are as follows:

- Schedule I: Terms of Tax-Exempt Securities; 10% Test Maturities/Hold-the-Offering-Price Rule Maturities; Terms of Taxable Securities
- Schedule II: Defined Terms
- Schedule III: Modifications to the Agreement and Other Required State-or Issuer-Specific Provisions
- Schedule IV: Issuer and Underwriter Representations
- Schedule V: Items to be Delivered at Closing
- Schedule VI: General Provisions and Conditions

This Agreement shall include all provisions contained in the General Provisions and Conditions except as otherwise specified in this Terms and Acceptance or as modified in Schedule

III. All capitalized terms used in this Terms and Acceptance and not otherwise defined are used as defined in Schedule II or in the General Provisions and Conditions.

3. Purchase of the Securities

The Underwriters, jointly and severally, shall purchase from the Issuer, and the Issuer shall sell to the Underwriters, all (but not less than all) of the Securities on the Closing Date at the aggregate Purchase Price set forth below, plus accrued interest (if any). The Securities shall bear interest at the rates per annum, mature on the dates, be sold to the public at the prices and be subject to optional and mandatory sinking fund redemption prior to maturity and to such other terms and provisions, all as set forth in Schedule I. The Securities otherwise shall be as described in the Official Statement, the Securities Ordinance and the other Issuer Documents. The Underwriters' agreement to purchase the Securities from the Issuer is made in reliance upon the Issuer's representations, covenants and warranties and on the terms and conditions set forth in this Agreement.

The Issuer acknowledges and agrees that (i) the purchase and sale of the Securities pursuant to this Agreement is an arm's-length, commercial transaction between the Issuer and the Underwriters in which each Underwriter is acting solely as a principal and is not acting as a municipal advisor (within the meaning of Section 15B of the Exchange Act), financial advisor or fiduciary to the Issuer, (ii) the Underwriters have not assumed (individually or collectively) any advisory or fiduciary responsibility to the Issuer with respect to this Agreement, the offering of the Securities and the discussions, undertakings and procedures leading thereto (irrespective of whether any Underwriter, or any affiliate of an Underwriter, has provided other services or is currently providing other services to the Issuer on other matters), (iii) the only obligations the Underwriters have to the Issuer with respect to the transactions contemplated hereby are set forth in this Agreement, (iv) the Underwriters have financial and other interests that differ from those of the Issuer and (v) the Issuer has consulted with its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

4. Purchase Price

The Purchase Price of the Securities is \$16,192,123.42 (representing the principal amount of the Securities, less Underwriters' discount of \$55,870.23, and plus original issue premium of \$1,912,993.65), plus accrued interest, if any, to the Closing Date. The Purchase Price shall be payable on the Closing Date by the Underwriters to or as directed by the Issuer by wire transfer in immediately available funds or as otherwise agreed by the Issuer and the Senior Manager in a closing statement or memorandum executed by the Issuer and the Senior Manager. In accordance with Section 10 of the General Provisions and Conditions, the Underwriters also will be reimbursed for the following out-of-pocket expenses: [None].

5. Good Faith Deposit

No Good Faith Deposit will be delivered.

6. Official Statement

The Issuer hereby consents to and ratifies the use and distribution by the Underwriters of the Preliminary Official Statement in connection with the public offering of the Securities by the Underwriters, and further confirms the authority of the Underwriters to use, and consents to the use of, the final Official Statement with respect to the Securities in connection with the public offering and sale of the Securities. The Issuer hereby represents and warrants that the Preliminary Official Statement previously furnished to the Senior Manager was “deemed final” by the Issuer as of its date for purposes of Rule 15c2-12, except for permitted omissions. In accordance with Section 4(a) of the General Provisions and Conditions, the Issuer agrees, at its cost, to provide to the Underwriters not more than 15 copies of the Official Statement.

7. Third-Party Credit Enhancement or Support

No Policy or Support Facility will be provided with respect to the Securities.

8. Ratings

The following ratings on the Securities shall be in effect on the Closing Date:

Moody's: Aa1
S&P: AAA

9. Closing Date

The delivery of and payment for the Securities shall be the “Closing” for the Securities and shall occur at or prior to 1:00 p.m., New York City time, on the Closing Date, or at such other time or on such other date as may be mutually agreed by the Senior Manager and the Issuer. The location of the Closing shall be the law offices of Bradley Arant Boult Cummings LLP, 200 Clinton Avenue West, Suite 900, Huntsville, Alabama 35801-4900, or at such other location as may be mutually agreed by the Senior Manager and the Issuer.

10. Establishment of Issue Price

The Senior Manager, on behalf of the Underwriters, agrees to assist the Issuer in establishing the issue price of the Tax-Exempt Securities and shall execute and deliver to the Issuer at Closing an “issue price” or similar certificate substantially in the form attached hereto as Exhibit A to Schedule V, together with the supporting pricing wires or equivalent communications, with modifications to such certificate as may be deemed appropriate or necessary, in the reasonable judgment of the Senior Manager, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Tax-Exempt Securities. All actions to be taken by the Issuer under this section to establish the issue price of the Tax-Exempt Securities may be taken on behalf of the Issuer by the Issuer’s municipal advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Issuer’s municipal advisor.

11. Accountants' Letter

On the Closing Date, the Senior Manager shall receive an Accountants' letter as described in Schedule V.

12. Indemnification and Contribution

THE INDEMNIFICATION AND CONTRIBUTION PROVISIONS, IF ANY, CONTAINED IN SECTION 11 OF THE GENERAL PROVISIONS AND CONDITIONS ARE NOT APPLICABLE IN CONNECTION WITH THE ISSUANCE AND SALE OF THE SECURITIES AND SHALL NOT BE PART OF THIS AGREEMENT.

13. Counterparts

This Agreement may be executed in one or more counterparts with the same force and effect as if all signatures appeared on a single instrument.

14. Signatures

Upon execution by the Issuer and the Senior Manager, this Agreement shall be binding upon the Issuer and the Senior Manager as of the Effective Date and Time.

[Signature page follows.]

ACCEPTED AND AGREED:

ISSUER: CITY OF HUNTSVILLE

By: _____

Name: _____

Title: _____

SENIOR MANAGER, on behalf of the Underwriters: PNC CAPITAL MARKETS LLC

By: _____

Name: _____

Title: _____

CO-MANAGING UNDERWRITERS: None.

[Signature page for Terms and Acceptance relating to
\$14,335,000 Water Revenue Warrants, Series 2024]

Terms of the Securities**Water Revenue Warrants, Series 2024**

<u>Principal Amount</u>	<u>Maturity (September 1)</u>	<u>Interest Rate</u>	<u>Offering Price</u>	<u>Yield</u>
\$475,000	2025	5.000%	102.206	2.590%
455,000	2026	5.000	104.610	2.540
475,000	2027	5.000	106.880	2.550
500,000	2028	5.000	109.033	2.570
525,000	2029	5.000	111.092	2.590
550,000	2030	5.000	112.939	2.630
580,000	2031	5.000	114.248	2.730
610,000	2032	5.000	115.705	2.780
640,000	2033	5.000	116.677	2.870
670,000	2034	5.000	117.915	2.910
705,000	2035	5.000	117.161*	2.990*
740,000	2036	5.000	116.600*	3.050*
775,000	2037	5.000	116.228*	3.090*
815,000	2038	5.000	115.949*	3.120*
855,000	2039	5.000	115.211*	3.200*
900,000	2040	5.000	114.478*	3.280*
945,000	2041	5.000	113.480*	3.390*
990,000	2042	5.000	112.850*	3.460*
1,040,000	2043	5.000	112.224*	3.530*
1,090,000	2044	5.000	111.691*	3.590*

*Calculated to the September 1, 2034 optional redemption date.

Optional Redemption:

Those of the Water Revenue Warrants, Series 2024 having stated maturities on September 1, 2035, and thereafter, will be subject to redemption prior to their respective maturities, at the option of the Issuer, as a whole or in part, on September 1, 2034, and on any date thereafter, at a redemption price equal to the face amount of Water Revenue Warrants, Series 2024 to be redeemed plus accrued interest thereon to the date fixed for redemption.

Schedule I-B

Initial Offering Prices Materials

This Schedule relates to the Warrant Purchase Agreement between the City of Huntsville (the “Issuer”) and PNC Capital Markets LLC, with respect to the Issuer’s \$14,335,000 Water Revenue Warrants, Series 2024 (the “Tax-Exempt Securities”). Capitalized terms not otherwise defined in this Schedule have the meanings assigned in the Warrant Purchase Agreement.

The Senior Manager certifies and represents that the initial offering price for each maturity of the Securities, the maturities of the Securities for which the 10% test has been satisfied are as follows:

Water Revenue Warrants, Series 2024

Maturity (September 1)	Principal Amount	Interest Rate	Initial Offering Price	Yield	10% Test Satisfied
2025	\$475,000	5.000%	102.206	2.590%	Yes
2026	455,000	5.000	104.610	2.540	Yes
2027	475,000	5.000	106.880	2.550	Yes
2028	500,000	5.000	109.033	2.570	Yes
2029	525,000	5.000	111.092	2.590	Yes
2030	550,000	5.000	112.939	2.630	Yes
2031	580,000	5.000	114.248	2.730	Yes
2032	610,000	5.000	115.705	2.780	Yes
2033	640,000	5.000	116.677	2.870	Yes
2034	670,000	5.000	117.915	2.910	Yes
2035	705,000	5.000	117.161*	2.990*	Yes
2036	740,000	5.000	116.600*	3.050*	Yes
2037	775,000	5.000	116.228*	3.090*	Yes
2038	815,000	5.000	115.949*	3.120*	Yes
2039	855,000	5.000	115.211*	3.200*	Yes
2040	900,000	5.000	114.478*	3.280*	Yes
2041	945,000	5.000	113.480*	3.390*	Yes
2042	990,000	5.000	112.850*	3.460*	Yes
2043	1,040,000	5.000	112.224*	3.530*	Yes
2044	1,090,000	5.000	111.691*	3.590*	Yes

*Calculated to the September 1, 2034 optional redemption date.

Defined Terms

All capitalized terms used in this Agreement and not otherwise defined are used as defined in Schedule II below or in the General Provisions and Conditions:

Acceptance Deadline: The date set forth on the first page of the Terms and Acceptance, being the date and time by which the Issuer must accept the Agreement.

Accountants: Mauldin & Jenkins, LLC, Huntsville, Alabama, the public accountants of the Issuer and/or any entity whose audited financial statements are included in the Preliminary Official Statement and the Official Statement.

Act: Section 11-47-2 of the Code of Alabama 1975, as amended.

Agreement: This Warrant Purchase Agreement, dated the Effective Date, including (i) the Terms and Acceptance, (ii) Schedules I, II, III, IV and V attached hereto and (iii) the General Provisions and Conditions, which are attached hereto as Schedule VI.

Bond Counsel: Bradley Arant Boult Cummings LLP.

Bond Insurer: The issuer of the Policy, if any, identified in the Terms and Acceptance.

Closing Date: The date set forth on the first page of the Terms and Acceptance, being the date of the issuance and delivery of the Securities.

Continuing Disclosure Undertaking: The continuing disclosure undertaking or agreement, if any, entered into by the Issuer with respect to the Securities in accordance with Rule 15c2-12 (which may be a separate document or may be included in the Securities Ordinance or another Issuer Document).

Creditors' Rights Laws: Limitations on enforceability as may result from bankruptcy, insolvency, reorganization, moratorium, sovereign immunity, and other similar laws affecting creditors' rights generally from time to time in effect and from the application of general principles of equity, including the exercise of judicial discretion in appropriate cases, and from public policy limitations on the exercise of any rights to indemnification and contribution.

DTC: The Depository Trust Company.

Effective Date and Time: The date and time that this Agreement is effective, as set forth on the first page of the Terms and Acceptance.

End of the Underwriting Period: The Closing Date, unless the Senior Manager notifies the Issuer in writing, on or prior to the Closing Date, that the Closing Date will not be the "end of the underwriting period". In the event such notice is given in writing by the Senior Manager to the

Issuer, the “end of the underwriting period” for the Securities shall mean the earlier to occur of (i) 35 days after the Closing Date or (ii) the date on which the Underwriters no longer retain an unsold balance of the Securities.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Excluded Sections: For purposes of the representations and warranties of the Issuer set forth in Schedule IV, the “*Excluded Sections*” of the Preliminary Official Statement and the Official Statement shall be: (i) the section describing DTC and its book-entry-only procedures, (ii) any information provided by the Bond Insurer or Support Facility Provider expressly for use in the Official Statement, and (iii) the section captioned “Underwriting”.

General Provisions and Conditions: The Warrant Purchase Agreement General Provisions and Conditions attached hereto as Schedule VI, and constituting part of this Agreement, except as otherwise specified or as modified in Schedule III.

Good Faith Deposit: The amount to be provided as a good faith deposit by the Underwriters to the Issuer, if and to the extent set forth in the Terms and Acceptance.

Indenture: the Trust Indenture dated as of May 1, 2008 as supplemented and amended and as further supplemented and amended by a Fourth Supplemental Indenture dated the date of the Securities by and between the Issuer and the Trustee.

Issuer: The Issuer of the Securities, identified on the first page of the Terms and Acceptance.

Issuer Documents: The financing documents to which the Issuer is a party relating to the issuance of and security for the Securities, as such documents are amended and supplemented to the Closing Date, including:

- (i) this Agreement,
- (ii) any Continuing Disclosure Undertaking,
- (iii) the Securities Ordinance, and
- (iv) the Indenture.

Issuer’s Counsel: Warne S. Heath, Esq.

MSRB: Municipal Securities Rulemaking Board.

Notice Address:

ISSUER: Huntsville Utilities
112 Spragins Street
Huntsville, Alabama 35801

SENIOR MANAGER: PNC Capital Markets LLC
4720 Piedmont Row, Suite 200
Charlotte, North Carolina 28210

All Notices required to be delivered under this Agreement shall be given as provided in Section 12 of the General Provisions and Conditions.

Official Statement: Official Statement dated as of an appropriate date relating to the Securities, together with all appendices or exhibits, any materials incorporated by reference therein and any amendments or supplements thereto.

Policy: A municipal bond insurance policy, if any, issued by the Bond Insurer, insuring the payment when due of principal of and interest on the Securities (or certain specified series or maturities), as identified in the Terms and Acceptance.

Preliminary Official Statement: Preliminary Official Statement dated September 4, 2024, relating to the Securities, together with all appendices or exhibits, any materials incorporated by reference therein and any amendments or supplements thereto.

Purchase Price: The amount specified in the Terms and Acceptance as the Purchase Price to be paid by the Underwriters at the Closing for the purchase of the Securities on the Closing Date.

Rule 15c2-12: Rule 15c2-12 promulgated by the SEC under the Exchange Act.

SEC: Securities and Exchange Commission of the United States.

Securities: The Securities identified on the first page of this Terms and Acceptance, as more specifically described in Schedule I.

Securities Act: The Securities Act of 1933, as amended.

Securities Ordinance: The ordinance adopted by the governing body of the Issuer on September 12, 2024, authorizing the issuance of the Securities.

Senior Manager: The firm identified as the Senior Manager on the first page of the Terms and Acceptance, acting on behalf of itself and the other Underwriters (if any).

State: State of Alabama.

Support Facility: A third-party credit enhancement or liquidity facility (other than a Policy), if any, provided by the Support Facility Provider, supporting payments with respect to the Securities (or certain specified series), as identified in the Terms and Acceptance.

Support Facility Provider: The provider of the Support Facility, if any, identified in the Terms and Acceptance.

Tax-Exempt Securities: The Issuer's \$14,335,000 Water Revenue Warrants, Series 2024 Warrants identified on the first page of this Terms and Acceptance, as more specifically described in Schedule I.

Terms and Acceptance: The Warrant Purchase Agreement Terms and Acceptance to which this Schedule II is attached, as modified and completed to apply to the issuance and sale of the Securities.

Trustee: The Bank of New York Mellon Trust Company, N.A., acting as trustee and/or paying agent for the Securities.

Trust Estate: The net revenues derived from the operation of the Issuer's water works plant and distribution system as at any time constituted remaining after payment of Operating Expenses, as defined in the Indenture.

Trust Indenture Act: Trust Indenture Act of 1939, as amended.

Underwriters: The Underwriters (including the Senior Manager, the Co-Managing Underwriters and any additional Underwriters) identified on the signature page of the Terms and Acceptance.

Underwriters' Counsel: Maynard Nexsen PC, Birmingham, Alabama.

Schedule III

**Modifications to the Agreement and Other Required
State- or Issuer-Specific Provisions**

Each of the modifications and/or supplemental provisions set forth below or attached to this Schedule III shall be incorporated in and constitute part of this Agreement as if fully restated therein:

THE INDEMNIFICATION AND CONTRIBUTION PROVISIONS CONTAINED IN SECTION 11 OF THE GENERAL PROVISIONS AND CONDITIONS, IF ANY, ARE NOT APPLICABLE IN CONNECTION WITH THE ISSUANCE AND SALE OF THE SECURITIES AND SHALL NOT BE PART OF THIS AGREEMENT.

Representations and Warranties

A. **Representations and Warranties of the Issuer.** The Issuer hereby agrees with, and makes the following representations and warranties to, the Underwriters, as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing:

- (a) The Issuer is a municipal corporation under the constitution and laws of the State and has full legal right, power and authority under the constitution and laws of the State, including the Act, to adopt the Securities Ordinance, to execute and deliver the other Issuer Documents and the Official Statement, to issue, sell and deliver the Securities as provided herein, and to carry out and to consummate the transactions contemplated by the Securities Ordinance, the other Issuer Documents and the Official Statement.
- (b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized and approved (i) the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement for use by the Underwriters in connection with the public offering of the Securities, (ii) the issuance and sale of the Securities upon the terms set forth herein and as contemplated by the Securities Ordinance, the other Issuer Documents and the Official Statement and (iii) the execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Securities, the Securities Ordinance and the other Issuer Documents.
- (c) The Securities will be issued in conformity with and entitled to the benefit and security of the Securities Ordinance and the other Issuer Documents, including the pledge or application thereunder of the Trust Estate.
- (d) This Agreement, assuming the due authorization, execution and delivery by the Underwriters, constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms; the other Issuer Documents, when duly executed and delivered, will constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms; and the Securities, when issued, authenticated and delivered in accordance with the Issuer Documents and sold to the Underwriters as provided herein, will be the legal, valid and binding obligations of the Issuer enforceable in accordance with their terms; in all cases, except as the enforceability of this Agreement, the other Issuer Documents and the Securities may be limited by application of Creditors' Rights Laws.
- (e) To its knowledge, the Issuer is not in breach of or default in any respect under (if applicable) its charter documents, under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer

is or any of its property or assets are otherwise subject that could have a material adverse impact on the Trust Estate or the System, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute an event of default by the Issuer under any of the foregoing that could have a material adverse impact on the Trust Estate or the System.

- (f) The adoption, execution and delivery of the Securities, the Securities Ordinance and the other Issuer Documents, and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets are otherwise subject, and such adoption, execution, delivery or compliance will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature upon the Trust Estate or the property or assets, if any, of the Issuer to be pledged to secure the Securities or under the terms of any such law, regulation or instrument, except as provided by the Securities, the Securities Ordinance and the other Issuer Documents.
- (g) All authorizations, approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect, the issuance of the Securities or the due performance by the Issuer of its obligations under the Securities Ordinance, the other Issuer Documents and the Securities have been duly obtained or will be obtained prior to the Closing, except for: (i) such authorizations, approvals, consents and orders (if any) as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Securities and (ii) authorizations, approvals, consents and orders that are required to be obtained or renewed periodically, such as budgets, licenses and permits.
- (h) The Preliminary Official Statement as of its date did not, and the Official Statement as of its date will not and as of the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, the Issuer makes no statement as to the Excluded Sections of the Preliminary Official Statement or the Official Statement.
- (i) The financial statements of the Issuer respecting the System contained in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of operations of the System as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles consistently applied, and, since the date thereof, there has been no material adverse change in the financial position or results of operations of the System.

- (j) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, agency, public board or body, pending or, to the knowledge of the Issuer, threatened against the Issuer: (i) affecting the existence of the Issuer or the titles of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Securities or the pledge or collection by the Issuer of the Trust Estate or the making of any other required deposits with respect to the Securities, (iii) in any way contesting or affecting the validity or enforceability of, or the power or authority of the Issuer to issue, adopt or to enter into (as applicable), the Securities, the Securities Ordinance or the other Issuer Documents, (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, (v) except as disclosed in the Official Statement, wherein an unfavorable decision, ruling or finding would materially adversely affect the financial position or condition of the Issuer or would result in any material adverse change in the ability of the Issuer to pledge or apply the Trust Estate or to pay debt service on the Securities, or (vi) contesting the status of the interest on the Securities as excludable from gross income for federal income tax purposes or as exempt from any applicable state tax, in each case as described in the Official Statement.
- (k) There is no public vote or referendum pending, proposed or concluded, the results of which would in any way affect the transactions contemplated by or the validity or enforceability of the Securities Ordinance or other Issuer Documents.
- (l) The Issuer has received all licenses, permits or other regulatory approvals required (if any) for the pledge, collection and/or application by the Issuer of the Trust Estate and to its knowledge the Issuer is not in material default, and to its knowledge no event has occurred which would constitute or result in a material default, under any such licenses, permits or approvals respecting the System.
- (m) The Issuer has entered or will enter into the Continuing Disclosure Undertaking and, unless otherwise described in the Official Statement or set forth below, the Issuer has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12.
- (n) The Securities Ordinance, the other Issuer Documents and the Securities conform to the description thereof contained in the Official Statement.
- (o) The Issuer has the legal authority to apply proceeds of the Securities for the purposes contemplated by the Securities Ordinance and the other Issuer Documents, including for the payment or reimbursement of incidental expenses in connection with the marketing, issuance and delivery of the Securities to the extent required by Section 10(a) of the General Provisions and Conditions and in compliance with applicable law.

- (p) Any certificate signed by an authorized officer of the Issuer and delivered to the Senior Manager shall be deemed a representation and warranty of the Issuer to the Underwriters as to the statements made therein.

B. **Representations and Warranties of the Underwriters.** The Underwriters hereby agree with, and make the following representations and warranties to, the Issuer, as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing:

- (a) Each Underwriter is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and is qualified to do business in the State of Alabama to the extent the character of its properties or the nature of its activities makes such qualification necessary.
- (b) This Agreement has been duly authorized, executed and delivered by the Senior Manager on behalf of the Underwriters and, assuming the due authorization, execution and delivery by the Issuer, is the legal, valid and binding obligation of the Underwriters enforceable in accordance with its terms, except as the enforceability of this Agreement may be limited by application of Creditors' Rights Laws.
- (c) Each Underwriter, on its own behalf, represents that it is licensed by and registered with the Financial Industry Regulatory Authority as a broker-dealer and the MSRB as a municipal securities dealer.

The Issuer acknowledges that the Senior Manager makes the foregoing representations on behalf of the Underwriters in reliance upon representations made by the Underwriters to the Senior Manager in the Agreement Among Underwriters relating to the Securities.

Items to be Delivered at Closing

The Underwriters shall receive on the Closing Date, in form and substance satisfactory to Bond Counsel and to the Senior Manager, each item specified below, unless waived by the Senior Manager on behalf of the Underwriters:

(i) The approving opinion of Bond Counsel, addressed to the Underwriters (or addressed to the Issuer with a reliance letter addressed to the Underwriters), dated the Closing Date, and in substantially the form included as an appendix to the Official Statement, together with a reliance letter addressed to the Underwriters.

(ii) The supplemental opinion of Bond Counsel, addressed to the Underwriters and the Issuer, dated the Closing Date, in substantially the form attached to this Schedule V as Exhibit B.

(iii) The opinion of Issuer's Counsel addressed to the Underwriters and the Issuer, dated the Closing Date, in substantially the form attached to this Schedule V as Exhibit C.

(iv) The opinion of Underwriters' Counsel, addressed to the Underwriters, dated the Closing Date, to the effect that: (A) the Securities are exempt from registration under the Securities Act and the Securities Ordinance and any related trust indenture are exempt from qualification under the Trust Indenture Act and (B) the Continuing Disclosure Undertaking meets the requirements of Rule 15c2-12. In addition, such counsel shall state in its letter containing the foregoing opinion or in a separate letter addressed to the Underwriters that, without having undertaken to determine independently, or to assume responsibility for, the accuracy, completeness or fairness thereof, and based solely on their participation in meetings and telephone conferences at which representatives of the Issuer, Bond Counsel and the Senior Manager were at various times present, nothing has come to the attention of such counsel that would lead them to believe that the information and statements in the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and as of the date of such letter, contained or contain any untrue statement of a material fact or omitted or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, no view need be expressed as to the financial statements of the Issuer, any other financial, forecast, technical or statistical data, and any information in the Official Statement respecting the Bond Insurer, the Support Facility Provider or DTC.

(v) A certificate dated the Closing Date of an authorized officer of the Issuer to the effect that:

(A) the representations and warranties of the Issuer contained in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date;

(B) the Issuer has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied at or prior to the Closing;

(C) no event affecting the Issuer has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect; and

(D) there is no action, suit, proceeding or investigation before or by any court or public board or body pending or threatened against the Issuer to restrain or enjoin the issuance, execution or delivery of the Securities or in any manner questioning the proceedings or authority for the issuance of the Securities or affecting directly or indirectly the validity of the Securities or of any provisions made or authorized for their payment or contesting the existence of the Issuer or the title of any of its officers to their respective offices.

(vi) Written evidence that the rating(s) on the Securities by the applicable rating services, as set forth in the Terms and Acceptance, are in effect as of the Closing Date.

(vii) A certificate of an officer of the Trustee, acceptable to the Senior Manager, dated the Closing Date, to the effect that the Issuer Documents and other financing or operative documents relating to the Securities to which the Trustee is a party have been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery thereof by the Issuer and the other parties thereto, constitute valid and binding agreements of the Trustee enforceable against the Trustee in accordance with their terms, and the Securities have been authenticated in accordance with the Securities Ordinance and Indenture and the Issuer Documents by a duly authorized officer or signatory of the Trustee; and an incumbency certificate of the Trustee, in form and content acceptable to the Senior Manager and Bond Counsel, dated the Closing Date, with respect to the officers or other signatories of the Trustee who have executed, authenticated and delivered the Securities, the Issuer Documents to which the Trustee is a party, and all other financing or operative documents relating to the Securities to be signed by the Trustee.

(viii) A tax certificate or tax regulatory agreement, executed by a duly authorized officer of the Issuer, in form and substance satisfactory to Bond Counsel, setting forth, among other things, in the manner permitted by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the reasonable expectations of the Issuer as of the Closing Date as to the use of proceeds of the Tax-Exempt Securities and of any other funds of the Issuer expected to be used to pay debt service on the Tax-Exempt Securities and the facts and estimates on which such expectations are based, and stating that, to the best of knowledge and belief of such certifying officer, the expectations set forth therein are reasonable.

(ix) An Accountants' letter or letters, dated as of the Closing Date, with respect to each entity whose audited financial statements appear in the Official Statement from such entity's Accountants, addressed to the Issuer, in form reasonably satisfactory to the Issuer, the Senior Manager and Underwriters' Counsel, consenting to references to such firm in the Official Statement and consenting to use in the Official Statement of its report relating to the financial statements.

(x) An Information Return for Tax-Exempt Bond Issues (Internal Revenue Service Form 8038-G), in a form satisfactory to Bond Counsel for filing, executed by a duly authorized officer of the Issuer.

(xi) Reserved.

(xii) If the Securities (or any portion thereof) are being issued to advance refund other outstanding obligations: a letter from a firm of certified public accountants, verifying the mathematical accuracy of the related schedules and computations with respect to the yield on the Securities and the availability of sufficient funds (including investment income) for payment of the obligations to be refunded; the executed escrow agreement, if any; and an opinion or opinions of Bond Counsel, dated the Closing Date, in form and substance satisfactory to the Senior Manager, relating to the defeasance of the obligations to be refunded. The Issuer further agrees to provide the Underwriters with the advance refunding documents (as defined in MSRB Rule G-32) in a word-searchable PDF format as described in the MSRB's Rule G-32 and shall provide such electronic copy of the word-searchable PDF format of the advance refunding documents to the Underwriters no later than four (4) business days after the Closing Date to enable the Underwriters to comply with MSRB Rule G-32.

(xiii) True and complete copies of all opinions, certificates and other documents delivered to the Trustee under the Securities Ordinance and the other Issuer Documents; and such additional certificates, instruments and other documents as the Senior Manager or Bond Counsel reasonably may request, in form and substance satisfactory to the Senior Manager or Bond Counsel, as the case may be, to evidence (A) compliance by the Issuer with legal requirements reasonably relating to the transactions contemplated by the Official Statement and this Agreement, (B) the truth and completeness, as of the date thereof and as of the time of the Closing, of the statements and information contained in the Official Statement, (C) the truth and completeness, as of the time of the Closing, of the representations and warranties of the Issuer contained in this Agreement and the certificates and other documents referred to in this Agreement, and (D) the due performance or satisfaction by the Issuer at or prior to the Closing of all agreements then to be satisfied.

Exhibit A to Schedule V

Form of Issue Price Certificate

ISSUE PRICE CERTIFICATE

This certificate is being delivered by PNC Capital Markets LLC (the “Underwriter”) in connection with the issuance by the City of Huntsville (the “Issuer”) of its \$14,335,000 Water Revenue Warrants, Series 2024 (the “Tax-Exempt Securities”). The Tax-Exempt Securities have been purchased from the Issuer by the Underwriter pursuant to the Warrant Purchase Agreement dated September 13, 2024 (the “Warrant Purchase Agreement”) between the Issuer and the Underwriter. Capitalized terms not otherwise defined in this certificate have the meaning assigned in the Warrant Purchase Agreement.

The Underwriter, hereby certifies with respect to the sale and issuance of the Tax-Exempt Securities:

1. **Pricing Wire.** Attached to this certificate as *Exhibit 1* is the pricing wire or equivalent communication establishing the Initial Offering Prices (as defined below) of the Tax-Exempt Securities as of the Sale Date. The offering prices in the pricing wire are the same as the Initial Offering Prices identified in *Schedule I-B* to the Warrant Purchase Agreement.

2. **Offering at the Initial Offering Prices.** The Underwriter offered the Tax-Exempt Securities to the Public for purchase at the initial offering prices identified in *Schedule I-B* to the Warrant Purchase Agreement (the “Initial Offering Prices”).

3. **Sale of the General Rule Maturities.** *Schedule I-B* to the Warrant Purchase Agreement correctly identifies each Maturity of the Tax-Exempt Securities for which the 10% Test was satisfied as of the Sale Date.

3. **Sale of the Exception Maturities.** *Schedule I-B* to the Warrant Purchase Agreement correctly identifies each Hold-the-Offering-Price Maturity as of the Sale Date. The Underwriter agreed in the Warrant Purchase Agreement that (i) for each Hold-the-Offering-Price Maturity it would neither offer nor sell any of the Tax-Exempt Securities of that Hold-the-Offering-Price Maturity to any person at a price that is higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity during the Holding Period for such Hold-the-Offering-Price Maturity (the “hold-the-offering price-rule”) and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Hold-the-Offering-Price Maturity at a price that is higher than the respective Initial Offering Price for that Hold-the-Offering-Price Maturity during the Holding Period.

4. **Defined Terms.** In addition to the terms defined elsewhere in this certificate, the following definitions apply for purposes of this certificate:

(a) *General Rule Maturity* means each Maturity identified in ***Schedule I-B*** to the Warrant Purchase Agreement for which the 10% test was satisfied as of the Sale Date.

(b) *Hold-the-Offering-Price Maturity* means each Maturity identified in ***Schedule I-B*** to the Warrant Purchase Agreement for which the 10% test was not satisfied as of the Sale Date.

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of business on the fifth business day after the Sale Date or (ii) the date on which the Underwriters sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Maturity*, when used with respect to the Tax-Exempt Securities, means Tax-Exempt Securities with the same credit and payments terms. Tax-Exempt Securities with different maturity dates, or Securities with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to the Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the date of execution of the Warrant Purchase Agreement by all parties.

(g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter for form an underwriting syndicate) to participate in the initial sale of the Tax-Exempt Securities to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Tax-Exempt Securities to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Tax-Exempt Securities to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The Underwriter understands that the forgoing information will be relied upon the Issuer with respect to certain of the representations set forth in the Tax Compliance and Agreement and Certificate executed by it and with respect to compliance with the federal income tax rules affecting the Tax-Exempt Securities, and by bond counsel (Bradley Arant Boult Cummings, L.L.P.) in connection with rendering its opinion that interest on the Tax-Exempt Securities is excluded from gross income for federal income tax purposes, the preparation of Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Tax-Exempt Securities. Notwithstanding the foregoing, we remind you that we are not accountants or actuaries, nor are we engaged in the practice of law. The representations set forth

herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other underwriters, purchasers, bond houses and brokers and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

Dated: _____.

PNC Capital Markets LLC, as Underwriter

By: _____
(signature)

Name: _____
(print name)

Title: _____

Exhibit B to Schedule V

Form of Supplemental Opinion of Bond Counsel

[Letterhead of Bradley Arant Boult Cummings LLP]

[Closing Date]

City of Huntsville
Huntsville, Alabama

PNC Capital Markets LLC
Charlotte, North Carolina

Re: \$14,335,000 Water Revenue Warrants, Series 2024 issued by City of Huntsville

We have acted as bond counsel in connection with the issuance of the above-referenced warrants (the “Series 2024 Warrants”) by City of Huntsville, an Alabama municipal corporation (the “City”). This opinion supplements our opinion as bond counsel. The Series 2021 Warrants are being purchased from the City by PNC Capital Markets LLC, Piper Sandler & Co., and Wells Fargo Bank, National Association (collectively, the “Underwriting Group”) pursuant to a Warrant Purchase Agreement dated September 13, 2024 (the “Warrant Purchase Agreement”) between the City and the Underwriting Group. Capitalized terms not otherwise defined in this opinion shall have the meaning assigned in the Official Statement referred to in the Warrant Purchase Agreement.

We have examined the following: the Preliminary Official Statement; the Official Statement; executed counterparts of the Warrant Purchase Agreement, the Indenture, and the Continuing Disclosure Agreement (the “Financing Documents”); executed or certified copies of pertinent corporate proceedings of the City; certificates executed by officers of the City; and such other certificates, proceedings, proofs and documents as we have deemed necessary in connection with the opinions hereinafter set forth. As to various questions of fact material to our opinion, we have relied upon representations made in the Financing Documents and upon certificates of officers of the City and public officials.

Based on the foregoing, and upon such investigation as we have deemed necessary, we are of the opinion that:

1. The distribution of the Preliminary Official Statement and the Official Statement has been duly authorized or ratified by the City.
2. The Warrant Purchase Agreement and the other Financing Documents to which the City is a party constitute legal, valid and binding obligations of the City and are enforceable against the City in accordance with the terms of such documents, except as enforcement thereof may be limited by (a) bankruptcy, insolvency, reorganization, sovereign immunity, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted, and (b) general principles of equity, including the exercise of judicial discretion in appropriate cases.

3. The City has obtained all consents, approvals, authorizations and orders of governmental authorities that are required to be obtained by it as a condition to the issuance of the Series 2021 Warrants and the execution and delivery of the Official Statement and the Financing Documents to which it is a party.

4. The information contained in the Official Statement under the headings “THE SERIES 2024 WARRANTS”, less and except any information about The Depository Trust Company or its book-entry only system, as to which no opinion is given, “SECURITY AND SOURCE OF PAYMENT”, “ADDITIONAL WARRANTS”, “SUMMARY OF THE INDENTURE” and “TAX MATTERS” fairly summarizes the matters purported to be summarized therein.

5. The Series 2024 Warrants are exempt securities under the provisions of Alabama and federal securities laws, and it is not necessary in connection with the offer and sale of the Series 2024 Warrants to register the Series 2024 Warrants under Alabama or federal securities laws.

6. The Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

We express no opinion regarding the enforceability of the indemnity and contribution provisions of the Warrant Purchase Agreement or under any other Financing Documents.

For purposes of our opinion regarding the binding effect and enforceability of Financing Documents to which the Underwriting Group is a party, we have assumed that each member of the Underwriting Group is qualified to do business in Alabama to the extent that such qualification is required by the nature of this transaction or such member’s other activities in the State of Alabama.

This opinion is rendered solely for your benefit. It is not to be relied upon by any other person or for any other purpose. This opinion is given as of the date hereof and we assume no obligation to 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.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

Exhibit C to Schedule V

Form of Opinion of Issuer's Counsel

[Letterhead of Huntsville Utilities Office of General Counsel]

[Closing Date]

City of Huntsville
Huntsville, Alabama

PNC Capital Markets LLC
Charlotte, North Carolina

Re: \$14,335,000 Water Revenue Warrants, Series 2024, issued by City of Huntsville

I serve as General Counsel to Huntsville Utilities. This opinion is rendered on behalf of the Office of General Counsel of Huntsville Utilities in connection with the issuance of the above-referenced warrants (the "Series 2024 Warrants") by the City of Huntsville, an Alabama municipal corporation (the "City") in order to finance certain public improvements to the water distribution system operated and managed by Huntsville Utilities (the "System"). The Series 2024 Warrants are being purchased from the City by PNC Capital Markets LLC (the "Underwriter") pursuant to a Warrant Purchase Agreement dated September 13, 2024 (the "Warrant Purchase Agreement") between the City and the Underwriting Group. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Official Statement referred to in the Warrant Purchase Agreement.

We have examined the following: the Preliminary Official Statement; the Official Statement; executed counterparts of the Warrant Purchase Agreement, the Indenture, and the Continuing Disclosure Agreement (the "Financing Documents"); pertinent proceedings of the City; certificates executed by officers of the City; and such other certificates, proceedings, proofs and documents as we have deemed necessary in connection with the opinions hereinafter set forth. As to various questions of fact material to my opinion, we have relied upon the representations made in the Financing Documents and upon certificates of public officials and officers of the City.

Based on the foregoing and upon such investigation as we have deemed necessary, we are of the opinion that:

1. The City has been duly organized and is validly existing as a municipal corporation under Alabama law.
2. The City has the corporate power and authority to own the properties and assets of the System and to carry on the business of the System as now being conducted.
3. The City has the power to issue the Series 2024 Warrants and to consummate the transactions contemplated by the Warrant Purchase Agreement and the Financing Documents to which it is a party.

4. By proper action of its governing body, the City has duly authorized the issuance and delivery of the Series 2024 Warrants, the execution of the Official Statement, the distribution of the Preliminary Official Statement and the Official Statement in connection with the offering and sale of the Series 2024 Warrants, the execution and delivery of the Financing Documents to which it is a party, and the consummation of the transactions contemplated by such Financing Documents.

5. The issuance of the Series 2024 Warrants and the execution and delivery by the City of the Official Statement and the Financing Documents to which it is a party and the consummation by it of the transactions contemplated therein will not (i) conflict with, be in violation of, or constitute (upon notice or lapse of time or both) a default under its charter, any indenture, mortgage, deed of trust or other contract, agreement or instrument with respect to the System to which it is a party or is subject, or any resolution, order, rule, regulation, writ, injunction, decree or judgment with respect to the System of any governmental authority or court having jurisdiction over it or (ii) result in or require the creation or imposition of any lien of any nature upon or with respect to any of the properties of the System now owned or hereafter acquired, except as contemplated by the Financing Documents.

6. Except as described in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation pending before any court or governmental authority, or threatened against or affecting the City or its properties, that (i) involves the consummation of the transactions contemplated by, or the validity or enforceability of, the Financing Documents to which the City is a party or (ii) could have a materially adverse effect upon the financial condition or operations of the System.

7. Except as described in the Preliminary Official Statement and the Official Statement, the City has obtained all necessary licenses and permits to carry on its business and operate all the properties and facilities of the System.

8. While we have not undertaken to determine independently, and assume no responsibility for, the accuracy and completeness of the statements made or included in the Official Statement, during the course of the preparation of the Official Statement we reviewed the same and participated in conferences with your representatives, Bradley Arant Boult Cummings LLP, bond counsel, and certain officers, officials and representatives of the City and Huntsville Utilities, at which conferences the contents of the Official Statement and related matters were discussed. Our examination described herein and our discussions in the above-mentioned conferences did not disclose to my office any information that gives us reason to believe that the Official Statement (other than the financial statements and schedules, and other financial, statistical and accounting information contained or incorporated by reference in the Official Statement, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

We express no opinion regarding the enforceability of the indemnity and contribution provisions, if any, of the Warrant Purchase Agreement.

For purposes of my opinion regarding the binding effect and enforceability of Financing Documents to which the Underwriting Group is a party, we have assumed that the Underwriting

Group is qualified to do business in Alabama to the extent that such qualification is required by the nature of this transaction or the Underwriting Group's other activities in the State of Alabama.

This opinion is being rendered solely for your benefit. It is not to be relied upon by any other person or for any other purpose. This opinion is given as of the date hereof and my office assumes no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to my attention or any changes in law that may hereafter occur.

Very truly yours,

General Counsel of Huntsville Utilities

General Provisions and Conditions

This Warrant Purchase Agreement General Provisions and Conditions (the “*General Provisions and Conditions*”), together with the Warrant Purchase Agreement Terms and Acceptance and the Schedules attached thereto (collectively, “*Terms and Acceptance*”), constitute the Warrant Purchase Agreement (collectively, the “*Agreement*”) relating to the Securities identified in the Terms and Acceptance. This General Provisions and Conditions constitutes part of, and is incorporated in, the Agreement, except as the terms and provisions hereof are modified by the Terms and Acceptance. All capitalized terms used in this General Provisions and Conditions and not otherwise defined are used as defined below or in the Terms and Acceptance.

By entering into the Agreement and executing the Terms and Acceptance, the Issuer and the Underwriters, for whom the Senior Manager is acting under the Agreement, agree to the following terms and provisions:

1. Agreement to Purchase Securities.

The Underwriters, jointly and severally, agree to purchase from the Issuer, and the Issuer agrees to sell to the Underwriters, all (but not less than all) of the Securities, on the terms set forth in this Agreement. The Securities are described in the Terms and Acceptance.

2. Public Offering.

The Underwriters intend to make a bona fide initial public offering of all the Securities at prices no higher than, or yields not lower than, those shown in the Official Statement. The Underwriters reserve the right to lower such initial offering prices as they deem necessary in connection with the marketing of the Securities. The Underwriters may offer and sell the Securities to certain dealers (including dealers depositing the Securities into investment trusts) and others at prices lower than the initial public offering price or prices set forth in the Official Statement. The Underwriters also reserve the right to: (i) over-allot or effect transactions which stabilize or maintain the market price of the Securities at levels above those that might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time without prior notice.

3. Good Faith Deposit.

The Terms and Acceptance states whether a Good Faith Deposit is required and, if so, the form of the Good Faith Deposit and how the Good Faith Deposit is to be applied. If a Good Faith Deposit is required, the Senior Manager shall deliver, on behalf of the Underwriters, the Good Faith Deposit to the Issuer on or prior to the Effective Date; provided that the Good Faith Deposit shall be returned promptly to the Senior Manager in the event that this Agreement is not fully executed by all parties at or prior to the Effective Date and Time.

The Good Faith Deposit shall be held by the Issuer as security for the performance by the Underwriters of their obligation to accept and pay for the Securities under this Agreement. The Issuer shall either (a) hold uncashed and return the Good Faith Deposit (or the amount of the Good Faith Deposit) to the Senior Manager upon completion of the Closing or (b) deposit and apply the Good Faith Deposit as a credit against payment by the Underwriters of the Purchase Price on the Closing Date, all in accordance with the Terms and Acceptance. The Terms and Acceptance also sets forth the application of investment earnings, if any, derived from the deposit of the Good Faith Deposit.

In the event that the Underwriters fail (other than for a reason permitted by this Agreement) to accept delivery of and to pay the Purchase Price of the Securities on the Closing Date as provided in this Agreement, the Issuer shall be entitled to retain the full amount of the Good Faith Deposit as and for full liquidated damages, and not as a penalty, for such failure and for any defaults under this Agreement on the part of the Underwriters. Such retention shall constitute a full release and discharge of all claims by the Issuer against the Underwriters arising out of the transactions contemplated by this Agreement. The Issuer and the Underwriters acknowledge that the Issuer's actual damages may be difficult to determine. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than the amount of the Good Faith Deposit, and the Issuer's acceptance of this offer shall constitute a waiver of any right it may have to additional damages from the Underwriters.

In the event of the Issuer's failure to deliver the Securities at Closing, or if the Issuer is unable to satisfy the conditions to the obligations of the Underwriters contained in this Agreement (unless such conditions are waived by the Underwriters), or if the obligations of the Underwriters are terminated for any reason permitted in this Agreement, the Issuer shall immediately return the Good Faith Deposit (or the amount of the Good Faith Deposit) to the Senior Manager.

4. Official Statement.

The Terms and Acceptance identifies whether a Preliminary Official Statement has been prepared for the Securities. If no Preliminary Official Statement has been prepared, references in this General Provisions and Conditions to the Preliminary Official Statement shall be ignored.

- (a) The Issuer shall provide, or cause to be provided, at the expense of the Issuer to the Senior Manager no later than the earlier of (i) seven (7) business days after the date of this Agreement or (ii) one (1) business day prior to the Closing Date, the number of executed counterparts of the Official Statement and conformed copies of a final Official Statement as specified in the Terms and Acceptance, but in any event in sufficient quantity to permit the Underwriters to comply with Rule 15c2-12 and other applicable rules of the SEC and the MSRB.
- (b) The Issuer authorizes the Senior Manager to file, to the extent required by applicable SEC or MSRB rule, and the Senior Manager agrees to file or cause to be filed, the Official Statement with (i) the MSRB or its designee (including submission to the MSRB's Electronic Municipal Market Access system ("EMMA")) or (ii) other repositories approved from time to time by the SEC (either

in addition to or in lieu of the filings referred to above). If an amended Official Statement is prepared in accordance with Section 4(d) during the “primary offering disclosure period,” and if required by applicable SEC or MSRB rule, the Senior Manager also shall make the required submission of the amended Official Statement to EMMA.

- (c) The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the Issuer and the Senior Manager. In any event, the Issuer shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB’s Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriters no later than one (1) business day prior to the Closing Date to enable the Underwriters to comply with MSRB Rule G-32.
- (d) During the period ending on the 25th day after the End of the Underwriting Period (or such other period as may be agreed to by the Issuer and the Senior Manager), the Issuer (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Senior Manager and (ii) shall notify the Senior Manager promptly if any event shall occur, or information comes to the attention of the Issuer, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Senior Manager, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the Issuer shall prepare and furnish to the Senior Manager, at the Issuer’s expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the Issuer and the Senior Manager, as the Senior Manager may reasonably request. If such notification shall be given subsequent to the Closing Date, the Issuer also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Senior Manager may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.
- (e) For purposes of this Agreement:
 - (i) the “End of the Underwriting Period” is used as defined in MSRB Rule 15c2-12 shall mean the Closing Date, unless the Senior Manager notifies the Issuer in writing, on or prior to the Closing Date, that the Closing Date will not be the “end of the underwriting period,” in which case the “end of the underwriting period” shall mean the earlier to occur of (i) 35 days after the Closing Date or (ii) the date on which the Underwriters no longer retain an unsold balance of the Securities, and

(ii) the “primary offering disclosure period” is used as defined in MSRB Rule G-32 and shall end on the 25th day after the Closing.

5. Representations and Warranties.

The Issuer and the Underwriters make the respective representations and warranties to the other as set forth in Schedule IV of the Terms and Acceptance.

6. Covenants of the Issuer.

The Issuer hereby covenants with the Underwriters that:

- (a) Prior to the Closing Date, except as otherwise contemplated by the Official Statement, the Issuer shall not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the Trust Estate or other assets, properties, funds or interests that will be pledged as security or be available as a source of payment for the Securities pursuant to the Securities Ordinance and the other Issuer Documents.
- (b) The Issuer shall cooperate with the Underwriters in the qualification of the Securities for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions, to the extent applicable, as the Senior Manager may request; provided that the Issuer shall not be required to qualify as a foreign corporation in, or submit to the general jurisdiction of, any other state or to file any general or special consent to service of process under the laws of any jurisdiction.
- (c) The Issuer shall not knowingly take or omit to take any action that, under existing law, may adversely affect (i) the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Securities or (ii) the exemption from any applicable state tax of the interest on the Securities.

7. Closing.

- (a) At the Closing, the Issuer shall deliver or cause to be delivered the Securities to DTC or to the Trustee or Paying Agent on behalf of the Underwriters, as further described in subsection (b) below. The Securities shall be delivered in definitive form, duly executed by the Issuer and authenticated in the manner set forth in the Securities Ordinance or the other Issuer Documents, together with the other documents identified in Schedule V of the Terms and Acceptance. Subject to satisfaction of the conditions contained in this Agreement, the Senior Manager will accept delivery of the Securities, as described above, and pay the Purchase Price, plus accrued interest (if any) on the Securities from their dated date to, but not including, the Closing Date, in immediately available funds, payable to the order of the Trustee, as described above, or as otherwise directed by the Issuer.

- (b) Delivery of the definitive Securities shall be made through the facilities of DTC's book-entry-only system. The Securities will be delivered as fully-registered bonds, bearing CUSIP numbers, with a single bond for each maturity of each series of the Securities (or, if so provided in Schedule I of the Terms and Acceptance, for each separate interest rate within a maturity), and registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Securities. Unless otherwise agreed by the Senior Manager, the Securities will be delivered under DTC's FAST delivery system.

8. Closing Conditions.

The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein and upon the accuracy of the statements to be contained in the documents and instruments to be delivered at the Closing. Accordingly, the Underwriters' obligations under this Agreement to purchase, accept delivery of and pay for the Securities are subject to the performance by the Issuer of its obligations required to be performed under this Agreement at or prior to the Closing, and to the additional conditions precedent set forth below and in Schedule V of the Terms and Acceptance.

- (a) At the time of the Closing, the representations and warranties of the Issuer contained in this Agreement shall be true, complete and correct in all material respects as if made on and as of the Closing Date; the Issuer shall have complied with all agreements and satisfied all the conditions on its part to be performed at or prior to the Closing; the Securities shall have been duly executed and delivered and authenticated; the Official Statement shall have been executed and delivered by the Issuer at or prior to the Closing in sufficient time to permit the Underwriters to comply with their obligations under Rule 15c2-12; the other Issuer Documents and all other financing or operative documents required in connection with the issuance of the Securities shall have been duly executed and delivered by the appropriate parties thereto; the Securities Ordinance, the other Issuer Documents and such other financing or operative documents shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Senior Manager; if the Securities are to be supported by a Policy or other Support Facility, the Policy or Support Facility shall have been duly executed, issued and delivered; the proceeds of the sale of the Securities shall have been paid to the Issuer or its designee for deposit for use as described in the Official Statement, the Securities Ordinance and the other Issuer Documents; and the Issuer shall have adopted and there shall be in full force and effect such as resolutions or ordinances, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by this Agreement and as described in the Official Statement.
- (b) The Underwriters shall receive on the Closing Date, in form and substance satisfactory to Bond Counsel and to the Senior Manager, each item specified in Schedule V of the Terms and Acceptance, unless waived by the Senior Manager on behalf of the Underwriters.

9. **Termination Events.**

The Underwriters shall have the right to cancel their obligation to purchase the Securities and to terminate this Agreement by written notice to the Issuer if, between the Effective Date to and including the Closing Date, in the Senior Manager's sole and reasonable judgment any of the following events (except as otherwise set forth in Schedule III of the Terms and Acceptance) shall occur (each a "Termination Event"):

- (a) the market price or marketability of the Securities, or the ability of the Underwriters to enforce contracts for the sale of the Securities, shall be materially adversely affected by any of the following events:

- (i) legislation shall have been enacted by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or state authority with appropriate jurisdiction, with respect to federal or state taxation upon interest received on obligations of the general character of the Securities; provided that, this paragraph (a)(i) shall not apply if the Securities are being issued as taxable Securities; or

- (ii) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war, (2) any other calamity or crisis or escalation thereof in the financial markets of the United States or elsewhere, (3) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations, or (4) a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against, any state of the United States or any city, county or other political subdivision located in the United States having a population of over 500,000; or

- (iii) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

- (iv) legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee,

or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Securities, the Securities Ordinance or the other Issuer Documents, or any comparable securities of the Issuer, are not exempt from the registration, qualification or other requirements of the Securities Act or the Trust Indenture Act or otherwise, or would be in violation of any provision of the federal securities laws; or

(v) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the Issuer shall have occurred; or

(vi) any rating on:

(1) securities of the Issuer which are secured by a pledge or application of the Trust Estate on a parity with the Securities or

(2) if the Securities (or any portion thereof) are insured by a Policy or supported by a Support Facility, on the Bond Insurer or the Support Facility Provider

is reduced or withdrawn or placed on credit watch with negative outlook by any major credit rating agency; or

(vii) additional events or announcements related to the COVID-19 virus and its impact result in the cancellation of orders from investors or inability of investors to proceed with the purchase of their bonds in an amount that the Underwriters deem to have an adverse material impact on the sale of and market for the Securities; or

- (b) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriters) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Issuer refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Securities or the ability of the Underwriters to enforce contracts for the sale of the Securities; or
- (c) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

- (d) a material disruption in securities settlement, payment or clearance services affecting the Securities shall have occurred; or
- (e) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or
- (f) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Securities, including the underlying obligations as contemplated by this Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Securities, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act.

Upon the occurrence of a Termination Event and the termination of this Agreement by the Underwriters, all obligations of the Issuer and the Underwriters under this Agreement shall terminate, without further liability, except that the Issuer and the Underwriters shall pay their respective expenses as set forth in Section 10 of the General Provisions and Conditions.

10. Payment of Expenses.

Except as otherwise set forth in the Terms and Acceptance:

- (a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay from available funds or direct the Trustee under the Securities Ordinance and the other Issuer Documents to pay from the proceeds of the Securities (to the extent permitted under applicable law) or from other funds of the Issuer, all expenses that are incidental to the performance of the Issuer's obligations under this Agreement, including but not limited to: all expenses in connection with the printing of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either; all expenses in connection with the printing, issuance and delivery of the Securities; the fees and expenses of Bond Counsel and Issuer's Counsel; the fees and expenses of the Issuer's financial advisors, Accountants, any verification consultant and all other consultants; the fees and disbursements of any Trustee, any Paying Agent and any escrow agent, and their respective counsel; all expenses in connection with obtaining a rating or ratings for the Securities; all expenses of the Issuer in connection with the preparation, printing, execution and delivery, and any recording or filing, of the Securities Ordinance, any other Issuer Document or any other instrument; the Issuer's administrative fees; and all other expenses and costs of the Issuer incident to its obligations in connection with the

authorization, issuance, sale and distribution of the Securities. Unless the Issuer and the Senior Manager otherwise agree, the Issuer shall pay for all incidental costs (including, but not limited to, transportation, lodging, and meals of Issuer personnel) incurred by or on behalf of the Issuer in connection with the marketing, issuance and delivery of the Securities.

- (b) The Underwriters shall pay the costs of qualifying the Securities for sale in the various states chosen by the Senior Manager, all advertising expenses in connection with the public offering of the Securities, the fees and disbursements of Underwriters' Counsel, and all other expenses incurred by the Senior Manager or the other Underwriters in connection with the public offering and distribution of the Securities. To the extent set forth in Section 4 of the Terms and Acceptance, some or all of the expenses to be paid by the Underwriters may be included as part of the expense component of the underwriting discount or commission or may be reimbursed to the Underwriters as out-of-pocket expenses. The Issuer has agreed to pay the Underwriters' discount set forth in such Section 4 of the Terms and Acceptance of this Agreement, and inclusive in the expense component of the Underwriters' discount are actual expenses incurred or paid for by the Underwriters on behalf of the Issuer in connection with the marketing, issuance, and delivery of the Securities, including, but not limited to, fees of Underwriters' Counsel; advertising expenses; CUSIP, DTC and Ipreo fees; and transportation, lodging, and meals, if any, for the Issuer's employees and representatives.

11. [Intentionally Omitted].

12. Notices.

All notices ("Notices") provided for in this Agreement shall be in writing delivered to the applicable Notice Address set forth in the Terms and Acceptance (or at such other address as may have been designated by written Notice) and may be given by personal or courier delivery, registered or certified mail, facsimile transmission or electronic communication, provided that delivery by facsimile transmission or electronic communication must be confirmed by the sender.

13. Authority of Senior Manager.

The Senior Manager represents and warrants to the Issuer that it is duly authorized to act on behalf of itself and the other Underwriters to enter into this Agreement and to take all actions, on behalf of the Underwriters, required or contemplated to be performed by the Underwriters under this Agreement.

14. Governing Law.

This Agreement shall be governed by the laws of the State.

15. Miscellaneous.

This Agreement is made solely for the benefit of the signatories hereto (including the successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. The Issuer may not assign this Agreement. The term “successor” shall not include any holder of any Securities merely by virtue of such holding. All representations, warranties, agreements and indemnities contained in this Agreement shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any of the Underwriters, and shall survive the delivery of and payment for the Securities and any termination of this Agreement. Section headings have been included in this Agreement as a matter of convenience of reference only and are not to be used in the interpretation of any provisions of this Agreement. If any provision of this Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy or for any other reason, such circumstances shall not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

Exhibit III

Preliminary Official Statement

Exhibit IV

Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Agreement") is from the **CITY OF HUNTSVILLE, ALABAMA**, a municipal corporation under the laws of the State of Alabama (the "City").

RECITALS:

Contemporaneously with the execution and delivery of this Agreement, the City will issue its \$14,335,000 Water Revenue Warrants, Series 2024 (the "Warrants"). The Warrants are proposed to be issued on or about September 25, 2024, are to be dated September 25, 2024, and 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. The Warrants are being issued pursuant to the terms of an ordinance adopted by the City Council of the City on September 12, 2024, and a Trust Indenture between the City and The Bank of New York Mellon Trust Company, N.A., as trustee, dated as of May 1, 2008 (the "Base Indenture"), as heretofore supplemented and amended and as further supplemented and amended by a Fifth Supplemental Indenture dated the date of the Warrants (together with the Base Indenture, the "Indenture") between the City and the said trustee. The City understands that a failure of the City to comply with the provisions of this Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Warrants in the secondary market and that such a failure may adversely affect the transferability and liquidity of the Warrants and their market price. There is no "obligated person" as defined in the Rule, with respect to the Warrants other than the City.

NOW, THEREFORE, the City does hereby undertake and agree with the Beneficial Owners of the Warrants 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 the Electronic Municipal Market Access system ("EMMA") established by the Municipal Securities Rulemaking Board (the "MSRB") (or such other system subsequently established 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, 2024, the following annual financial information and operating data (the "Annual Report"):

(i) the audited component unit financial statements of the City's Electric, Natural Gas and Water Systems (the "Systems"), and the notes thereto, and

(ii) unless included in audited financial statements referred to in clause (i) above, for the fiscal year then being reported, financial information or operating data with respect to the System (1) of the type included in the Official Statement of the City with respect to the Warrants (A) under the heading "FINANCIAL INFORMATION" (except the City will not produce calculations

of maximum annual debt service or any of the historical or pro forma coverage calculations shown under said section, and the City will not produce such financial information or operating data for nine-month or other interim periods as shown under said section) and (B) under the section entitled "DEBT SERVICE REQUIREMENTS AND COVERAGE – Debt Service Requirements", and (2) within the Section entitled "THE SYSTEM" (A) in the chart entitled "ANNUAL AVERAGE AND PEAK DAY PRODUCTION HUNTSVILLE GROUNDWATER SOURCES", (B) in the chart entitled "ANNUAL AVERAGE AND PEAK DAY PRODUCTION HUNTSVILLE WATER TREATMENT PLANTS", (C) in the chart under the subsection "Principal Customers", and (D) in the chart under the subsection entitled "Number and Types of Customers".

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 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 Warrants:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 Warrants, or other material events affecting the tax status of the Warrants;
- (vii) modifications of the rights of holders of the Warrants;
- (viii) calls for redemption, other than scheduled mandatory redemption, of any of the Warrants if material, and notice of tender offers;

- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Warrants;
- (xi) any change in rating on the Warrants;
- (xii) bankruptcy, insolvency, receivership or similar event of the City or of any obligated person respecting the Warrants;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the City or any obligated person respecting the Warrants (each, 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 related to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material;
- (xv) incurrence of a Financial Obligation of an Obligor, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligor, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligor, 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 File Annual Report; Additional Information. The City shall also provide notice as required under the Rule respecting any failure to timely file an

Annual Report as aforesaid. 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 this Agreement to commit to provide any such additional information or to update or to continue to provide such additional information or notices once provided.

Section 4. Beneficiaries and Enforcement. The City agrees that its undertakings pursuant to the Rule set forth in this Agreement are intended to be for the benefit of the holders and beneficial owners of the Warrants and shall be enforceable by such holders. No failure by the City to comply with its obligations under this Agreement shall constitute an event of default under the Indenture.

Section 5. Amendment. This Agreement may be amended without the consent of any holders of the Warrants 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 Warrants.

IN WITNESS WHEREOF, this Agreement has been duly executed by and on behalf of the City by its Mayor and attested by its City Clerk, all as of the 25th day of September, 2024.

CITY OF HUNTSVILLE, ALABAMA

By: _____
Mayor

[SEAL]

Attest:

City Clerk

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 4, 2024

Ratings:

S&P: "AAA"

Moody's: "Aa1"

(See "RATINGS" herein)

NEW ISSUE – BOOK-ENTRY ONLY

In the opinion of Bond Counsel to the City, assuming continuing compliance by the City with certain covenants set forth in the Indenture referred to below with respect to certain conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2024 Warrants 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 will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS." Bond Counsel to the City is of the further opinion that, under existing statutes, interest on the Series 2024 Warrants is exempt from Alabama income taxation.

\$14,350,000*

**City of Huntsville, Alabama
Water Revenue Warrants
Series 2024**

Dated: Date of Delivery

Due: September 1, as shown below

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

Interest on the above-described Water Revenue Warrants, Series 2024 (the "Series 2024 Warrants") is payable on March 1, 2025, and semiannually thereafter on September 1 and March 1 of each year. The Series 2024 Warrants will be issued as fully registered warrants and, when issued, will be registered in the name of CEDE & CO., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2024 Warrants will be made in book-entry form only and purchasers of beneficial interests in the Series 2024 Warrants ("Beneficial Owners") will not receive physical delivery of the certificates representing their interests in the Series 2024 Warrants. Debt service on the Series 2024 Warrants will be paid directly to DTC, so long as DTC or its nominee is the registered owner of the Series 2024 Warrants. The final disbursements of such payments to the Beneficial Owners of the Series 2024 Warrants will be the responsibility of the DTC Participants and the Indirect Participants, all as defined and more fully described in this Official Statement under the caption "THE SERIES 2024 WARRANTS—Book-Entry Only System."

The Series 2024 Warrants will be issued under a Trust Indenture dated as of May 1, 2008, between the City of Huntsville, Alabama (the "City"), and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as supplemented and amended and as further supplemented and amended by a Fifth Supplemental Indenture dated the date of the Series 2024 Warrants (collectively, the "Indenture"), and will constitute limited obligations of the City payable solely out of and secured by a pledge of the revenues derived from the operation of the City's water works plant and distribution system remaining after payment of the cost of operating and maintaining the same. The Series 2024 Warrants do not constitute a general obligation of the City, and neither the credit nor the taxing power of the City shall be pledged for payment of the Series 2024 Warrants. Certain of the Series 2024 Warrants are subject to optional and mandatory redemption prior to maturity as specified herein.

THIS COVER PAGE CONTAINS INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. POTENTIAL INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

The Series 2024 Warrants are offered when, as, and if received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of the validity thereof by Bradley Arant Boult Cummings LLP, Birmingham, Alabama, Bond Counsel to the City, and certain other conditions. It is expected that the Series 2024 Warrants will be available for delivery through DTC on or about [_____, 2024].

PNC CAPITAL MARKETS LLC

* Preliminary; subject to change.

AMOUNTS, MATURITIES, INTEREST RATES, YIELDS

\$14,350,000*
Water Revenue Warrants
Series 2024

Maturity (September 1)	Principal Amount*	Interest Rate	Yield
2025	\$480,000		
2026	455,000		
2027	480,000		
2028	500,000		
2029	525,000		
2030	550,000		
2031	580,000		
2032	610,000		
2033	640,000		
2034	670,000		
2035	705,000		
2036	740,000		
2037	775,000		
2038	815,000		
2039	855,000		
2040	900,000		
2041	945,000		
2042	990,000		
2043	1,040,000		
2044	1,095,000		

* Preliminary; subject to change.

CITY OF HUNTSVILLE, ALABAMA

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

Mayor

Tommy Battle

City Council

David Little
John Meredith
Devyn Sherard Keith
Bill Kling, Jr.
Dr. Jennie Robinson

City Administrator

John Hamilton

Finance Director

Penny L. Smith CPA

City Attorney

Marion C. "Trey" Riley

City Clerk/Treasurer

Shaundrika Edwards

The Huntsville Gas and Waterworks Utility Board

Chairman

Max "Gripp" Luther, III

Vice Chairman

Dr. Dorothy Huston

Secretary

James L. Batson, III

President and Chief Executive Officer, Huntsville Utilities

Robert (Wes) Kelley

Chief Financial Officer, Huntsville Utilities

Melissa Marty, CPA

General Counsel to the Huntsville Gas and Waterworks Utility Board

Warne S. Heath, Esq.

Financial Advisor

PFM Financial Advisors LLC
Huntsville, Alabama

Bond Counsel

Bradley Arant Boult Cummings LLP
Birmingham, Alabama

Certain information contained in or incorporated by reference in this Official Statement has been obtained by 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 Underwriters, the Trustee or the City. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do 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 Underwriters. 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 City, the Trustee or the Underwriters 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 2024 Warrants.

Any statements made in this Official Statement, including the Appendices hereto, 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 that are based on the City's beliefs as well as assumptions made by and information currently available to the City.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "estimate," "budget," "projected," "forecast" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct in whole or in part. The City is not obligated to issue any updates or revisions to the forward-looking statements if or when expectations do not materialize, or events, conditions or circumstances on which such statements are based do or do not occur.

Furthermore, any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2024 Warrants shall under any circumstances create any implication that there has been no change in the affairs of the City since the date as of which such information is given.

No representation is made that past experience, results of operations or financial condition, as it might be shown by financial and other information reported in this Official Statement (including any Appendix hereto) will continue or be repeated in the future.

The Series 2024 Warrants have not been registered under the Securities Act of 1933, as amended, and the Indenture of the City has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such federal laws. In making an investment decision, investors must rely upon their own examination of the Series 2024 Warrants and the security therefor, including an analysis of the risks involved. The Series 2024 Warrants have not been recommended by any federal or state securities commission or regulatory authority. The registration, qualification or exemption of the Series 2024 Warrants in accordance with applicable provisions of securities laws of the various jurisdictions in which the Series 2024 Warrants have been registered, qualified or exempted cannot be regarded as a recommendation thereof. Neither such jurisdictions nor any of their agencies have passed upon the merits of the Series 2024 Warrants or the adequacy, accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

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OFFICIAL STATEMENT

\$14,350,000*
City of Huntsville, Alabama
Water Revenue Warrants
Series 2024

INTRODUCTION

This Official Statement of the City of Huntsville, Alabama (the "City"), which includes the cover page and appendices hereto, sets forth information concerning the City and its \$14,350,000* Water Revenue Warrants, Series 2024, dated their date of initial delivery (the "Series 2024 Warrants"). The Series 2024 Warrants are being issued pursuant to a Trust Indenture dated as of May 1, 2008, between the City and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as heretofore supplemented and amended and as further supplemented and amended by a Fifth Supplemental Indenture dated the date of the Series 2024 Warrants (said Trust Indenture, as so supplemented, the "Indenture"). The City has presently outstanding under the Indenture its (i) \$92,810,000 initial principal amount Water Revenue Warrants, Series 2015, dated August 4, 2015 (the "Series 2015 Warrants"), (ii) \$10,425,000 initial principal amount Water Revenue Warrants, Series 2016, dated December 20, 2016 (the "Series 2016 Warrants"), (iii) \$7,010,000 initial principal amount Water Revenue Warrants, Series 2021-A, dated August 3, 2021 (the "Series 2021-A Warrants") and (iv) its \$71,010,000 initial principal amount Taxable Water Revenue Warrants, Series 2021-B, dated August 3, 2021 (the "Series 2021-B Warrants").

The Series 2024 Warrants will not constitute obligations of or a charge against the general credit or taxing power of the City, the State of Alabama, or any county or any political subdivision of the State of Alabama. The Series 2024 Warrants will be limited obligations of the City payable solely out of the net revenues derived from the operation of the City's water works plant and distribution system as at any time constituted (the "System") remaining after payment of the reasonable and necessary expenses of operating and maintaining the System (the "Net System Revenues"). The Series 2024 Warrants will be secured by a pledge of the Net System Revenues on a parity of lien with the Series 2015 Warrants, the Series 2016 Warrants, the Series 2021-A Warrants, the Series 2021-B Warrants and any Additional Warrants hereafter issued. See "SECURITY FOR PAYMENT OF SERIES 2024 WARRANTS; ADDITIONAL WARRANTS" herein.

The Series 2024 Warrants are being issued to (i) pay the costs of certain land, assets and rights to be acquired for the System including, without limitation, the acquisition of land and utility improvements and related infrastructure improvements, including new elevated water storage tanks, new water distribution mains, new water booster stations and various other capital improvements and assets for the operation, development and expansion of the System (collectively, the "2024 Improvements"), and (ii) pay the costs of issuing the Series 2024 Warrants.

The System is owned by the City and operated on behalf of the City by the Huntsville Gas and Waterworks Utility Board (the "Board"). See "THE HUNTSVILLE GAS AND WATERWORKS UTILITY BOARD" herein. Any reference to the City herein will, where appropriate, be deemed to also refer to the Board.

All references to or summaries of contracts, documents or official acts are qualified by the exact terms of such contracts, documents or acts, each being an item of public record. All references herein to, or summaries of, the Series 2024 Warrants, are qualified in their entirety by the definitive forms thereof, and the information with respect thereto included in the Indenture. So far as any statements are made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, they are set forth as such and not as representations of fact, and no representation is made that any such estimates will be realized. The delivery of this Official Statement does not imply that there has been no change in the affairs of the City at any time subsequent to the date hereof.

Reference is hereby made to the appendices of this Official Statement setting forth certain information about the City; the audited component unit financial statements of the City's electric, natural gas and water systems for the fiscal years ended September 30, 2022, and September 30, 2023; the form of approving opinion of Bond Counsel to the City respecting the Series 2024 Warrants; the summary of the Indenture; and the summary of the Continuing Disclosure Agreement.

* Preliminary; subject to change.

THE SERIES 2024 WARRANTS

General Provisions, Maturities and Interest Rates

Amounts, Maturities, Interest Rates and Form. The Series 2024 Warrants will be issued under and pursuant to the Indenture, will be dated their date of delivery, and will bear interest at the rates, and will mature in the amounts and on the dates, set forth on the inside cover page of this Official Statement. The Series 2024 Warrants are issuable only as fully registered warrants in the denomination of \$5,000 or any integral multiple thereof.

Manner of Payment. The Series 2024 Warrants will be issued in book-entry only form, as described herein under "THE SERIES 2024 WARRANTS – Book-Entry Only System," and the method and place of payment of debt service on the Series 2024 Warrants will be as provided in the book-entry only system for so long as such system is in effect with respect to the Series 2024 Warrants. Interest on the Series 2024 Warrants (computed on the basis of a 360-day year of 12 consecutive 30-day months) is payable semiannually on each March 1 and September 1, commencing March 1, 2025, at the address shown on the registry books of the Trustee pertaining to the Series 2024 Warrants as of the close of business on the February 15 and August 15, as the case may be, next preceding each interest payment date (each such date, a "Record Date").

Any principal or interest with respect to any Series 2024 Warrant that becomes due on a day other than a Business Day (as defined in the Indenture) shall be payable on the next succeeding Business Day and no interest shall accrue in the interim.

Optional Redemption of Series 2024 Warrants

Those of the Series 2024 Warrants having stated maturities on September 1, _____, and thereafter, will be subject to redemption prior to their respective maturities, at the option of the City, as a whole or in part (but if in part, in such maturities as the City in its discretion shall designate, and if less than all Series 2024 Warrants of a single maturity are to be redeemed, those to be redeemed to be selected by the Trustee by lot), on _____, and on any date thereafter, at a redemption price equal to the face amount of Series 2024 Warrants to be redeemed plus accrued interest thereon to the date fixed for redemption.

If less than all Series 2024 Warrants are to be redeemed, the principal amount of Series 2024 Warrants of each maturity to be redeemed may be specified by the City by written notice to the Trustee, or, in the absence of timely receipt by the Trustee of such notice, shall be selected by the Trustee by lot or by such other method as the Trustee shall deem fair and appropriate; provided, however, that the principal amount of Series 2024 Warrants of each maturity to be redeemed must be a multiple of the smallest authorized denomination of the Series 2024 Warrants. If less than all Series 2024 Warrants of the same maturity are to be redeemed, the particular Series 2024 Warrants of such maturity to be redeemed shall be selected by the Trustee by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the smallest authorized denomination of the Series 2024 Warrants, or a multiple thereof) of the principal amount of Series 2024 Warrants of such maturity of a denomination larger than the smallest authorized denomination.

Mandatory Redemption of Series 2024 Warrants

[_____] Term Warrants. Those of the Series 2024 Warrants maturing in [_____] (the "[_____] Term Warrants") shall be redeemed, at a redemption price equal to the face amount of Series 2024 Warrants to be redeemed plus accrued interest thereon to the date fixed for redemption, on the dates and in the principal amounts as follows:

[_____] Term Warrants	
Year (September 1)	Principal Amount to be Redeemed

In the event the City shall have partially redeemed [_____] Term Warrants or shall have provided for a partial redemption of [_____] Term Warrants in such a manner that the [_____] Term Warrants for the redemption of which provision is made

are considered as fully paid, the City may elect to apply all or any part (but only in integral multiples of \$5,000) of the principal amount of such [____] Term Warrants so redeemed or to be redeemed to the reduction of the principal amount of [____] Term Warrants required to be redeemed pursuant to the schedules set forth immediately above on any February 1 coterminous with or subsequent to the date such optional redemption actually occurs.

Notice of any redemption of the Series 2024 Warrants shall be given to the affected holder thereof not less than 30 days before the date fixed for redemption. If the book-entry system is in effect, such notice of redemption shall be given to DTC (as defined below) and shall be forwarded by DTC to the affected holders of Series 2024 Warrants through methods established by the rules and operational arrangements of DTC. If the book-entry system is not in effect, notice of redemption shall be given to the holders of Series 2024 Warrants being redeemed by registered or certified mail. No further interest will accrue, after the date fixed for redemption, on the principal of any Series 2024 Warrants called for redemption if notice has been duly given and payment therefor has been duly provided, and in such event any Series 2024 Warrants called for redemption will no longer be protected by the provisions of the Indenture.

If less than all Series 2024 Warrants outstanding are to be redeemed, the principal amount of Series 2024 Warrants to be redeemed may be specified by the City by notice delivered to the Trustee prior to the date when the Trustee must give notice of the redemption to holders of the Series 2024 Warrants, or, in the absence of receipt by the Trustee of such notice, shall be determined in accordance with the book-entry system or if the book-entry system is no longer in effect by lot or by such other method as the Trustee shall deem fair and appropriate; provided, however, that the Series 2024 Warrants are subject to redemption only in principal amounts of \$5,000 or any integral multiple thereof.

Purpose

The City is issuing the Series 2024 Warrants to (i) pay the costs of the 2024 Improvements, and (ii) pay the costs of issuing the Series 2024 Warrants.

Book-Entry Only System

Portions of the following information concerning The Depository Trust Company, New York, New York ("DTC"), and DTC's book-entry system have been obtained from DTC. The City, the Trustee and the Underwriters make no representation as to the accuracy of such information.

General. Initially, DTC will act as securities depository for the Series 2024 Warrants. The Series 2024 Warrants 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 warrant certificate for each maturity will be issued for the Series 2024 Warrants, in the aggregate principal amount of Series 2024 Warrants 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 Banking Law, a "banking organization" within the meaning of the New York Banking 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, banks, 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, banks, 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 and www.dtc.org. So long as the Series 2024 Warrants are maintained in book-entry form with DTC, the following procedures will be applicable with respect to the Series 2024 Warrants.

Purchases of Series 2024 Warrants under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Warrants on DTC's records. The ownership interest of each actual purchaser of each Series 2024 Warrant ("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 2024 Warrants 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 Series 2024 Warrants, except in the event that use of the book-entry system for the Series 2024 Warrants is discontinued.

To facilitate subsequent transfers, all Series 2024 Warrants 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 Series 2024 Warrants 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 2024 Warrants; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Warrants 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 2024 Warrants, redemption notices will be sent to DTC. If less than all of the Series 2024 Warrants 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 2024 Warrants, principal, premium, if any, and interest payments on the Series 2024 Warrants 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 City, 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 City 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 2024 Warrants 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 2024 Warrants 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 2024 Warrants at any time by giving reasonable notice to the City or the Trustee. In addition, the City 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, warrant certificates are required to be printed and delivered.

The City 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 Series 2024 Warrants; (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 2024 Warrants; or (v) any other action taken by the securities depository or any Participant.

In the event of the discontinuance of the book-entry system for the Series 2024 Warrants, warrant certificates will be printed and delivered and the following provisions of the Indenture will apply: (i) principal of the Series 2024 Warrants will be payable upon surrender of the Series 2024 Warrants at the designated office of the Trustee; (ii) Series 2024 Warrants may be transferred or exchanged for other Series 2024 Warrants of authorized denominations as set forth in the next succeeding two paragraphs; and (iii) Series 2024 Warrants will be issued in denominations as described above under "THE SERIES 2024 WARRANTS."

Discontinuation of Book-Entry Only System. The following provisions shall apply only upon discontinuance of the book-entry only system described above: (i) a physical certificate or certificates shall be executed, authenticated and delivered to each holder under the book-entry system in accordance with such holder's ownership of Series 2024 Warrants; and (ii) such certificates shall be registered in the warrant register maintained by the Trustee. The Series 2024 Warrants shall be registered and may be transferred only on the warrant register maintained by the Trustee. No transfer of the Series 2024 Warrants shall be permitted except upon presentation and surrender of such Series 2024 Warrants at the office of the Trustee. The holder of one or more of the Series 2024 Warrants may, upon request, and upon the surrender to the Trustee of such Series 2024 Warrants, exchange such Series 2024 Warrant for Series 2024 Warrants of other authorized denominations of the same tenor and of a like aggregate principal amount. No service charge shall be made for any transfer or exchange of Series 2024 Warrants, but the City may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 2024 Warrants. The City shall not be required (i) to transfer or exchange any Series 2024 Warrant during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Series 2024 Warrants and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Series 2024 Warrant so selected for redemption in whole or in part. In the event any Series 2024 Warrant is mutilated, lost, stolen or destroyed, the City may execute, and the Trustee shall thereupon authenticate and deliver, a replacement Series 2024 Warrant of like tenor as that mutilated, lost, stolen or destroyed; provided that (i) in the case of any such mutilated Series 2024 Warrant, such Series 2024 Warrant is first surrendered to the Trustee, and (ii) in the case of any lost, stolen or destroyed Series 2024 Warrant, there is first furnished to the City and the Trustee evidence of such loss, theft or destruction satisfactory to the City and the Trustee, together with indemnity satisfactory to each of them. The City may charge the holder with the expense of issuing any such replacement Series 2024 Warrant.

Reference is made to the provisions of the Indenture in full for its provisions pertaining to the registration, transfer and exchange of Series 2024 Warrants and the method of payment of the principal thereof and interest thereon.

SECURITY FOR PAYMENT OF SERIES 2024 WARRANTS; ADDITIONAL WARRANTS

Security

The Series 2024 Warrants are limited obligations of the City payable from and secured by a pledge of the following: (i) the revenues and income of whatever nature derived from operation of the System remaining after payment of the reasonable and necessary expenses of efficiently and economically operating and maintaining the System (such expenses being herein called the "Operating Expenses," and such remaining revenues and income being herein called the "Net System Revenues"); (ii) the Revenue Fund and the Warrant Fund created and as defined in the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture (the "Special Funds"); and (iii) any other property which may, from time to time hereafter, be subjected to the lien of the Indenture as additional security.

The term "Annual Net Income," as used herein and in the Indenture, means the Net System Revenues (excluding any investment income earned on proceeds of the Warrants and excluding any gain or loss resulting from the disposition of assets and any other extraordinary items of income or loss) during a period of twelve consecutive months.

The Series 2024 Warrants, along with any Additional Warrants (hereinafter defined) that may be hereafter issued under the Indenture, will be secured on a parity of lien with the Series 2015 Warrants, the Series 2016 Warrants, the Series 2021-A Warrants and the Series 2021-B Warrants by a pledge of the Net System Revenues out of which the same are payable. The City has covenanted in the Indenture to maintain such rates and charges for water and other services supplied from the System as shall produce revenues sufficient to pay all Operating Expenses and to make the

required deposits to the Special Funds. The City has also covenanted to promptly take all such action and make such increases in the rates and charges for services furnished by the System as shall produce Annual Net Income at least 115% of the maximum annual debt service on the Warrants then outstanding. Such covenants are subject to the requirement under Alabama law that all such rates and charges must be reasonable and nondiscriminatory. See Appendix D – "Summary of the Indenture – Rate Covenant."

The Series 2024 Warrants are not general obligations of the City, the State of Alabama, or any other municipality, or any county, or any other political subdivision of the State of Alabama. The Series 2024 Warrants will not constitute a charge against the general credit or assets of the City and will not be secured by a foreclosable mortgage on the System.

At the time of the issuance of the Series 2024 Warrants, the Series 2015 Warrants, the Series 2016 Warrants, the Series 2021-A Warrants and the Series 2021-B Warrants will constitute the only funded indebtedness of the City outstanding under the Indenture, subject to the issuance by the City of Additional Warrants.

The City has also issued its (i) \$10,615,000 initial principal amount Subordinated Water Revenue Warrant, Series 2021-DWSRF-DL, dated February 15, 2021 (the "2021 SRF Warrant"), (ii) \$15,715,000 initial principal amount Subordinated Water Revenue Warrant, Series 2021-B-DWSRF-DL, dated October 15, 2021 (the "2021-B SRF Warrant"), and (iii) \$5,635,000 initial principal amount Subordinated Water Revenue Warrant, Series 2023-DWSRF-DL, dated October 1, 2023 (the "2023 SRF Warrant" and, together with the 2021 SRF Warrant and the 2021-B SRF Warrant, the "Subordinated SRF Warrants"), each of which is payable from and secured by a pledge of Net System Revenues subordinate in all respects to the pledge of Net System Revenues made in the Indenture. The Subordinated SRF Warrants were issued to the Alabama Drinking Water Finance Authority ("ADWFA") to finance the costs of capital improvements to the System.

Additional Warrants

The City may, at any time upon compliance with the conditions therefor set forth in the Indenture but otherwise without limit as to principal amount, issue additional warrants under the Indenture ("Additional Warrants") on a parity with the Series 2015 Warrants, the Series 2016 Warrants, the Series 2021-A Warrants, the Series 2021-B Warrants and the Series 2024 Warrants. As used in this Official Statement, the term "Warrants," without any qualifying words, means the Series 2015 Warrants, the Series 2016 Warrants, the Series 2021-A Warrants, the Series 2021-B Warrants, the Series 2024 Warrants and any Additional Warrants that may hereafter be issued under the Indenture. See Appendix D – "Summary of the Indenture – Additional Warrants" herein for more information about Additional Warrants and the prerequisites to issuance of Additional Warrants.

Future Borrowings

Over the next two years, the City plans to finance up to \$26,920,000 of additional capital improvements to the System (at the present time, such borrowing is anticipated to occur during the 2026 fiscal year). Such borrowing is anticipated to be achieved through one or more series of Additional Warrants issued under the Indenture, payable from and secured by Net System Revenues on parity of lien with the Warrants.

The City also plans to borrow up to \$16,439,000 within the next two years to finance the costs of additional capital improvements to the System. Such borrowing is presently intended to be made from ADWFA. The City intends, by September 30, 2024, to borrow the sum of \$8,610,000 from ADWFA (the "2024 SRF Loan") and, as evidence of its obligation to repay the same, issue a limited obligation warrant in the principal amount of \$8,610,000 secured by and payable from Net System Revenues on a basis subordinate in all respects to the pledge of Net System Revenues made in the Indenture, and on parity of lien with the pledge of Net System Revenues heretofore made for the benefit of the Subordinated SRF Warrants (the "2024 SRF Warrant"). The City anticipates closing the 2024 SRF Loan and issuing the 2024 SRF Warrant by September 30, 2024. Like the Subordinated SRF Warrants and the proposed 2024 SRF Warrant, assuming the remaining \$7,883,000 is obtained under a loan from ADWFA, repayment of the same will be secured by and payable from Net System Revenues on a basis subordinate in all respects to the pledge of Net System Revenues made in the Indenture, and on parity of lien with the pledge of Net System Revenues heretofore made for the benefit of the Subordinated SRF Warrants and anticipated to be made for the 2024 SRF Warrant.

The City presently forecasts borrowing up to \$32,550,000 in the 2028 fiscal year to pay for additional capital improvements to the System. Such borrowing is anticipated to be achieved through one or more series of Additional

Warrants issued under the Indenture, payable from and secured by Net System Revenues on parity of lien with the Warrants.

ESTIMATED SOURCES AND USES OF PROCEEDS

The proceeds to be derived from the sale of the Series 2024 Warrants (exclusive of accrued interest, if any) are expected to be applied substantially as follows:

Series 2024 Warrants

Sources

Par amount of Series 2024 Warrants

[Plus/less] [net] original issue [premium/discount]

Total Sources

Uses

2024 Improvements

Costs of issuance (including underwriting discount,
financial advisor, legal, printing and other costs)

Total Uses

DEBT SERVICE REQUIREMENTS AND COVERAGE

Debt Service Requirements

Upon issuance and delivery of the Series 2024 Warrants, the estimated total debt service requirements of all Warrants issued under the Indenture, on a fiscal year basis (each fiscal year ended September 30), is as follows. The following does not include debt service on the Subordinated SRF Warrants, which are secured by a lien on Net System Revenues subordinate to that in favor of Warrants issued under the Indenture.

Fiscal	Series 2015	Series 2016	Series 2021-A	Series 2021-B	Series 2024 Warrants			
Year	Warrants	Warrants	Warrants	Warrants	Principal*	Interest*	Total*	Total*
2025	\$4,192,250	\$793,450	\$1,152,250	\$2,489,732	\$480,000	\$669,667	\$1,149,667	9,777,349
2026	--	791,575	1,155,000	6,684,319	455,000	693,500	1,148,500	9,779,394
2027	--	793,325	1,155,250	6,684,480	480,000	670,750	1,150,750	9,783,805
2028	--	796,625	1,153,000	6,687,366	500,000	646,750	1,146,750	9,783,741
2029	--	798,425	1,153,125	6,684,081	525,000	621,750	1,146,750	9,782,381
2030	--	795,675	--	6,684,418	550,000	595,500	1,145,500	8,625,593
2031	--	796,300	--	6,689,391	580,000	568,000	1,148,000	8,633,691
2032	--	792,269	--	6,688,229	610,000	539,000	1,149,000	8,629,498
2033	--	793,594	--	6,684,157	640,000	508,500	1,148,500	8,626,251
2034	--	793,163	--	6,685,246	670,000	476,500	1,146,500	8,624,909
2035	--	--	--	6,682,606	705,000	443,000	1,148,000	7,830,606
2036	--	--	--	6,685,781	740,000	407,750	1,147,750	7,833,531
2037	--	--	--	--	775,000	370,750	1,145,750	1,145,750
2038	--	--	--	--	815,000	332,000	1,147,000	1,147,000
2039	--	--	--	--	855,000	291,250	1,146,250	1,146,250
2040	--	--	--	--	900,000	248,500	1,148,500	1,148,500
2041	--	--	--	--	945,000	203,500	1,148,500	1,148,500
2042	--	--	--	--	990,000	156,250	1,146,250	1,146,250
2043	--	--	--	--	1,040,000	106,750	1,146,750	1,146,750
2044	--	--	--	--	1,095,000	54,750	1,149,750	1,149,750

Coverage

The maximum estimated annual debt service on the Series 2015 Warrants, the Series 2016 Warrants, the Series 2021-A Warrants, the Series 2021-B Warrants and the Series 2024 Warrants, scheduled to occur in the fiscal year ending September 30, 2027, is \$9,783,805* and is covered approximately 1.83* times by Net System Revenues for the fiscal year ended September 30, 2023, of \$17,833,621, and the estimated average annual debt service on the Series 2015 Warrants, the Series 2016 Warrants, the Series 2021-A Warrants, the Series 2021-B Warrants and the Series 2024 Warrants of \$5,844,475* is covered approximately 3.05* times by Net System Revenues for such fiscal year. See "FINANCIAL INFORMATION – Revenues and Expenditures – Five-Year Audited Summary; Historical and Pro Forma Coverage" herein.

* Preliminary; subject to change.

FINANCIAL INFORMATION

Revenues and Expenditures

Five-Year Audited Summary; Historical and Pro Forma Coverage. The following reflects the System's operating results for fiscal years ended September 30, 2019, through 2023, based upon audited financial statements of the System for such fiscal years, the resulting Annual Net Income for such fiscal years, and projected debt service coverage on a historical and on a pro forma basis:

	Fiscal Year Ended September 30 (as restated),				
	2019	2020	2021	2022	2023
Operating Revenue					
Residential	\$25,688,962	\$25,748,041	\$26,033,508	\$26,701,325	\$27,240,931
Large Commercial and Industrial	1,961,713	1,894,495	1,886,879	2,104,056	2,111,191
Small Commercial	12,964,076	12,832,180	13,541,503	14,821,791	15,393,279
Government Sales	2,646,627	2,616,476	2,837,639	2,869,056	3,374,962
Other Sales	640,346	657,108	679,928	1,010,504	1,060,659
Other operating revenue ⁽¹⁾	2,914,536	2,760,300	4,151,514	7,490,023	8,175,847
Total Operating Revenue	\$46,816,261	\$46,508,600	\$49,130,971	\$54,996,755	\$57,356,869
Operating Expenses ⁽²⁾					
Purchased Commodity	--	\$139,221	33,911	64,267	53,605
Purification	2,355,579	2,184,945	2,344,053	3,376,917	4,444,773
Pumping	5,418,041	5,320,554	5,581,194	6,521,201	7,043,438
Distribution	6,029,668	5,301,582	6,323,806	6,120,246	9,499,542
Customer accounting	1,475,841	2,104,547	2,122,082	3,547,730	3,034,295
Administrative and general	9,266,276	10,075,064	11,891,987	12,500,709	15,447,595
Total Operating Expenses	\$24,545,405	\$25,125,913	\$28,297,033	\$32,131,070	\$39,523,248
Annual Net Income	<u>\$22,270,856</u>	<u>\$21,382,687</u>	<u>\$20,833,938</u>	<u>\$22,865,685</u>	<u>\$17,833,621</u>
Historical Maximum Annual Debt Service ⁽³⁾	\$8,638,536	\$8,638,536	\$8,638,536	\$8,638,536	\$8,638,536
Historical Debt Service Coverage (times)	2.58	2.48	2.41	2.65	2.06
Pro Forma Maximum Annual Debt Service ⁽⁴⁾					
Pro Forma Debt Service Coverage (times)					

⁽¹⁾ Includes wholesale water sales, reconnection and collection fees, fire protection fees, forfeited discounts, and other miscellaneous revenues.

⁽²⁾ Excludes depreciation, which is not an Operating Expense under the Indenture.

⁽³⁾ Maximum annual debt service on the Series 2015 Warrants, the Series 2016 Warrants, the Series 2021-A Warrants and the Series 2021-B Warrants.

⁽⁴⁾ Estimated maximum annual debt service on the Series 2015 Warrants, the Series 2016 Warrants, the Series 2021-A Warrants, the Series 2021-B Warrants and the proposed Series 2024 Warrants.

Net Position

Five-Year Audited Summary. The following reflects the System's assets, liabilities and net position as of September 30, 2019, through 2023, based upon audited financial statements of the System for such fiscal years:

	2019	2020	2021	2022	2023
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and Cash Equivalents	\$3,864,963	\$13,372,714	\$13,527,598	\$9,499,964	\$4,762,239
Investments	27,855,847	13,288,341	13,195,796	23,465,201	22,255,410
Board Designated Funds					
Cash and Cash Equivalents	1,778,301	3,504,625	5,798,646	1,461,096	1,718,397
Investments	16,402,067	16,775,724	16,649,263	8,116,672	7,558,337
Restricted Funds					
Customer Deposits	--	--	--	--	--
Cash and Cash Equivalents	808,340	977,927	808,340	977,927	977,927
Investments	--	--	--	--	--
Accounts Receivable – Trade, net of allowance	8,396,318	8,149,274	8,203,842	8,763,492	8,477,166
Inventories – Materials and Supplies	2,117,031	2,393,871	2,890,294	3,486,137	4,938,630
Prepaid Expenses	--	--	20,792	37,925	1,241
Accrued Interest, Rent and Other Receivables	225,288	123,573	374,051	2,716,354	634,296
Total Current Assets	\$61,470,624	\$58,586,048	\$61,468,622	\$58,524,768	\$51,323,643
Non-Current Assets					
Restricted Assets					
Customer Deposits					
Cash and Cash Equivalents	\$5,060,250	\$5,305,108	\$4,645,030	\$4,445,836	\$4,997,321
Investments	--	--	--	--	--
Warrant Funds	--	--	--	--	--
Cash and Cash Equivalents	726,473	1,340	--	--	--
Investments	5,173,877	6,281,072	12,044,858	6,882,484	7,040,040
Cash, Cash Equivalents and Investments	\$10,960,601	\$11,587,521	\$16,689,888	\$11,328,320	\$12,037,361
Other Assets					
Regulatory Asset – Revenue Warrant Expense	\$463,846	\$432,068	\$613,475	\$550,253	\$487,032
Subscription-based Assets, Net	--	--	--	--	201,330
Total Other Assets	\$463,846	\$432,068	\$613,475	\$550,253	\$688,362
Utility Plant					
Plant in Service	\$423,502,268	\$433,667,651	\$451,215,648	\$470,762,907	\$494,334,218
Construction in Progress	13,289,845	21,875,363	20,672,164	33,640,840	36,664,819
Total Utility Plant	\$436,792,113	\$455,543,014	\$471,887,812	\$504,403,747	\$530,999,037
Less: Accumulated Depreciation	(149,088,627)	(159,593,632)	(170,463,586)	(181,530,026)	(191,487,254)
Total Utility Plant – Net	\$287,703,486	\$295,949,382	\$301,424,226	\$322,873,721	\$339,511,783
Total Non-Current Assets	\$299,127,933	\$307,968,970	\$318,727,589	\$334,752,294	\$352,237,506
Total Assets	\$360,598,557	\$366,555,018	\$380,196,211	\$393,277,062	\$403,561,149
Deferred Outflows of Resources					
Deferred Amount on Debt Refunding	\$1,291,112	\$538,969	\$5,047,806	\$4,675,959	\$4,304,112
Goodwill	5,178,646	5,178,646	5,178,646	5,178,646	4,459,389
Deferred Amount on OPEB	131,930	223,661	273,541	971,267	1,635,368
Deferred Amnt. Pension Employer Contrib.	2,711,266	3,673,158	3,795,510	4,757,169	7,226,549
Total Deferred Outflows of Resources	\$9,312,953	\$9,614,433	\$14,295,503	\$15,583,041	\$17,625,418
Total Assets & Deferred Outflows of Resources	\$369,911,510	\$376,169,451	\$394,491,714	\$408,860,103	\$421,186,567
Liabilities and Deferred Inflows of Resources					
Current Liabilities					
Accounts Payable – Trade	\$1,765,793	\$2,586,974	\$1,605,466	\$3,689,690	\$3,688,667
Accounts Payable – Other Utility Departments	4,767,779	4,633,671	4,759,102	5,132,102	3,737,911
Compensated Absences	1,254,975	1,357,782	1,336,659	1,479,955	2,076,191
Accrued Payroll	477,991	524,014	631,265	775,553	909,594
Other Current Liabilities	504,398	532,898	652,108	663,317	718,873

Subscription-based liabilities, current position	--	--	--	--	83,923
Total Current Liabilities paid from current assets	\$8,770,936	\$9,635,340	\$8,984,600	\$11,740,617	\$11,215,159
Liabilities Payable from Restricted Assets					
Net Pension Liability, Current Portion	\$955,000	--	--	--	--
Customer Deposits, Current Portion	808,340	977,927	808,340	977,927	977,927
Revenue Warrants, Current Portion	4,750,000	4,901,000	4,650,000	7,545,000	7,810,000
Interest Payable	1,811,785	1,801,548	649,227	1,009,787	950,129
Total Liabilities Payable from Restricted Assets	\$8,325,125	\$7,680,475	\$6,107,567	\$9,532,714	\$9,738,056
Non-Current Liabilities					
Net Pension Liability, Less Current Portion	\$13,381,154	\$16,763,551	\$17,678,796	\$16,946,865	\$22,133,825
Net OPEB Liability, Less Current Portion	8,236,499	7,972,727	7,398,754	8,649,750	8,392,337
Subscription-based Liabilities, Less Current Portion	--	--	--	--	93,154
Customer Deposits, Less Current Portion	5,060,250	5,305,108	4,645,030	4,445,836	4,997,321
Revenue Warrants, Less Current Portion	98,030,000	93,129,000	107,335,000	105,977,287	106,960,000
Unamortized Bond Premium	10,529,664	8,799,731	3,319,254	2,512,567	1,671,813
Total Non-Current Liabilities	\$135,237,567	\$131,970,116	\$140,376,834	\$138,532,305	\$144,248,450
Total Liabilities	\$152,333,629	\$149,285,931	\$155,469,001	\$159,805,636	\$165,201,665
Deferred Inflow of Resources					
Deferred Pension Plan Earnings Difference	\$722,575	--	--	\$1,780,300	--
Deferred Inflow OPEB	3,330,083	2,848,042	3,169,687	2,236,083	2,024,183
Total Deferred Inflows of Resources	\$4,052,658	\$2,848,042	\$3,169,687	\$4,016,383	\$2,024,183
Net Position					
Invested in Capital Assets, Net of Related Debt	\$174,857,668	\$188,289,140	\$186,731,970	\$212,065,080	\$227,791,810
Restricted	22,268,933	12,565,448	33,843,540	14,765,410	12,065,158
Unrestricted	16,398,622	23,180,890	15,277,516	18,207,594	14,103,751
Total Net Position	\$213,525,223	\$224,035,478	\$235,853,026	\$245,038,084	\$253,960,719
Total Liabilities, Deferred Inflows and Net Position	<u>\$369,911,510</u>	<u>\$376,169,451</u>	<u>\$394,491,714</u>	<u>\$408,860,103</u>	<u>\$421,186,567</u>

Unaudited Financial Information. The following reflects the System's unaudited assets, liabilities and net position for the nine-month periods ended June 30, 2023, and June 30, 2024:

	As of June 30 (unaudited)	
	2023	2024
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and Cash Equivalents	\$4,145,775	\$6,075,193
Investments	22,141,332	19,420,254
Board Designated Funds		
Cash and Cash Equivalents	2,846,521	3,849,202
Investments	7,519,594	4,386,052
Restricted Funds		
Customer Deposits		
Cash and Cash Equivalents	977,927	977,927
Accounts Receivable, Trade, net of Allowance	7,487,722	9,102,782
Inventories - Materials and Supplies	5,465,504	5,035,510
Prepaid Expenses	104,902	107,827
Accrued Interest, Rent and Other Receivables	<u>(60,723)</u>	<u>1,299,775</u>
Total Current Assets	50,628,554	50,254,524
Non-Current Assets		
Restricted Assets		
Customer Deposits		
Cash and Cash Equivalents	4,227,607	4,636,825
Investments	-	-
Warrant Funds		
Cash and Cash Equivalents	-	-
Investments	5,526,113	4,964,252
Cash, Cash Equivalents, and Investments	9,753,720	9,601,077
Other Assets		
Regulatory Asset - Revenue Warrant Expense	502,838	439,617
Subscription Asset	-	270,634
Utility Plant		
Plant in Service	480,331,532	501,582,072
Construction in Progress	43,693,668	52,949,611
Total Utility Plant	524,025,200	554,531,683
Less Accumulated Depreciation	(189,027,581)	(198,536,956)
Total Utility Plant	334,997,619	355,994,726
Total Non-Current Assets	<u>345,254,177</u>	<u>366,306,054</u>
Total Assets	395,882,731	416,560,578
Deferred Outflows of Resources		
Deferred Amount on Debt Refunding	4,397,073	4,025,226
Goodwill	4,729,110	4,329,923
Deferred Amount on OPEB	971,267	1,635,368
Deferred Amount on Pension Employer Contribution	<u>4,757,169</u>	<u>7,226,549</u>
Total Deferred Outflows of Resources	14,854,619	17,217,066
Total Assets and Deferred Outflows of Resources	410,737,350	433,777,644
Liabilities and Deferred Inflows of Resources		
Current Liabilities		
Accounts Payable - Trade and Other Utility Departments	4,340,651	5,465,264
Compensated Absences	2,002,886	2,025,185
Accrued Payroll	417,468	468,705
Other Current Liabilities	<u>571,134</u>	<u>1,060,531</u>
Total Current Liabilities payable from current assets	7,332,139	9,019,685

Liabilities Paid from Restricted Assets		
Customer Deposits, Current Portion	977,927	977,927
Revenue Warrants, Current Portion	7,535,000	8,320,000
Interest Payable	<u>525,838</u>	<u>558,900</u>
Total Liabilities Payable from Restricted Assets	9,038,765	9,856,827
Non-Current Liabilities		
Net Pension Liability, Less Current Portion	16,946,865	22,133,825
Net OPEB Liability, Less Current Portion	8,733,238	7,219,290
Customer Deposits, Less Current Portion	4,227,607	4,636,825
Revenue Warrants, Less Current Portion	107,885,000	104,935,000
Unamortized Bond Premium	<u>1,882,002</u>	<u>1,209,992</u>
Total Non-Current Liabilities	139,674,712	140,134,932
Total Liabilities	156,045,616	159,011,444
Deferred Inflows of Resources		
Deferred Pensions Plan Earnings Difference	1,780,300	-
Deferred Inflow OPEB	<u>2,236,083</u>	<u>2,024,183</u>
Total Deferred Inflows of Resources	4,016,383	2,024,183
Net Position		
Invested in Capital Assets, Net of Related Debt	222,595,528	245,994,577
Restricted	10,205,809	10,020,104
Unrestricted	<u>17,874,014</u>	<u>16,727,336</u>
Total Net Position	250,675,351	272,742,017
Total Liabilities, Deferred Inflows and Net Position	410,737,350	433,777,644

Unaudited Financial Information. The following reflects the System's unaudited operating results for the nine-month periods ended June 30, 2023, and June 30, 2024:

	2023	2024
Operating Revenue		
Residential	\$19,061,476	\$25,199,469
Large Commercial and Industrial	1,519,532	2,416,689
Small Commercial	10,774,414	13,882,651
Governmental Sales	2,515,893	3,268,800
Other Sales	<u>747,760</u>	<u>770,048</u>
Total Operating Revenue	34,619,075	45,537,657
Operating Expenses		
Purchased Commodity	33,313	28,991
Purification	2,833,082	3,271,260
Pumping	5,123,859	5,257,681
Distribution	6,135,671	8,708,286
Customer Accounting	2,469,900	2,842,826
Payroll Taxes	836,133	915,232
Administration and General	<u>10,713,395</u>	<u>10,573,487</u>
Total Operating Expenses	28,145,353	31,597,763
Operating Income	\$6,473,722	\$13,939,895

THE HUNTSVILLE GAS AND WATERWORKS UTILITY BOARD

General

The System is owned by the City and operated by the Huntsville Gas and Waterworks Utility Board (the "Board"). The electric system of the City is also owned by the City but is operated by the Huntsville Electric Utility Board. Each utility board consists of three members who are appointed by the City Council to serve for three-year terms. All such utility systems are operated administratively under the joint management and control of a President and Chief Executive Officer ("CEO") and a Chief Financial Officer. In addition, certain employees perform joint functions in each department – including accounting, personnel, purchasing, meter reading, payroll and customer relations – to provide greater economy of operation. The combined organization is operated under the name "Huntsville Utilities." Customers are billed collectively for natural gas, water and electricity by Huntsville Utilities. The utility boards of the City do not bargain collectively or have any formal or informal agreements with respect to personnel with any employee organization or union.

In addition to its core business, Huntsville Utilities provides operational assistance and service to the United States – including inspection, repair, and maintenance, and the provision of personnel, equipment, supplies, materials and supervision – respecting the expansive water, gas and electric utility infrastructure located on Redstone Arsenal. This utility infrastructure (which is owned by the United States and in no way constitutes part of the System) includes, among other things, approximately 248 miles of overhead, and 145 miles of underground, electric distribution, 46 miles of transmission lines, 22 substations, 298 miles of water pipe, 1,202 water valves, seven water storage tanks, three water treatment plants, 67 miles of gas pipe, 542 gas regulators and 265 gas valves. These services are provided under an Intergovernmental Support Agreement between Huntsville Utilities and the United States (the "IGSA") that was recently entered into between the parties. The term of the IGSA is for one year, with annual renewal periods for a maximum total term of ten years. Under the IGSA, each of Huntsville Utilities and the United States has the power to elect not to renew the IGSA for any additional one-year term.

Under the terms of the Fifth Supplemental Indenture, revenues attributable to services provided for water services received under the IGSA will be included within the definition of "System Revenues" under the Indenture. The costs of providing the services under the IGSA are not Operating Expenses under the Indenture; however, such services will be performed by employees of Huntsville Utilities whose salaries are charged as Operating Expenses under the Indenture, and certain of such services will be provided using equipment and other assets that are also used in the operation of the System and are treated as Operating Expenses under the Indenture.

Members of the Huntsville Gas and Waterworks Board

Max "Gripp" Luther, III, Chairman; born in Huntsville, Alabama; education – received undergraduate degree (B.A.) from University of Alabama in Tuscaloosa; occupation – principal at Samples Commercial Real Estate LLC; appointed to the Board in 2019.

Dr. Dorothy W. Huston, Vice Chairman; born in Monroeville, Alabama; education – received undergraduate degree from Alabama A&M University, Master's and Doctorate degrees from the Ohio State University; occupation - President and CEO of Technology Management Training Group, Inc.; appointed to the Board in 2014.

James L. Batson, III, Secretary; born in Huntsville, Alabama; education – received undergraduate degree (B.S.) from Auburn University; occupation – Chief Executive Officer of H.C. Blake Company Inc.; appointed to the Board in 2017.

Management

Wes Kelley. Mr. Kelley has served as President and Chief Executive Officer of Huntsville Utilities since May 30, 2017. Mr. Kelley received his B.A. from Hillsdale College. Before joining Huntsville Utilities, Mr. Kelley served as Executive Director of Columbia Power & Water Systems, Tennessee from 2012 through 2017. His other previous experience includes serving as President & CEO of Pulaski Electric System, Tennessee (2009-2012), Executive Vice President of Pulaski Electric System (2005-2009), and Assistant Director of Utilities of Hillsdale Board of Public Utilities, Michigan (1999-2005).

Melissa Marty, C.P.A., Chief Financial Officer; Education – Millikin University, B.S. Accounting, Illinois State University, MBA; Occupation – employed with Huntsville Utilities since 2015; Prior positions within Huntsville Utilities include Director, Internal Audit 2015-2020, Director of Process Excellence 2020-2021; Prior Occupation – various

accounting and auditing positions in manufacturing, natural gas and service industries 1993-2015. Ms. Marty has served as Chief Financial Officer of Huntsville Utilities since 2021.

Warne S. Heath. Mr. Heath has served as General Counsel since 2019. Prior to taking the General Counsel position, he was a partner at the law firm of Bradley Arant Boult Cummings LLP, where he practiced for 29 years in general litigation with an emphasis on labor and employment law. During that time, he served as outside counsel for the Board for approximately 15 years. He received a BA degree from the University of Alabama in 1977 and a Master's Degree from Mississippi State University in 1982. He served 8 years on active duty with the U.S. Air Force as a pilot, prior to returning to the University of Alabama School of Law.

Chris Jones. Mr. Jones has served as Senior Vice President / Chief Operating Officer of Huntsville Utilities since July 10, 2023. Mr. Jones received his B.S. in Electrical Engineering from the University of Missouri and his MBA from Missouri State University. Before joining Huntsville Utilities, Mr. Jones worked for City Utilities of Springfield, Missouri, an electric, natural gas, water and fiber utility, for 30 years. Mr. Jones served in several executive and management roles during his career at City Utilities, most recently serving as Vice President / Chief Electric Operations Officer (2016 – 2023). Mr. Jones is a registered professional engineer.

Stacy Cantrell, Vice President of Engineering; education – North Carolina State University, B.S. Electrical Engineering; University of South Florida, M.S. Engineering Management; occupation – employed with Huntsville Utilities since 1995; prior positions within Huntsville Utilities – Engineer I (1995-1999); Engineer II (1999-2000); Engineering Services Superintendent (2000-2015); prior occupation – various positions at Florida Power and Light (1989-1995).

Mike Counts, Vice President of Operations; education – Auburn University, Bachelor's in Electrical Engineering; professional title – Professional Engineer from the State of Alabama; occupation – employed with Huntsville Utilities since 1995; prior positions within Huntsville Utilities – Engineer (1995-1999); Engineering Superintendent (1999-2015); Electric Operations Manager (2015-2016); prior occupation – Electrical Engineer at Carolina Power and Light in Asheville, NC (1986-1995).

Ron Rizzardi. Mr. Rizzardi has served as Vice President of Operations Support of Huntsville Utilities since January 7, 2023, and has been employed with the organization since April 30, 2007. He previously served as the Budget and Rates Director (2014-2023) and Director of Internal Audit (2011-2014). Mr. Rizzardi received his B.A. from the University of Alabama in Huntsville and MBA from Faulkner University. Before joining Huntsville Utilities, Mr. Rizzardi was a member of the Rates and Analytical Services staff at the Knoxville Utilities Board in Knoxville, Tennessee from 2001 through 2005. Other experience includes financial accounting and analysis in the manufacturing, telecommunications and information technology industries.

Dr. Harry Hobbs. Dr. Hobbs has served as Vice President of Employee Engagement for Huntsville Utilities since October 15, 2018. Dr. Hobbs received his DBA from Florida Institute of Technology and his PHD from Pacific Western University. Before joining Huntsville Utilities, Dr. Hobbs served as Dean/Site Director for Florida Institute of Technology Huntsville Site and Community Liaison and Education Director for Huntsville Utilities 2014-2017. His other previous experience includes serving as Communications Relations Officer for Huntsville Police Department 2010-2014; Senior Army Instructor JROTC Columbia High School 2007-2010; Army Senior Missile Systems Officer 1978-2007.

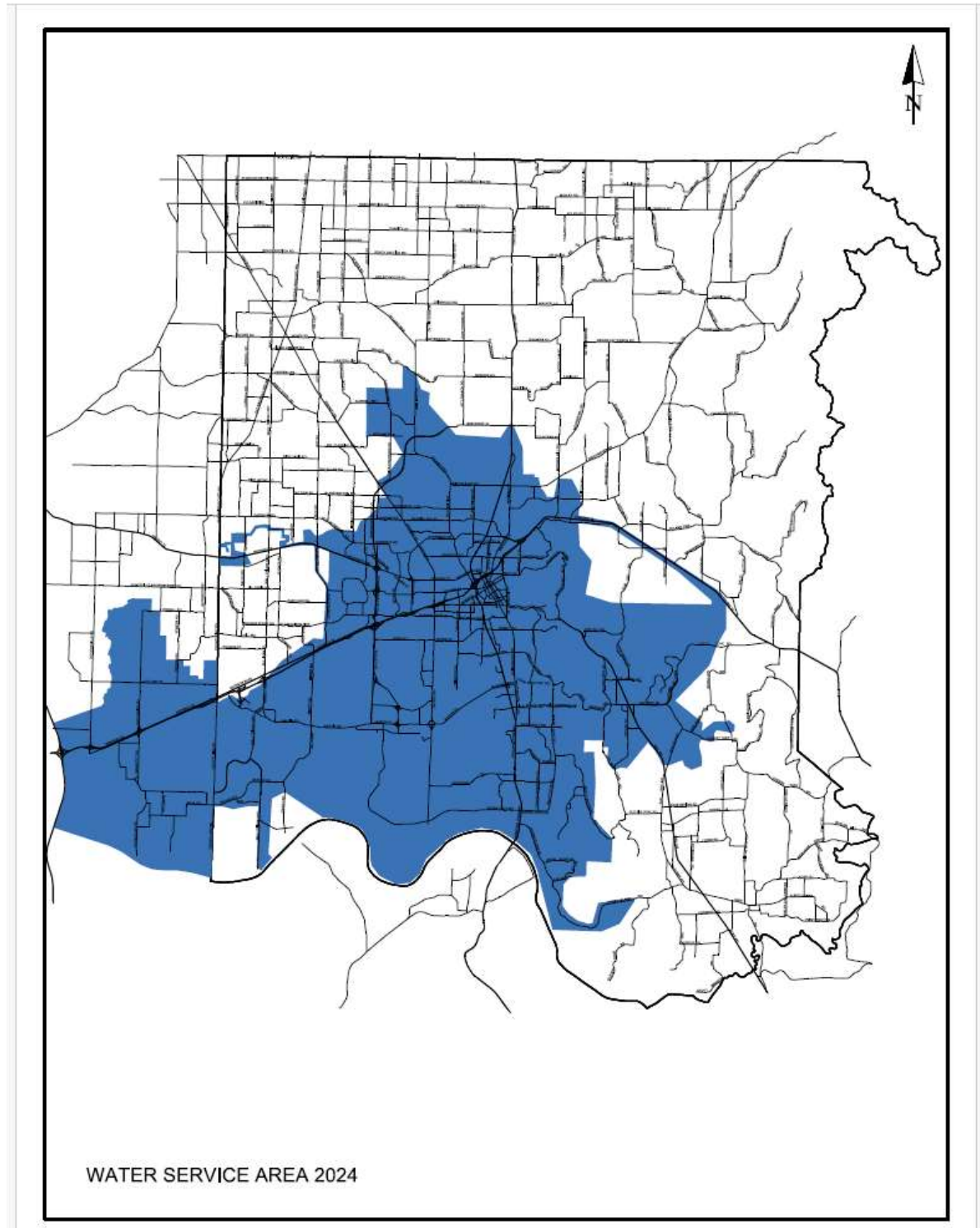
THE SYSTEM

General

The System is the oldest public water system west of the Appalachian Mountains and has been in continuous operation since 1823, nearly 200 years. The City and the System are located on the Tennessee River, which provides a dependable source of water. The System's water treatment plants have in the past received the "Best Operated Plants Award" from the Alabama Water and Pollution Control Association, most recently receiving the award in 2020, 2021, 2022, 2023 and 2024. The System was also recognized in 2024 with a Gold award from the Association of Metropolitan Water Agencies, exemplifying exceptional utility performance. In 1992 and 2006, the System received the EPA Safe Drinking Water Excellence Award. Huntsville was selected over other large water suppliers in EPA Region IV, which includes eight states.

Service Area

The general service area of the System comprises the area within the corporate limits of the City and certain nearby areas. As noted below under "THE SYSTEM – Wholesale Customers," the City supplies water to various other local governments and public bodies that operate their own water distribution systems in areas outside the City's corporate limits. The following map illustrates the general service area of the System:



Information Technology and Cybersecurity

Information technology ("IT") systems are a significant part of the operational infrastructure of Huntsville Utilities and the utility assets that it operates. Huntsville Utilities relies on its IT systems to provide services to its customers. Such IT systems include, but are not limited to, enterprise resource planning systems, software, servers and networks related to: (i) controlling and operating utility plants, distribution lines and pipelines, (ii) collecting, storing and processing employee and customer information including personally identifiable information, consumption and payment data, (iii) design and construction of electric, fiber, gas and water systems, and (iv) third-party vendor and similar support of the operational activities of Huntsville Utilities. IT is also used to bill customers, process orders, provide customer service, manage construction projects, manage financial records, track assets, monitor certain facilities and manage human resources and accounts receivable collections. IT systems also enable Huntsville Utilities to purchase products from suppliers, bill customers on a timely basis, maintain cost-effective operations and provide service to customers.

Huntsville Utilities and other organizations face the risks of IT system failures and cybersecurity incidents. Among the potential risks and threats are the following: Internet, telecommunications or data network failures; power losses, hardware failures and other disruptions in operations; operator negligence, intentional acts of vandalism and other improper actions; cybersecurity attacks using stolen access credentials, malware, ransomware, phishing, structured query language injection attacks and denial-of-service attacks; the cost of recovering from a cybersecurity incident; loss of customer data due to security breaches, misappropriation and similar events; remediation costs related to liability for stolen assets or information and repairing damage that may have been caused; increased cybersecurity protection costs that may include insurance premiums, organizational changes, deploying additional personnel, training employees and engaging outside experts and consultants; lost revenues; litigation; and reputational damage adversely affecting customer or investor confidence.

Huntsville Utilities is cognizant of cyber security threats to, and opportunities that exist for potential data breaches within, the public utility industry, and that utility providers have increasingly become the subjects of attack by cybercriminals (such as occurred recently when a hacker gained access to the control system of the Oldsmar, Florida water treatment plant). Huntsville Utilities has undertaken efforts to mitigate such risks including: (i) developing various policies, standards and procedures to provide expectations and direction to our employees, and assignment of responsibilities for cyber security; (ii) annual training to highlight the risks and threats posed, as well as the mechanisms to lower risks and impacts; (iii) third-party vendor risk analysis on cyber controls and reviews various supporting documentation for identification and effectiveness of controls; (iv) inclusion of requirements for compliance with applicable laws and regulations (such as the Alabama Data Breach Notification Act) in bid and contract language for services provided to Huntsville Utilities, and (v) engagement of third party experts to review posture of Huntsville Utilities against cyber threats and to make recommendations on improvements.

Huntsville Utilities uses the NIST Cybersecurity Framework to manage cybersecurity risks and partners with industry specific Information Sharing and Analysis Centers, the FBI, the Cybersecurity and Infrastructure Security Agency and other governmental agencies, as well as local security firms, to both share and obtain security threat and best practice information and insights. Huntsville Utilities has also contracted for twenty-four/seven Security Operation Center operations to monitor its systems, augment staff and assist with appropriate response should a cyber issue be found. See "RISK FACTORS – Information Technology and Cybersecurity" herein.

Water Supply

The System derives its supply of water from both ground water and from surface water taken from the Tennessee River.

Ground Water. Ground water in the area is taken from wells and springs (together, the "wells"). The wells presently provide an approximate yield of 13.5 million gallons per day ("MGD") during periods of maximum demand, as shown in the following table:

GROUNDWATER DAILY CAPACITY

Well Name	Daily Capacity (gallons)
Williams Well	4,500,000
Lincoln Well	4,500,000
Dallas Well	<u>4,500,000</u>
Total	13,500,000

All wells except for the Williams Well are located in the center of the City. Hydrofluosilicic acid and chlorine are the only chemicals added to the Williams Well. The other wells require additional treatment consisting of disinfection, coagulation and filtration.

When possible, the Lincoln/Dallas groundwater treatment plant operates continuously, serving as base load facilities. Turbidity and chlorine readings are taken continuously at each source and information such as plant status is monitored continuously by a supervisory control and data acquisition system ("SCADA") to the main plant. If any of the monitored parameters should approach unacceptable levels, the station is shut down by the operators at the water treatment plants until the problem is corrected.

The Williams Well provides emergency sources of water during periods of increased demand, but is not used as a day-to-day source of water.

The average annual and peak day water production rates for the System's potable groundwater for the previous five years is shown on the following table:

**ANNUAL AVERAGE AND PEAK DAY PRODUCTION
HUNTSVILLE GROUNDWATER SOURCES**

	2019	2020	2021	2022	2023
Average Day Production (MGD)	7.6	7.9	7.8	7.8	8.1
Percent of Estimated Safe Capacity (80% = 10.8 MGD)	70%	73%	72%	72%	68%
Peak Day Production (MGD)	8.6	8.9	8.9	8.7	8.9
Percent of Estimated Safe Capacity (80% = 10.8 MGD)	79%	82%	82%	81%	82%

Surface Water. The source of raw water for the System's filtration plants is the Tennessee River, which is impounded by Wheeler Dam to form Wheeler Lake and Guntersville Dam to form Guntersville Lake. The flow more closely resembles that of a river than an impoundment, with a reported 7-day, 10-year low flow of 13,000,000,000 gallons per day and an average flow of 28,000,000,000 gallons per day. The System presently has three surface water treatment plants.

The raw water intake and pumping stations for the System's treatment plants are located on the northern bank of the Tennessee River. The raw water pumping capacity at each plant is as follows:

Plant #1 – South Parkway		Plant #2 – Southwest		Plant #3 – Southeast	
Pump Number	Gallons Per Day	Pump Number	Gallons Per Day	Pump Number	Gallons Per Day
1	12,000,000	1	12,000,000	1	6,000,000
2	12,000,000	2	12,000,000	2	6,000,000
3	14,400,000	3	12,000,000	3	12,000,000
4	22,500,000	4	12,000,000		
5	24,000,000	5	6,000,000		

Water Treatment

Plant #1 (referred to as the "South Parkway" treatment plant) was originally constructed in 1964 with a design capacity of 8 MGD. In 1966 and 1978, the plant was enlarged in 8 MGD increments, and in 2008 the plant was enlarged by 24 MGD to its present design capacity of 48 MGD. The plant is a conventional design with principal treatment of water including chemical addition, rapid mix, coagulation, flocculation, sedimentation, filtration and disinfection. The treatment plant is used to meet system demands in excess of groundwater source capacity. The existing facility includes eight two-compartment flocculators. There are presently eight rectangular settling basins with sludge collection devices. There are presently sixteen dual media anthracite and sand filters each rated at 3 MGD. Two 2,000,000-gallon clearwells are available

for the storage of finished water.

Plant #2 (referred to as the "Southwest" treatment plant) was constructed and permitted for operation on February 10, 1988. The initial design capacity of this facility was 12 MGD. Plant #2 is of conventional treatment plant design much like Plant #1. Treatment includes chemical treatment, coagulation, flocculation, sedimentation, filtration and disinfection. This plant includes four sedimentation basins, four two-compartment flocculators and eight dual media high rate filters. Each filter is rated at 6 MGD design capacity. This facility has one 4,000,000-gallon clearwell. In 1990, Plant #2 underwent extensive testing for high-rate filtration. After evaluation, it was approved by regulatory agencies for high-rate filtration. In 2000, this plant was expanded from 24 MGD to 48 MGD treatment capacity. The expansion included 4 filters, 2 sedimentation basins and flocculators, and the associated chemical feed equipment and pump units. The treatment capacity of Plant #2 can be expanded in the future to 72 MGD or higher.

Plant #3 (referred to as the "Southeast" treatment plant) was constructed and permitted for operation on September 20, 2017. Plant #3 is situated along a portion of the northern bank of the Tennessee River located southeast of the corporate limits of the City, in Marshall County. The initial design capacity of this facility was 12 MGD. Plant #3 is of conventional treatment plant design much like Plant #1 and #2. Treatment includes chemical treatment, coagulation, flocculation, sedimentation, filtration and disinfection. This plant includes two sedimentation basins, two dual-compartment flocculators, four dual media high rate filters, and four granular activated carbon (GAC) contactors for future use. Each filter is rated at 6 MGD design capacity. This facility has one 2,000,000-gallon clearwell. In 2020, Plant #3 underwent extensive testing for high-rate filtration. After evaluation, it was approved by regulatory agencies for high-rate filtration at 24 MGD. The treatment capacity of Plant #3 can be expanded in the future to 96 MGD.

The following table lists the annual average and peak day water production rates and the percentage of plant capacity for 2019 through 2023:

ANNUAL AVERAGE AND PEAK DAY PRODUCTION HUNTSVILLE WATER TREATMENT PLANTS

	2019	2020	2021	2022	2023
Average Day Production (mgd)	36.9	35.4	38.3	44.2	46.8
Percent of Plant Safe Capacity (80% = 96 mgd)	38%	37%	40%	43%	48%
Peak Day Production (mgd)	55.8	52.9	55.1	63.7	63.6
Percent of Plant Safe Capacity (80% = 96 mgd)	58%	55%	57%	66%	66%
Plant Capacity (mgd)	120	120	120	120	120

Transmission

The wet well for the high service (finished water) pumping station at Plant #1 is fed directly from the clearwell by seven pumps – four with measured capacities of 13 MGD; one with measured capacity of 6 MGD; one with 7 MGD measured capacity; and one with 4 MGD measured capacity. Only five of the pumps are usually operated at any one time. Finished water from the treatment plant is transmitted by a 36-inch and 30-inch ductile iron and an 18-inch cast iron main. Plant #2 is fed directly from the 4 MGD clearwell by five pumps, four with 12 MGD and one with 6 MGD measured capacity. Finished water from this facility is transmitted by approximately 11 miles of 48-inch and 36-inch ductile iron pipe. Plant #3 is fed directly from the clearwell by three pumps – two with measured capacities of 6 MGD and one with measured capacity of 12 MGD. Finished water is transmitted by approximately 15 miles of 48-inch and 36-inch ductile iron pipe.

Chemical and Feed Storage Facilities

The present water treatment facilities use alum, sodium hydroxide, ortho-polyphosphate, sodium hypochlorite, activated carbon and hydrofluosilicic acid in the treatment of finished water. The City purchases the treatment chemicals in

bulk form and material is stored on site.

System Control

The System is controlled via a SCADA system at all treatment plants. Information regarding ground water is relayed back to the surface plants through the SCADA system, 39 storage reservoirs and multiple booster stations for high-level areas.

Sludge Facilities

The existing sludge treatment facilities at the water treatment plants consist of a gravity thickener, two thickener sludge pumps, sludge drying beds, two filtrate return pumps, a wash water recovery basin and two waste water transfer pumps. The sludge handling operation consists primarily of a batch operation. Sludge is removed from each sedimentation basin on a periodic basis ranging from two to six times per day. During the sludge removal operation, sludge from the sedimentation basin flows by gravity to the thickener. Thickened sludge is applied in about 8- to 10-inch lifts to seven drying beds at each application. Detention times on the sludge drying beds range from four weeks in the summer to 10 weeks in the winter. The dewatered sludge is disposed of in a landfill.

Distribution System

The distribution system is composed of approximately 1,400 miles of mains ranging in size from 4 inches to 48 inches and 39 gravity-operated storage reservoirs with a combined capacity of 59.4 million gallons. The majority of the mains have a diameter of 6 to 12 inches and serve the entire area within the present corporate limits of the City and certain adjoining areas. The distribution piping is primarily ductile iron or cast iron.

The following table sets forth selected statistics for the System for the preceding five fiscal years:

SELECTED DISTRIBUTION SYSTEM STATISTICS 2019-2023

	2019	2020	2021	2022	2023
Gallons Pumped	16,049,976,000	15,897,966,000	16,987,490,000	18,306,426,000	19,680,261,000
Metered Gallons Sold	12,088,730,000	12,011,024,000	12,220,405,000	12,964,823,000	13,569,816,000
Unmetered Gallons	3,961,246,000	3,886,942,000	4,767,085,000	5,341,603,000	6,110,445,000
Unmetered %	24.68%	24.45%	28.06%	29.18%	31.05%

Water Rates

The City has the authority to establish rates for the System and does so, normally, at the request of the Board. Under present Alabama law, no approval or review of System rates is required by any State commission or regulatory agency; however, such rates must be reasonable and nondiscriminatory and are subject to review by Alabama courts in that regard. The present rates, effective November 1, 2023, are as follows:

Water Rates ^{(1) (2)}

Availability Charge (minimum bill): Based on installed meter size

5/8"	\$14.00	Fire Line	\$10.04 per inch
1"	16.67		
1-1/2"	51.33		
2"	77.87	Fire Hydrant Charge	\$7.53 per hydrant
3"	165.59		
4"	268.66		
6"	533.87		
8"	726.18		
10"	1,380.27		

Consumption Charge

<u>Residential</u>		<u>Wholesale/Resale Sole Source</u>	
First 3,000 gallons	\$1.70 per 1,000 gallons	1 st 5 MG	\$2.65 per 1,000 gallons
Next 3,000 gallons	3.21 per 1,000 gallons	Over 5 MG	2.17 per 1,000 gallons
Next 6,000 gallons	3.48 per 1,000 gallons	Supplemental	6.45 per 1,000 gallons
Over 12,000 gallons	4.96 per 1,000 gallons		
All Sprinkler	4.96 per 1,000 gallons		
<u>Commercial/Industrial</u>			
Up to 1,000,000 gallons		\$2.65 per 1,000 gallons	
Above 1,000,000 gallons		2.17 per 1,000 gallons	
All Sprinkler		4.06 per 1,000 gallons	
Metered Fire Line		4.06 per 1,000 gallons	

⁽¹⁾ Except for wholesale/resale supplemental and sole-source sale where water is used through a common meter, and (a) where more than one house, building, or structure used for living, eating, or sleeping quarters, or in which a business occupation or profession is conducted or carried on, or (b) in apartment houses or buildings, or (c) in houses or buildings occupied by more than one family, or (d) in business houses or buildings where one or more persons or entities are located therein and each person or entity is engaged in a separate business or different business, or (e) mobile home parks or facilities where multiple units or spaces each have a water connection, then each separate house, building, or structure, each unit in an apartment house or building, each family in one house, each person or entity engaged in a separate business or different business in one business house or building, each space or unit in a mobile home park or facility shall be subject to an availability charge of \$14.00.

⁽²⁾ The consumption charge for residences, apartments, mobile home parks, and commercial establishments serving six (6) or more families, apartment units, separate or different businesses through a common master meter shall be \$2.31 per 1,000 gallons, and the availability charge for such accounts shall be \$14.00.

Planned Rate Increases. The next anticipated rate increases is currently planned for fiscal year 2029. The last rate increase took effect in November 2023 (representing a 35% increase for the average customer consuming 4,400 gallons of water per month).

Compliance with Drinking Water Standards

On June 24, 1977, the United States Environmental Protection Agency, pursuant to P.L. 93-523, adopted Interim Primary Drinking Water Regulations. The State of Alabama, on May 17, 1978, adopted primary and secondary drinking water standards, which have been subsequently amended to reflect amendments to the federal Safe Drinking Water Act. Since Huntsville obtains its drinking water from surface and ground sources, distribution and plant samples are required to be submitted for analysis to the State Laboratory. The analyses to date indicate compliance in all respects with both the Primary and Secondary Drinking Water Regulations. See also "RISK FACTORS – Future Issues Regarding Water Quality" below.

System Operation and Maintenance

The System is operated and maintained in an excellent manner. Both the surface water treatment plant and the groundwater sources have received awards for their exceptional operation and maintenance as described above under "THE SYSTEM – General."

The City has implemented various programs to improve the operational efficiencies of the System. Two such programs – energy management and leak survey – have been particularly successful. Energy demands are continually monitored at the water treatment plants. During peak energy demand periods, various water system pumps can be taken off-line in order to prevent establishing high billing demands.

Concern over rising percentages of unaccounted-for (non-revenue producing) water led to the implementation of a leakage survey to identify and locate leaks, unauthorized or unmetered water usage, and other potential sources of unaccounted-for water. A meter repair/replacement program has also been initiated. The System also has in place a cross-connection program and inspection.

Planned Future System Capital Needs

Pursuant to its capital improvement plan, the Board presently expects capital expenditures for the System over the

next five years to be approximately \$140,677,010, which amount will be funded with excess revenues from the System, Alabama State Revolving Fund loan proceeds, proceeds from other borrowings and other cash.

Principal Customers

The ten largest purchasers of potable water from the City during the fiscal year ended September 30, 2023, together with their respective billing amounts and consumption for such period, were as follows:

Customer	Total Amount Billed	Total Water Consumption (gal.)
Madison County Commission	\$1,868,808	1,121,675,900
United States Army ⁽¹⁾	1,515,950	905,191,600
Huntsville City GSD	680,891	171,929,003
Huntsville Hospital	542,861	208,744,500
Huntsville City Board of Education	383,958	96,720,400
Alabama A&M University	379,281	171,709,200
Housing Authority of City of Huntsville	375,442	96,231,000
Owens Cross Roads Water Authority	338,635	50,500,000
City of New Hope ⁽²⁾	337,543	165,629,000
Town of Triana ⁽²⁾	312,719	153,836,000

⁽¹⁾ Represents water sales to Redstone Arsenal, which purchases water at the generally applicable commercial/industrial rates set forth above under "THE SYSTEM – Water Rates."

⁽²⁾ Wholesale customer. See "Wholesale Customers" below.

Number and Type of Customers

	2019	2020	2021	2022	2023
Residential	89,313	90,935	92,530	94,006	94,762
Commercial	10,604	10,793	10,917	11,114	11,278
Industrial	56	55	55	55	55
Governmental	20	19	19	19	18
Other	11	10	11	12	12
Total	100,004	101,812	103,532	105,206	106,125

Wholesale Customers

Madison County. Huntsville Utilities is party to a take-or-pay Water Purchase Agreement dated April 9, 2014 (the "Madison County Agreement"), between Huntsville Utilities and Madison County, Alabama (the "County"), pursuant to which Huntsville Utilities agrees to provide up to the "Maximum Daily Volume" specified in the Madison County Agreement (subject to periodic adjustment and presently 4,000,000 gallons per day) and the County agrees to take and pay for the "Minimum Daily Volume" specified in the Madison County Agreement (subject to periodic adjustment and presently 2,000,000 gallons per day). The consumption charges for water purchased by the County under the Madison County Agreement are equal to the charges established for the "Wholesale/Resale Sole Source" customer class, as set forth above under "THE SYSTEM – Water Rates."

The Madison County Agreement became effective on November 1, 2014, and continues for a period of thirty (30) years. Either party may terminate the agreement after the fifth anniversary of the effective date by providing to the other party a written notice of termination at least thirty-six (36) months in advance of the termination date. The Madison County Agreement provides that the County's ground water supply is considered the County's primary source of water.

City of New Hope. Huntsville Utilities has agreed to furnish the entire water requirements of the City of New Hope, Alabama ("New Hope"), up to a maximum of 750,000 gallons per day, pursuant to that certain Agreement dated February 21, 2023 (the "New Hope Agreement"), between Huntsville Utilities and New Hope. The New Hope Agreement, which does not require minimum purchases by New Hope, provides that Huntsville Utilities will be the sole source of water supply for New Hope, and that the New Hope Agreement will terminate, at the option of Huntsville Utilities, in the event New Hope

determines to secure its own source of water supply or determines to purchase water from another system. The New Hope Agreement presently expires in 2033, automatically renews for additional five-year periods, and is terminable by either party upon one year's written notice to the other party. The consumption charges for water purchased by New Hope under the New Hope Agreement are equal to the charges established for the "Wholesale/Resale – Sole Source" customer class, as set forth above under "THE SYSTEM – Water Rates."

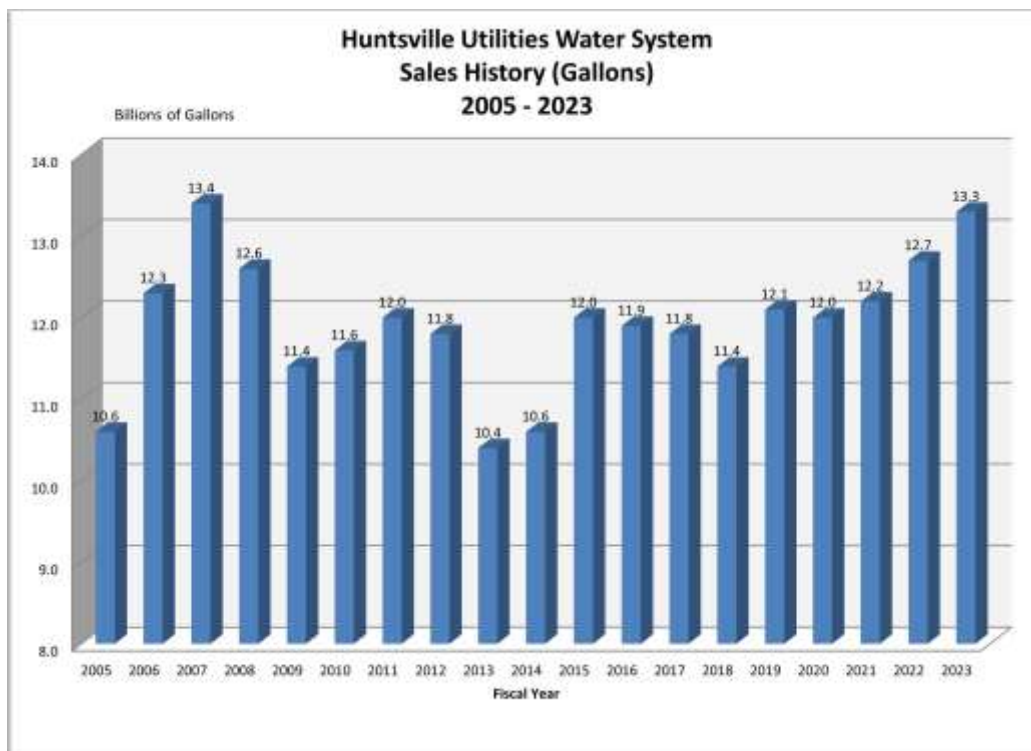
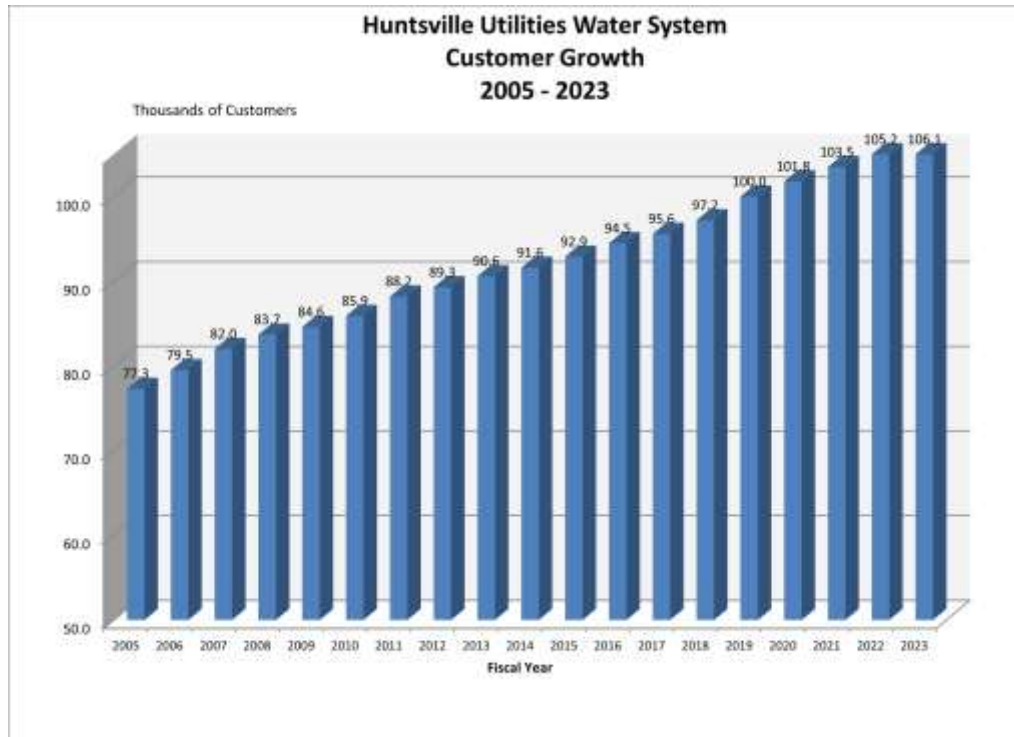
Town of Triana. Huntsville Utilities has also agreed to furnish up to 750,000 gallons per day of water to the Town of Triana, Alabama ("Triana"), pursuant to that certain Agreement dated May 24, 2021 (the "Triana Agreement"), between Huntsville Utilities and Triana. The Triana Agreement, which does not require minimum purchases by Triana, provides that Huntsville Utilities will be the sole source of water supply for Triana, and that the Triana Agreement will terminate, at the option of Huntsville Utilities, in the event Triana determines to secure its own source of water supply or determines to purchase water from another system. The Triana Agreement expired in June 2024 and was extended for one year by automatic renewal. The Triana Agreement will continue to be automatically extended for one year terms unless either party terminate the Triana Agreement with one hundred eighty (180) days written notice to the other party. The consumption charges for water purchased by Triana under the Triana Agreement are equal to the charges established for the "Wholesale/Resale – Sole Source" customer class, as set forth above under "THE SYSTEM – Water Rates."

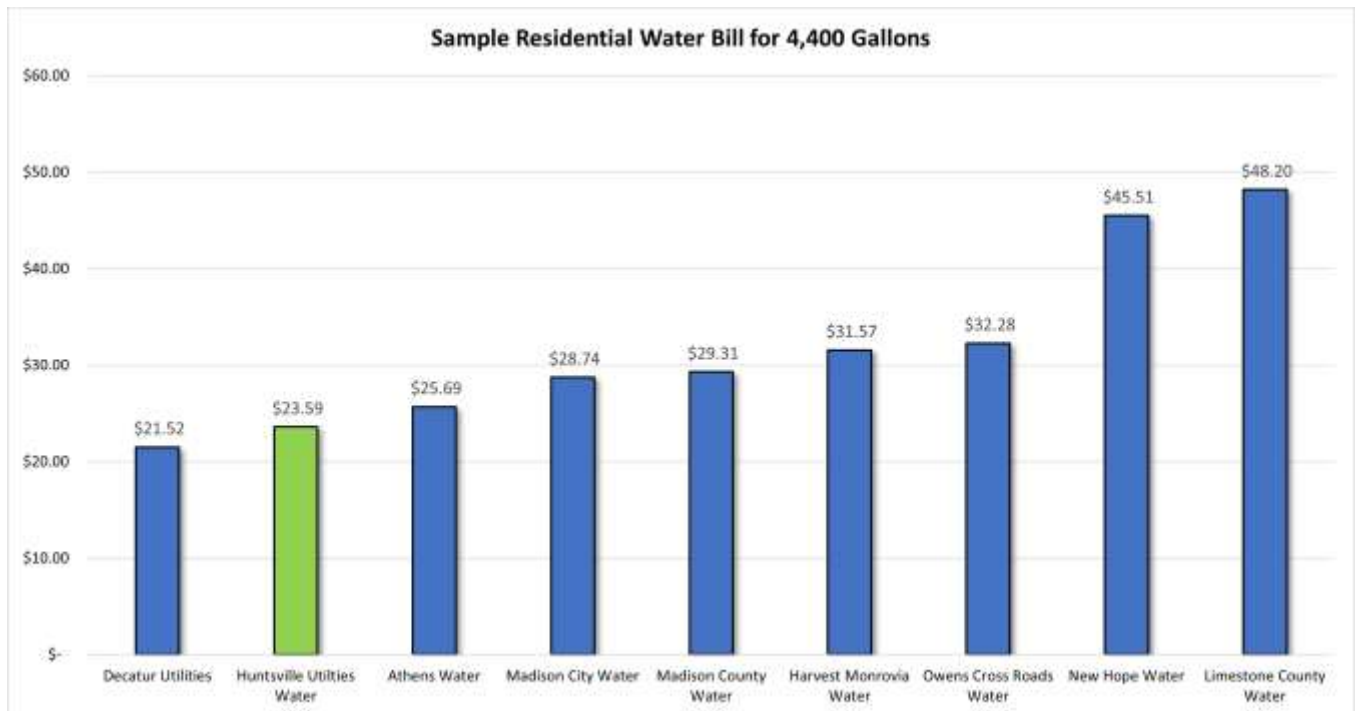
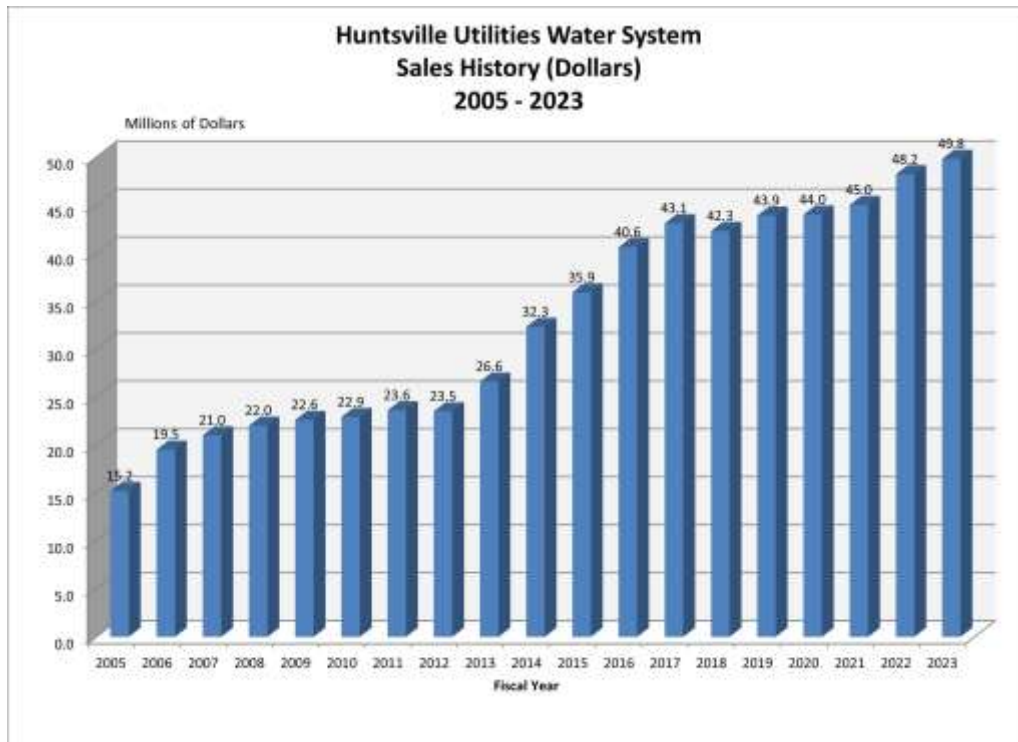
Employee Relations

There are presently approximately 120 full-time equivalent employees of the System. The City considers labor relations with its employees to be satisfactory. While existing law requires municipal officials to receive and consider in good faith wage and other employment proposals made by the employees, the City does not recognize, as the bargaining unit for its employees, any labor union or other similar organization nor does it negotiate wages or other conditions of employment with any employee or labor organization.

Additional Information

The following charts (in order of appearance) reflect (a) customer growth, 2005-2023, (b) sales history (gallons), 2005-2023, (c) sales history (dollars), 2005-2023, and (d) a comparison of monthly residential water bills for various municipalities in the Huntsville Metropolitan Statistical Area:





POST-EMPLOYMENT BENEFITS

Pension Plan

The Employees' Retirement System of Alabama (the "Employees' System") was created in 1945 pursuant to an act of the Legislature of Alabama. Huntsville Utilities has been a participant in the Employees' System continuously since January 1, 1948. The City constitutes a separate participating employer under the Employees' System.

The Employees' System does not undertake to fund the retirement plans of participating employers, and it acts only in an administrative capacity and then only upon the election of the participating employers. The statute permitting such election provides that the Employees' System "shall not be liable for the payment of any pensions or other benefits on account of the employees or pensioners of any employer 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 a participating employer to contribute to the Employees' System on account of its employees is irrevocable (except to the extent described in the next paragraph), and that should it become financially unable to make the normal and accrued liability contribution, such participating employer would be deemed to be in default under the Employees' System.

The statute specifies that in the event any participating employer elects to withdraw from the Employees' System by mutual agreement with its employees, the rights and privileges of existing beneficiaries shall not, as a result of such withdrawal, be diminished or impaired. The statute further requires (a) that upon any such withdrawal, the consulting actuaries must certify to the participating employer an actuarial determination of the reserves necessary to provide existing benefits, and (b) that if the reserves are insufficient for this purpose, the participating employer must agree to appropriate such amount as may be necessary to maintain existing benefits.

As of September 30, 2023, substantially all Huntsville Utilities permanent employees were participants in the Employees' System, as were substantially all of the employees of the City. While all new full-time employees (except those who are at the time of their employment 60 years of age or over) are automatically enrolled as active members of the Employees' System, Huntsville Utilities assumes no pension or retirement liability for temporary or part-time System employees, who are not eligible to participate in the Employees' System.

See "NOTE 7 – Defined Benefit Pension Plan and Description" and "NOTE 8 – Property and Rights Held Under Deferred Compensation Plan" of the audited financial statements attached hereto as Appendix A for a more complete discussion of the pension obligations of Huntsville Utilities.

The City provides certain post-retirement health insurance benefits (the "OPEB Plan") to qualifying retired employees of Huntsville Utilities with a minimum of 20 years of service.

See also "NOTE 9 – Post-Employment Benefits Other Than Pension Benefits" of the audited financial statements attached hereto as Appendix A for other post-employment benefits information and for additional information concerning the OPEB Plan.

THE 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 (including the City), counties and certain public authorities to file petitions under the Bankruptcy Code. The other conditions to eligibility are fact-specific to the time of filing the petition. At present, Alabama law does not require pre-filing mediation or other similar procedures as a prerequisite to filing a petition under the Bankruptcy Code.

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 Net System Revenues made by the City for the benefit of the Series 2024 Warrants 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 Net System Revenues for the payment of principal and interest on the Series 2024 Warrants. Similarly, it is uncertain whether section 928 of the Bankruptcy Code would control the claims of holders of the Series 2024 Warrants with respect to the Net System Revenues.

The approving legal opinion of Bond Counsel will contain the customary reservation that the rights of the holders of the Series 2024 Warrants 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 C – "Form of Approving Opinion of Bond Counsel to the City."

GENERAL INFORMATION RESPECTING THE CITY

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:

Name	Date of Beginning of Current Term	Date of Ending of Current Term
Tommy Battle, Mayor	November 2, 2020	November 4, 2024
John Meredith	November 2, 2020	November 4, 2024
Bill Kling, Jr.	November 7, 2022	November 2, 2026
Dr. Jennie Robinson	November 7, 2022	November 2, 2026
David Little	November 7, 2022	November 2, 2026
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.

Penny L. Smith, CPA, has been the Finance Director of the City since the Fall 2019. 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 28 years' experience in public and governmental accounting and auditing. Mrs. Smith, in her capacity as Finance Director, also serves as the City Treasurer of the City.

Earlier this year Shaundrika Edwards became the City Clerk of the City. The previous City Clerk, Ken Benion, had served as City Clerk (and as City Treasurer) of the City since 2016 until announcing his retirement effective in March 2023.

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 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 Voice 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.

David Little, Council Member. Mr. Little, representing District 2, was newly elected to the City Council in 2022. He currently serves as President of the City Council. Mr. Little was born and raised in Huntsville. After graduating high school, he spent four years in the United States Marine Corps before earning degrees from Calhoun Community College and Athens State University. His professional background includes aerial photography, owning his own small business and sales management with a local technology firm before joining the investment community in 2005. Mr. Little presently works with a local wealth management and financial planning firm.

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. 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.

Certain Economic and Demographic Information

Attached hereto as Appendix A – "City of Huntsville Economic and Demographic Information" is certain economic and demographic information respecting the City.

SUMMARY OF THE INDENTURE

In the Indenture, the City has pledged for payment of all Warrants issued thereunder: (a) the Net System Revenues, and (b) certain of the Special Funds (as defined in the Indenture) and (c) all money and investments from time to time on deposit therein.

THE INDENTURE DOES NOT CONSTITUTE A MORTGAGE ON THE SYSTEM AND IS NOT SUBJECT TO FORECLOSURE.

For a summary of certain portions of the Indenture see Appendix D – "Summary of the Indenture" herein.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bradley Arant Boult Cummings LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Series 2024 Warrants is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series 2024 Warrants is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code; however, in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on "applicable corporations" (as defined in Section 59(k) of the Code), interest on the Series 2024 Warrants is not excluded from the determination of adjusted financial statement income.

In rendering its opinion, Bond Counsel to the City has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City and others in connection with the Series 2024 Warrants, and Bond Counsel to the City has assumed compliance with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2024 Warrants from gross income under Section 103 of the Code.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Series 2024 Warrants. Bond Counsel 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 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 2024 Warrants.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain significant ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2024 Warrants in order that interest on the Series 2024 Warrants be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2024 Warrants, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2024 Warrants to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City has covenanted to comply in the Indenture with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2024 Warrants from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2024 Warrants. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of any Series 2024 Warrants. 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 Series 2024 Warrants.

Prospective owners of the Series 2024 Warrants 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 2024 Warrants 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 2024 Warrants (the "Original Issue Premium Warrants") is greater than the principal amount thereof. Under existing law, any owner who has purchased an Original Issue Premium Warrant in the initial public offering of the Series 2024 Warrants is required to reduce his basis in such Original Issue Premium Warrant by the amount of premium allocable to periods during which he holds such Original Issue Premium Warrant, 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 Warrants 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 Warrant 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 Warrant.

Bank Qualification

The Series 2024 Warrants have not been designated as "qualified tax-Exempt obligations" under Section 265 of the Code.

Post-Issuance Compliance

The tax-exempt status of the Series 2024 Warrants could be affected by post-issuance events. Various requirements of the Code must be observed or satisfied after the issuance of the Series 2024 Warrants 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 2024 Warrants, use of the facilities financed by the Series 2024 Warrants, investment of proceeds of the Series 2024 Warrants, and the rebate of so-called excess arbitrage earnings. The City is primarily responsible for such compliance, and a failure to comply could result in the inclusion of interest on the Series 2024 Warrants in gross income retroactive to the date of issuance of the Series 2024 Warrants.

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 2024 Warrants become the subject of an audit, under current IRS procedures, the City would be treated as the taxpayer in the initial stages of an audit, and the owners of the Series 2024 Warrants would have limited rights to participate in the audit process. The initiation of an audit with respect to the Series 2024 Warrants could adversely affect the market value and liquidity of the Series 2024 Warrants, 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 2024 Warrants do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Series 2024 Warrants.

No Mandatory Redemption due to Event of Taxability

The Indenture does not provide for mandatory redemption of the Series 2024 Warrants or payment of any additional interest or penalty if a determination is made that the Series 2024 Warrants 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 2024 Warrants or the economic benefit of investing in the Series 2024 Warrants.

Recent and Future Legislative Changes

The Inflation Reduction Act of 2022, Pub. L. No. 117-169, which became law on August 16, 2022, imposes a minimum tax of 15 percent of the "adjusted financial statement income" (as defined and as determined under Section 56A of the Code) of "applicable corporations" (as defined in Section 59(k) of the Code). Such adjusted financial statement income does not exclude interest income from tax-exempt obligations. The minimum tax applies to taxable years beginning after December 31, 2022. Prospective purchasers of the Series 2024 Warrants that could be "applicable corporations" should consult their own tax advisors with respect to the potential consequences of ownership of the Warrants. See "TAX MATTERS – Opinion of Bond Counsel" above and the forms of approving opinion of bond counsel attached as Appendix C hereto.

Proposed, pending or future tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of the interest on the Series 2024 Warrants subsequent to their issuance. Future legislation could directly or indirectly reduce or eliminate the value of certain deductions and exclusions, including the benefit of the exclusion of tax-exempt interest on the Series 2024 Warrants from gross income for federal income tax purposes. Any such proposed legislation, actions or decisions, whether or not enacted, taken or rendered, could also adversely affect the value and liquidity of the Series 2024 Warrants. Prospective purchasers of the Series 2024 Warrants should consult their own tax advisors regarding the forgoing matters.

RISK FACTORS

Introduction

In making a decision whether to purchase the Series 2024 Warrants, potential investors should consider certain risks and investment considerations which could affect the ability of the City to pay debt service on the Series 2024 Warrants and any Additional Warrants or other obligations of the City hereafter issued and payable from Net System Revenues in a timely manner and which could affect the marketability of or the market price for the Series 2024 Warrants. These risks and investment considerations are discussed throughout this Official Statement. Certain of these risks and investment considerations are set forth in this section for convenience, but this discussion is not intended to be a comprehensive or exhaustive compilation of all possible risks and investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement. Each prospective investor of Series 2024 Warrants should read this Official Statement in its entirety, including the appendices hereto, and should consult such prospective investor's own investment and/or legal advisor for a more complete explanation of the matters that should be considered when evaluating an investment such as the Series 2024 Warrants. Each prospective investor should carefully examine his, her or its own financial condition in order to make a judgment as to his, her or its ability to bear the risk of an investment in the Series 2024 Warrants.

Limited Source of Payment

The Series 2024 Warrants are limited obligations of the City payable solely from the Net System Revenues and from the Special Funds. The Series 2024 Warrants do not constitute or give rise to a personal or pecuniary liability or a charge against the general credit of the City. Further, neither the State of Alabama nor any political subdivision thereof other than the City (and, as to the City, subject to the limitations described herein), is liable in any way for payment of the Series 2024 Warrants. Accordingly, payment of the Series 2024 Warrants is dependent upon the financial performance of the System.

General Economic and Political Risks

The financial performance of the System will be affected by, and will be subject to, general economic and political events and conditions that will change in the future to an extent and with effects that cannot be determined at this time. These general economic and political events and conditions include, among other things, population, demographic and employment changes and trends; periods of inflation or deflation; variable patterns of national and regional economic growth, whether cyclical or structural in nature; disruptions in credit and financial markets; political gridlock concerning, among other matters, national tax and spending policies; political developments in the City and within the City; budget and debt limit controversies, both nationally, at the State level and locally; and unusually large numbers of business failures and business and consumer bankruptcies and policy responses, or lack thereof, to the foregoing.

Risks Related to Collateral

The Series 2024 Warrants are not secured by a lien on the physical assets comprising the System. Accordingly, no physical assets of the City may be foreclosed on to produce amounts to pay the Series 2024 Warrants in the event Net System Revenues are insufficient to pay timely debt service on the Series 2024 Warrants. Consequently, Net System Revenues and any enforcement of the security interest therein will be received over time as the City deposits Net System Revenues into the funds and accounts of the Indenture and not in a lump sum following a liquidation event such as a foreclosure sale.

Enforceability of Remedies

The remedies available under the Indenture upon the occurrence of an Event of Default under the Indenture are in many respects dependent upon judicial actions, which are often subject to substantial discretion and delay. Additionally, under Alabama constitutional and statutory law and judicial decisions concerning remedies, certain of these remedies may be limited, or may not be readily available or enforceable. The enforceability of remedies or rights with respect to the Series 2024 Warrants also is limited by state and federal bankruptcy, reorganization, insolvency, sovereign immunity, moratorium and other similar laws affecting creditors' rights or remedies currently in effect and may be limited by such laws hereafter enacted.

Additional Warrants

The City may issue Additional Warrants in accordance with the provisions of the Indenture. The issuance of Additional Warrants would, in the case of issuances to finance capital improvements, and could, in the case of issuances to refinance some or all of the Series 2024 Warrants, increase the debt service requirements to be serviced by Net System Revenues remaining after payment of the expenses of operating and maintaining the System. See "SECURITY - Additional Warrants" herein and Appendix D – "Summary of the Indenture – Additional Warrants."

Rate Covenant and Limits on Future Rate Increases

In the Indenture, the City has covenanted to make and maintain such rates and charges for service supplied from the System and to make collections from the users thereof in such manner as to produce amounts sufficient to produce Annual Net Income (as defined in the Indenture) during each fiscal year at least equal to 115% of the amount required to be paid into the Warrant Fund for such fiscal year. Notwithstanding these provisions of the Indenture, under Alabama law, rates for water service established by the City must be reasonable and nondiscriminatory and are subject to review by Alabama courts in that regard. Consequently, any rates established pursuant to the City's separate and independent covenant and agreement contained in the Indenture could be challenged as being arbitrary, discriminatory or excessive.

Thus, there is a possibility that, if challenged, the City will be unable to increase rates as may be contemplated or required by the Indenture.

Operating Risks

Operation of the System could be affected by many factors, the nature and extent of which are not currently determinable, including the breakdown or failure of equipment or processes, inability to achieve expected levels of efficiency, failure to operate at design specifications, failure by third parties to perform their obligations under agreements with the City (whether or not excused by force majeure), costs of supplies or services not under contract, changes in law or regulatory protocols, delays in receipt of or failure to obtain or maintain necessary permits or similar events.

The System is at risk from catastrophic events such as an intervening act of God or public enemy, water shortage, drought, flooding, extreme or unusual weather conditions, earthquake or other natural disaster, sabotage, civil commotions, interference by civil or military authorities, fire, subsurface condition, public disorder, strike, labor dispute or other labor protest, stop-work order or injunction issued by a governmental authority or government embargo. The occurrence of such events could significantly reduce revenues and/or significantly increase the costs of operating the System, thereby jeopardizing the ability of the System to generate Net System Revenues sufficient to make timely payments of debt service on the Series 2024 Warrants and any Additional Warrants or other obligations of the City hereafter issued and payable from Net System Revenues. In the Indenture the City is permitted to self-insure to protect against certain weather-related risks. The City would not have access to proceeds of third-party insurance to cover lost revenues or increased costs upon an event of weather-related or other loss.

Government Installation Closures

The City is located adjacent to the United States military installation Redstone Arsenal, which has historically been one of, if not the, largest customers of the System, and is home to NASA's Marshall Space Flight Center. Certain military bases around the United States have been ordered closed or downsized during recent years. Redstone Arsenal has not appeared on any closure list. Additionally, due to federal budget constraints, layoffs have occurred at various NASA facilities around the United States, including Marshall Space Flight Center. The City can give no assurances that Redstone Arsenal or Marshall Space Flight Center will not be ordered closed while the Series 2024 Warrants are outstanding, or that their size or consumption of water provided from the System will not be reduced in future years.

Future Governmental Actions

Federal, state and local statutory and regulatory requirements (including requirements to obtain permits or other governmental approvals) applicable to the operation of the System are subject to change, and no assurance can be given that the City will be able to comply with such changes. The timing and impact of such future legislative or regulatory action cannot be predicted with certainty, and the impact of such action on the financial position of the System currently cannot be determined. Delay in obtaining or failure to obtain and maintain in full force and effect any required permits or other governmental approvals may result in additional costs or reduced revenues, including fines, a moratorium on water extensions and/or connections and, in extreme circumstances, the complete shutdown of the System or a substantial portion thereof. Such a change in legal requirements could occur because (i) existing laws or regulations are revised or reinterpreted; (ii) new laws or regulations are adopted or become applicable to the System; or (iii) a combination thereof. Further, there can be no assurance that the technology and equipment selected by the City to comply with such revised or reinterpreted or new laws will be implemented in a timely fashion or will meet such changed requirements upon implementation. Consequently, any future revision or reinterpretation of existing laws or regulations or adoption of new laws or regulations could materially increase the cost of operating the System, which could have a negative and material impact on the City's ability to make timely payment of debt service on the Series 2024 Warrants.

Any future revision or reinterpretation of existing laws or regulations or adoption of new laws or regulations could also impose significant additional capital costs on the System.

Future Issues Regarding Water Quality

Revisions to drinking water standards may impact the type and quality of treatment necessary for the System's water supplies. One of the major areas of focus with emerging contaminants has been per- and polyfluoroalkyl substances ("PFAS"). On March 14, 2023, the EPA released its proposed "National Primary Drinking Water

Regulation" for six PFAS including perfluorooctanoic acid (PFOA), perfluorooctane sulfonic acid (PFOS), perfluorononanoic acid (PFNA), hexafluoropropylene oxide dimer acid (HFPO-DA), perfluorohexane sulfonic acid (PFHxS), and perfluorobutane sulfonic acid (PFBS). The new regulation will set maximum allowable levels of these chemicals in drinking water. On April 10, 2024, the EPA released its final regulation, under which public water systems must complete initial monitoring by 2027, and if these six PFAS are found at levels above the regulatory limits, implement solutions to reduce PFAS by 2029.

It is possible that this new regulation may result in requiring additional treatment at some of Huntsville Utilities' water sources. At this time, the City is not able to predict the amount of upfront capital costs or continuing operating and maintenance costs relating to this new regulation. This new regulation regarding PFAS limits could materially increase the cost of operating the System and could have a negative and material impact on the City's ability to make timely payment of debt service on the Series 2024 Warrants. Any future revision or reinterpretation of existing laws or regulations or adoption of new laws or regulations could also impose significant additional capital costs on the System.

Information Technology and Cybersecurity

Huntsville Utilities is heavily reliant upon information technology ("IT") in all facets of the operation and administration of the System. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupt services and operations, and could subject Huntsville Utilities and the City to legal action. To mitigate against such risks, Huntsville Utilities has undertaken significant actions to better monitor and protect against breaches in its IT software and infrastructure. See "THE SYSTEM – Information Technology and Cybersecurity" herein. Nonetheless, it cannot be assured that a cyberattack or IT systems failure will not cause water System problems, disrupt service to customers, compromise important data or IT systems components, or result in unintended release of customer or employee information. Moreover, no assurance can be given that the efforts of Huntsville Utilities to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the City's operations or finances respecting the System.

A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupt municipal services and operations and subject Huntsville Utilities and the City to legal action. To mitigate against such risks, Huntsville Utilities has undertaken various actions and instituted various policies and procedures to protect its information technology infrastructure. Despite the measures taken by Huntsville Utilities to safeguard its information technology infrastructure and the information entrusted to it, there are no guarantees that such measures will be successful.

Ratings

There is no assurance that the ratings assigned to the Series 2024 Warrants at the time of issuance (see "RATINGS" herein) will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Series 2024 Warrants.

Future Tax Legislation

There can be no assurance that additional legislation will not be introduced or enacted after issuance and delivery of the Series 2024 Warrants so as to cause interest on the Series 2024 Warrants 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 2024 Warrants.

No Assurance of Secondary Market for the Warrants

There can be no guarantee that there will be a secondary market for the Series 2024 Warrants or, if a secondary market exists, that the Series 2024 Warrants can be sold for any particular price. Accordingly, purchasers of the Series 2024 Warrants should be prepared to have their funds committed until the Series 2024 Warrants mature. Prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different than the original purchase price. Moreover, while the Underwriters expect to reoffer the Series 2024 Warrants in a secondary market, the Underwriters are not specifically required to do so.

LEGAL MATTERS

The Series 2024 Warrants will be issued subject to the approving opinion of Bradley Arant Boult Cummings LLP, Birmingham, Alabama, Bond Counsel to the City. The approving opinion of Bond Counsel to the City will be in substantially the form attached to this Official Statement as Appendix C – "Form of Approving Opinion of Bond Counsel to the City."

According to the City, there is no litigation pending or, to the knowledge of the City, threatened, attacking or questioning the validity of the Series 2024 Warrants or the issuance and sale thereof and there is no litigation pending or, to the knowledge of the City, threatened, relating to the organization or boundaries of the City, the title of the City to the System, or the incumbency of any of its officers or officials. Simultaneously with the delivery of the Series 2024 Warrants, the City will deliver a certificate to the effect that no such litigation is pending or, to the knowledge of the City, threatened.

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.

AUDITED FINANCIAL STATEMENTS

The component unit financial statements of the City's electric, natural gas, and water systems as of and for the fiscal year ended September 30, 2023, attached as Appendix B hereto, have been audited by Mauldin & Jenkins, LLC, Huntsville, Alabama, as stated in its report dated April 18, 2024.

Mauldin & Jenkins, LLC has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Mauldin & Jenkins, LLC also has not performed any procedures relating to this Official Statement.

UNDERWRITING

The Series 2024 Warrants are being purchased by PNC Capital Markets LLC (the "Underwriter"). The Underwriter has agreed to purchase the Series 2024 Warrants at a price of \$[_____] (reflecting an underwriting discount of \$[_____] [plus]/[less] [net] original issue [premium]/[discount] of \$[_____]). The Underwriter intends to offer the Series 2024 Warrants to the public initially at the prices set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2024 Warrants to the public. The Underwriter may offer and sell the Series 2024 Warrants to certain dealers at prices lower than the public offering prices. In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Series 2024 Warrants offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriter and PNC Bank, National Association are both wholly-owned subsidiaries of PNC Financial Services Group, Inc. The Underwriter is not a bank, and is a distinct legal entity from PNC Bank, National Association. PNC Bank, National Association has banking and financial relationships with the City. The Underwriter may offer to sell to its affiliate, PNC Investments, LLC ("PNCI"), securities in the Underwriter's inventory for resale to PNCI's customers.

RELATED PARTIES

Maynard Nexsen PC is serving as Underwriter's Counsel in connection with the issuance of the Series 2024 Warrants. Maynard Nexsen PC also represents or has represented the Trustee from time to time in connection with matters unrelated to the issuance and sale of the Series 2024 Warrants.

FINANCIAL ADVISOR

PFM Financial Advisors LLC, Huntsville, Alabama (the "Financial Advisor") is serving as financial advisor to the City in connection with the issuance of the Series 2024 Warrants. 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 2024 Warrants, and provided other advice to the City. The Financial Advisor will not engage in any underwriting activities with regard to the issuance and sale of the Series 2024 Warrants. 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.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") have assigned the Series 2024 Warrants ratings of "Aa1" and "AAA", respectively. Any explanation of the significance of such ratings must be obtained from Moody's and S&P. The ratings are not a recommendation to buy, sell or hold the Series 2024 Warrants, and should be evaluated independently. There is no assurance that such ratings will remain in effect for any given period of time or will not be lowered or withdrawn entirely if, in the judgment of the rating agency, circumstances should warrant such action. Any such downward revision or withdrawal of any rating assigned to the Series 2024 Warrants could have an adverse effect on the market price. The City has not undertaken any responsibility after the issuance of the Series 2024 Warrants to assure maintenance of the ratings or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

General

The City will, upon issuance of the Series 2024 Warrants, enter into a Continuing Disclosure Agreement for the benefit of the beneficial owners of the Series 2024 Warrants (the "2024 Undertaking") wherein the City will agree to provide annually the audited financial statements of the City and operating and financial data relating to the System (the "Annual Report") and to provide, from time to time, notices of the occurrence of certain events. The Annual Reports and event notices will be filed by the City with the Electronic Municipal Market Access system ("EMMA") established by the Municipal Securities Rulemaking Board ("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 Reports and event notices and other provisions of the 2024 Undertaking are summarized in Appendix E - "Summary of Continuing Disclosure Agreement." The 2024 Undertaking will be entered into in order to assist the Underwriters of the Series 2024 Warrants in complying with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). A failure by the City to comply with the 2024 Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2024 Warrants in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2024 Warrants and their market price.

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 the Rule (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, 2019, September 30, 2021, September 30, 2022, and September 30, 2023, 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, 2019, September 30, 2021, September 30, 2022, and September 30, 2023, on or before the due dates therefor as provided in the Prior Undertakings. In addition, the City failed to file certain fiscal year 2019 and fiscal year 2020 financial information and operating data tables as required in the Prior Undertakings.

The City failed to file certain financial and operational information with respect to its sewer system for the fiscal year ended September 30, 2020 (the obligations for which such filing is required to be made are no longer outstanding), and with respect to certain ad valorem tax information for its fiscal year ended September 30, 2021, until February 22, 2023.

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.

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.

MISCELLANEOUS

This Official Statement has been authorized and approved by the City. The summaries and descriptions of provisions of the Indenture and all references to other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials summarized or described. Copies of the Indenture may be obtained from the City or, during the offering period, from the Underwriters.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

CITY OF HUNTSVILLE, ALABAMA

/s/ Tommy Battle

Mayor

APPENDIX A

CITY OF HUNTSVILLE - ECONOMIC AND DEMOGRAPHIC INFORMATION

APPENDIX A

CITY OF HUNTSVILLE - ECONOMIC AND DEMOGRAPHIC INFORMATION

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. Between 1990 and 2000, the MSA grew by approximately 10.4% and from 2000 to 2010, the MSA grew by another 20.1%. 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 July 1, 2023 was 225,564, which is an increase of 4.91% from the 2020 Census total of 215,006. The Huntsville MSA was 491,723 according to the 2020 Census Bureau estimates which ranks it second behind the Birmingham MSA. Since 2010, Huntsville has added 45,459 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	2018	2019	2020	2021	2022	2023
Austin, TX	7.0%	3.0%	2.7%	6.2	4.1	2.9	3.3
Charlotte, NC	11.7	3.8	3.5	7.3	4.0	3.4	3.2
Durham, NC	8.1	3.5	3.3	6.1	4.1	3.2	3.0
Huntsville, AL	8.6	3.5	2.6	4.6	2.6	2.1	2.1
Raleigh, NC	8.6	3.5	3.4	6.4	2.5	3.1	3.0
State of Alabama	10.5	3.9	3.0	5.9	3.4	2.6	2.5
United States	9.6	3.9	3.7	8.1	5.3	3.6	3.6

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics as of June 2024

		Total Employment					
MSA	2010	2018	2019	2020	2021	2022	2023
Austin, TX	785,600	1,075,600	1,118,000	1,086,100	1,165,700	1,329,400	1,346,400
Charlotte, NC	954,200	1,208,100	1,238,200	1,190,700	1,243,800	1,371,600	1,351,000
Durham, NC	270,700	321,300	328,400	315,400	334,400	349,400	346,800
Huntsville, AL	210,000	238,700	245,200	240,900	251,400	273,700	276,500
Raleigh, NC	500,100	630,200	645,900	624,100	660,500	725,200	728,100
State of Alabama	1,890,300	2,044,800	2,074,800	1,986,100	2,039,700	2,161,600	2,161,800
United States	130,362,000	148,908,000	150,905,000	142,185,000	146,124,000	156,945,000	158,269,000

Source: Bureau of Labor Statistics, Current Employment Statistics, Total Nonfarm Employment (place of work), not seasonally adjusted, as of July 2024

		Effective Buying Income					
MSA	2010	2018	2019	2020	2021	2022	2023
Austin, TX	\$42,416	\$63,191	\$65,950	\$69,001	\$71,186	\$80,412	\$80,284
Charlotte, NC	43,190	49,3979	55,207	56,503	58,317	64,728	65,492
Durham, NC	39,488	49,272	50,933	55,588	56,892	63,495	65,010
Huntsville, AL	39,012	52,968	54,391	56,279	57,815	64,553	66,243
Raleigh, NC	43,455	57,962	63,501	66,090	67,491	74,646	74,637
State of Alabama	34,387	42,756	43,671	45,649	46,504	50,511	52,353
United States	43,252	50,735	52,133	55,303	56,790	64,448	65,326

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

		Mean Annual Wage					
MSA	2010	2018	2019	2020	2021	2022	2023
Austin, TX	\$46,130	\$53,810	\$55,190	\$57,830	\$60,260	\$63,890	\$69,150
Charlotte, NC	44,630	51,000	52,150	55,330	57,270	60,550	64,440
Durham, NC	53,220	59,940	61,220	64,430	68,710	71,720	75,590
Huntsville, AL	48,080	55,630	55,980	58,730	61,140	63,790	67,120
Raleigh, NC	44,810	52,580	54,850	56,720	58,550	62,500	66,230
State of Alabama	38,590	44,790	44,930	46,840	48,110	50,620	53,400
United States	44,410	51,960	53,490	56,310	58,260	61,900	65,470

Source: Bureau of Labor Statistics, May 2022 Occupational Employment Statistics

Per Capita Personal Income by Metropolitan Area

MSA	2010	2018	2019	2020	2021	2022
Austin, TX	\$32,862	\$60,764	\$62,460	\$64,913	\$71,372	\$75,119
Charlotte, NC	30,996	52,232	54,086	56,682	62,056	65,156
Durham, NC	31,215	52,243	54,408	56,703	63,375	63,799
Huntsville, AL	28,672	50,044	52,208	55,126	57,815	59,677
Raleigh, NC	34,450	56,139	58,147	60,884	66,428	70,628
State of Alabama	33,696	42,240	44,145	46,479	49,769	51,982
United States	40,278	54,098	56,047	59,510	64,143	66,625

Source: Bureau of Economic Analysis, Metropolitan Statistical Area BEARfacts.

As of June 2024, The U.S. Department of Housing and Urban Development estimates that the median family income of families in the United States for 2023 was \$96,200, for families in Alabama is \$79,600, and for families in the Huntsville MSA is \$108,200.

Professional & Business Service Employment

MSA	2010	2018	2019	2020	2021	2022	2023
Austin, TX	113,100	187,700	198,000	199,300	258,800	283,100	286,700
Charlotte, NC	145,700	206,700	212,700	207,700	222,200	226,700	228,900
Durham, NC	35,300	44,800	45,500	46,100	57,000	60,200	61,700
Huntsville, AL	49,200	57,400	60,000	60,800	64,500	68,700	68,900
Raleigh, NC	85,700	120,200	124,100	125,400	136,400	146,800	145,200
Alabama	209,500	245,100	251,100	242,000	259,600	267,100	269,500
United States	16,728,000	20,950,000	21,274,000	20,246,000	22,202,000	22,907,000	22,965,000

Source: Bureau of Labor Statistics, Current Employment Statistics as of July 2024

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Population Characteristics

According to the 2020 Federal Decennial Census 2021 population estimates, the City is both the largest municipality in Madison County and in the State, surpassing the City of Mobile in 2016, the City of Montgomery in 2018, and the City of Birmingham in 2021. 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.

Population Growth

Census	Madison County	City of Huntsville	Huntsville Metro Area (MSA)
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	389,696	215,043	494,018
2021*	395,211	216,963	502,728
2022*	403,565	222,363	514,465

* U.S. Census Bureau estimates

Source: U.S. Census Bureau (www.census.gov) as of June 2024

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 adds 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 and later merged with DXC Technology in 2017; 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, 45 biotechnology businesses reside within the nonprofit institute on the campus and together these organizations employ over 1,100 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.

When the world first learned of a new coronavirus infection, HudsonAlpha Institute for Biotechnology Faculty Investigators and Associate Companies that call the biotech campus home 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 worked 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 July 2022, the HudsonAlpha Institute for Biotechnology finished construction a 14,000-square-foot glass greenhouse. The highly sophisticated facility is equipped with two lab spaces, seven grow rooms with fifteen-foot ceilings, and several technologically advanced features rarely found in other greenhouses. The facility will help researchers in the HudsonAlpha Center for Plant Science and Sustainable Agriculture (Plant Center) advance their mission to use genomics to help sustainably feed and fuel our planet. The Hudson Alpha campus now also includes the global headquarters for Discovery Life Sciences, an international market leader in biospecimen analysis, procurement, and distribution for the pharmaceutical, biotechnology, and diagnostics industries. This global headquarters consists of 90,000 square feet and house DLS's research and development, laboratory and business operations.

In 2022, HudsonAlpha announced the expansion of its physical footprint outside of its longtime home in Cummings Research Park in Huntsville, Alabama. Through a partnership with the city of Dothan, HudsonAlpha launched the HudsonAlpha Wiregrass campus that serves Dothan, Alabama, and the surrounding areas. HudsonAlpha's agricultural researchers are experts at creating diverse ways to apply genomics to solve challenges in modern plant science and agriculture. A major goal of the HudsonAlpha Wiregrass research mission is to use the power of genomics to develop more drought- and disease-resistant varieties of peanuts and other agriculturally important crops to thrive in the Wiregrass region.

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 2022. It is interesting to note the continued diversification of the local employment base and that only four of the largest announced developments from 2005-2023 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
2022	580	391,453,500	Toyota Motor Manuf. of AL
2023	597	195,967,420	Toyota Motor Manuf. of AL

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 3,843-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 2,882 acres are currently available for immediate 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 including: automotive suppliers, electronics, aviation/aerospace, office and lab, aircraft MRO, unmanned aerial systems, office development -both technical and engineering, and warehouse or distribution centers.

Source: Port of Huntsville

Lowe Industrial Park, Chase Industrial Park and Thornton Research Park house a number of companies including Intergraph Corporation, 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-8 for the Sequoia SUV and Tundra. The plant's total annual engine capacity is more than 900,000, producing one-third of Toyota's engines in the U.S. With more than 2,000 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. TMMAL has undertaken eight major investment projects worth nearly \$1.5 billion. The most recent was a \$222 million investment made in April 2022 to expand the facility by 114,000 square feet and create a new four-cylinder production line that has the capacity to build engines for combustion and hybrid electric powertrains.

Source: Toyota, External Affairs

Polaris Industries operates a 900,000 square foot manufacturing facility within the Huntsville city limits in Limestone County, which opened in 2016. The Huntsville facility produces the industry's top auto-cycle, the Polaris Slingshot, as well as and the off-road utility vehicle, the RANGER. In April 2023, Polaris began production of the first fully electric RANGER XP Kinetic through a partnership with Zero Motorcycles. The plant employs nearly 2,000 people.

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. In October 2023, Google Fiber announced it upped the top speed of its Huntsville network to 5 Bpbs.

In 2019, Aerojet Rocketdyne opened a 136,000 square foot Advanced Manufacturing Facility which is the company's Missile Solutions sector headquarters, establishing Huntsville as Aerojet Rocketdyne's Inert Manufacturing Center of Excellence. In May 2024, Aerojet Rocketdyne announced plans to expand its operations in Huntsville to increase production of inert solid rocket motor components to meet elevated demand. As part of the expansion, the company leased a 379,000 square foot manufacturing facility located in the Jetplex Industrial Park to provide additional manufacturing and office space for Huntsville employees and to transition production of inert components for Javelin and GMLRS missiles from its Camden, AR site to Huntsville. Currently roughly 800 employees work in Huntsville between the Missile Solutions headquarters building and the AMF.

The German auto parts manufacturer 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. BOCAR's first and only US plant in Huntsville sets itself apart by housing the latest technology in aluminum high pressure die casting automotive structural and powertrain parts. In 2022, BOCAR added a new plant to its manufacturing capacity in Huntsville with an investment of \$176 million for land and construction. The 350,000 square foot plant houses production, offices, quality labs, a training center and employee services. BOCAR employs around 500 people.

Blue Origin, the aerospace company owned by Jeff Bezos opened its 400,000 square foot state-of-the-art production facility in 2020 in Cummings Research Park to manufacture its BE-4 and BE-3U engines. Blue Origin employs over 300 people in this facility. The BE-3, the smaller of Blue Origin's two engine lines, powers the company's New Shepard rocket and will help lift its bigger New Glenn rocket. The larger BE-4 engine is also the designated main engine for the big new Vulcan rocket United Launch Alliance is building in Decatur. In 2022, Blue Origin completed a 200,000 square foot expansion and in 2023 it announced a 3rd expansion that will essentially duplicate the existing 400,000 square foot facility. In 2023 Blue Origin was selected by NASA to build the lunar lander for the Artemis V moon mission scheduled for launch in 2029. The Huntsville-built BE-3 engine will power the New Glen rocket that is in development for the mission.

In 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 (Mazda Toyota Manufacturing “MTM”) on a site within the City and Limestone County. The plant became fully operational in 2022 employing 3,500 people. The plant’s two production lines are building Toyota’s Corolla Cross and Mazda’s CX-50. Both production lines include both gas powered and hybrid vehicle production. Since announcing its original plans, MTM 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 provides workspace for more than 200 high-tech employees. 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. In August 2022, BAE Systems received a contract from Lockheed Martin to design and manufacture next-generation infrared seeker technology for the Terminal High Altitude Area Defense (THAAD) interceptor missile. The THAAD seeker provides critical sensing and guidance capabilities that help protect the U.S. and global allies from ballistic missiles. In October 2022, BAE Systems successfully fired its Long-Range Precision Guidance Kit (LR-PGK) for 155mm artillery projectiles from the U.S. Army’s Extended Range Cannon Artillery (ERCA) at Yuma Proving Ground, demonstrating airframe structural survivability under extreme firing conditions. The LR-PGK improves the accuracy of unguided artillery projectiles with low-cost navigation and guidance technology.

In December 2022, J.H. Berry & Gilbert, Inc. announced that land has been acquired for the new Huntsville Logistics Center. The 132 acre class A industrial development is comprised of four buildings totaling up to 2.2 million square feet available for lease. The new industrial park is conveniently located with easy access to I-565, the Mazda Toyota Manufacturing campus and the Huntsville International Airport. Buildings 1 & 2 are now complete and ready for tenant buildout,

With more than 3,000 talented employees, Boeing is one of the largest aerospace companies in AL and have played a vital role in the U.S. space and defense program for nearly 60 years, including developing missile and weapons systems, as well as the Space Launch System and the International Space Station. Boeing’s aerospace operations are headquartered in Huntsville. In November 2023, Boeing broke ground on an expansion of its Huntsville factory that produces the Patriot Advanced Capability – (PAC-3) seeker, which will increase annual production by more than 30%. The 35,000 square foot project, expected to be operational in 2027, will help meet worldwide demand for the seeker, which enables the identification, tracking and interception of air and missile threats. Since 2010, the company has spent more than \$100 million in Huntsville in support of the PAC-3 program. Boeing employs more than 3,400 people in Huntsville and the annual impact on the State is estimated at \$2.7 billion.

Meta, the parent company of Facebook, 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. In June 2022, Meta announced that it is expanding its Huntsville Data Center campus. The two new buildings put the entire facility at almost 3.5 million square feet and bring total employment to more than 300 jobs. The expansion put Meta’s investment in the center to more than \$1.5 billion, according to the company. In addition, Meta also announced two new grants amounting to a total of \$300,000 in support of local schools and STEM education. Meta is providing \$225,000 in support of the Raise Your Hand program with the Schools Foundation and \$75,000 to the Alabama School of Cyber Technology and Engineering.

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.

In June 2016, work began on a \$70 million mixed-use project called CityCentre at Big Spring near Big Spring International Park and Von Braun Center in downtown Huntsville. The project features 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 includes a 150-unit new-to-market AC Hotel, a six-story Marriott hotel including a rooftop deck for the public and hotel patrons. It will also, include 31,000 square feet of retail stores and restaurants, 53,000

square feet of office loft space and 270 multi-family apartments. This is 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.

In 2017, Sealy Property Development 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 and commercial spaces are now fully occupied.

In 2017, work began on a mixed-use project called MidCity District, then a \$350 million development that has since expanded to \$2.2 billion. Built on land formerly occupied by a regional mall, MidCity District is a carefully and thoroughly planned community built on decades of experience and research into how people congregate, what communities look for in a place, and how venues, buildings, parks and public spaces can be used to support and drive growth. The District not only serves as a civic and commercial hub, but an iconic new mixed-use environment strategically located at the gateway of Redstone Arsenal and Cummings Research Park Fitness, recreation, public gathering spaces, walkable streets, inviting architecture, vibrant amenities, and intimate thoroughfares form the 140-acre MidCity District. The District is adjacent to a 40-acre, City-owned park that integrates a kayaking lake, the award-winning Orion Amphitheater, TopGolf, an outdoor climbing area, and a one-mile biking and running trail. This trail will connect to the City of Huntsville's Master Greenway Plan, the University of Alabama in Huntsville's campus expansion, and the trail system in Cummings Research Park. Once complete, the development will include 350,000 square feet of retail, dining, and entertainment space; approximately 400,000 square feet of high-tech office space; 1,600 residential units; and approximately 650 hotel rooms. Building on the reputation of the City of Huntsville, MidCity is a workforce recruitment tool for North Alabama and serves as an entertainment and innovation powerhouse for locals and new residents. Already operational at MidCity District includes Dave & Buster's, Trader Joe's, and a 2,500 square foot Starbucks as well as many other shops and restaurants. Metronome, MidCity's first apartment community opened in May 2023 with 296 units. Three other multifamily developments are in various phases of construction totaling nearly 1,200 available units once complete. One of those projects, Wellory Living, is a \$108M mixed-use development to bring future forward, sustainable living and dining options – all with a net zero energy status and reduced carbon footprint.

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.

Founded July 1, 1960, Marshall is one of NASA's largest field centers, with a total workforce of nearly 7,000 employees and an annual budget of approximately \$5 billion. Marshall also manages NASA's Michoud Assembly Facility in New Orleans, offering state-of-the-art manufacturing, fabrication and welding capabilities, and is home to the National Center for Advanced Manufacturing, a partnership with the state of Louisiana, Louisiana State University in Baton Rouge, and the University of New Orleans. More than 3,000 are employed on-site, 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.

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 September 2023, Redstone employed some 50,000 DOD civilians and contractor employees and a little over 700 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.

2nd 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.

Source: Redstone Arsenal Public Affairs Office; 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 most recent BRAC was in 2005 and it 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 April 2024, Raytheon launched a \$115 million expansion of its Redstone Raytheon Missile Integration Facility, which will increase the factory's space for integrating and delivering on critical defense programs by more than 50%. The 26,000 sq ft expansion will also bring an estimated 185 new jobs to Huntsville, growing the employee footprint in Huntsville to over 2,200 people. The Huntsville facility currently handles the integration of nine variants of the Standard Missile family, including the Standard Missile-3 and Standard Missile -6, and will accommodate additional defense programs, including the Glide Phase Interceptor (GPI) which will be the first ever interceptor to defeat the emerging threat of hypersonic glide vehicles.

Source: MadeInAlabama.com

New Missions to Redstone Arsenal

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 \$3 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. Approximately 2,000 employees are currently located in Huntsville.

Labor Force Characteristics

According to the 2022 American Community Survey 5 Year Estimates, the City had a "labor force participation rate" of 65.3%, compared with 58.6% for the State of Alabama and 63.5% 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	91.6%	88.7%	89.5%
Percentage bachelor's degree or higher	40.60%	26.4%	32.99%

Source: U.S. Department of Commerce, Bureau of the Census, 2022 ACS 1 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	2017	2018	2019	2020	2021	2022
Labor Force	175,460	208,154	216,780	223,557	229,213	231,870	313,220	268,271
Unemployment Rates								
Huntsville/Madison County	2.8%	8.6%	4.0%	3.5%	2.6%	4.6%	3.6%	2.4%
State of Alabama	4.6	10.5	4.6	3.9	3.0	5.9	5.3	2.5
United States	4.0	9.6	4.4	3.9	3.7	8.1	6.3	2.7

Source: U.S. Department of Commerce, Bureau of the Census, 2022 ACS 1 Year Estimates

Major Employers in the Huntsville Region

As shown in the following table, there are 12 private sector firms with employment in excess of 1,000 employees. The major private sector employers in the Huntsville Region include Mazda Toyota Manufacturing USA, Inc and The Boeing Company (aerospace) each with more than 3,000 employees in 2023. 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 HUNTSVILLE/MADISON COUNTY, AL

Private Employers	Number of Employees
Mazda Toyota Manufacturing USA, Inc	4,000
The Boeing Company	3,411
Dynetics, Inc	2,946
Northrop Grumman Corporation	2,850
SAIC	2,746
Toyota Alabama	1,994
Polaris	1,932
Lockheed Martin Corporation	1,685
Crestwood Medical Center	1,287
Blue Origin	1,235
Amazon	1,100
Redstone Federal Credit Union	1,095
PPG	983
KBR	964
Raytheon Technologies	945
Hexagon	924
Yulista	923
Kohler Company	870
Teledyne Brown Engineering	832
Aerojet Rocketdyne	829
Axient	800
ADTRAN, Inc.	786
Target Distribution Center	770
COLSA Corporation	739
Mazda North America Operations	735
Sanmina	726
Science and Engineering Services (SES)	719
SCI Technology, Inc.	700
Torch Technologies	695
Astrion	676
YKTA	656
Jacobs Space Exploration Group	618
Parsons	586
BASF Corporation	580
Phoenix	557
Radiance Technologies, Inc.	507
Tyonek Native Corporation	506

Public Employers

U.S. Army/Redstone Arsenal*	45,700
Huntsville Hospital System **	11,149
NASA/Marshall Space Flight Center *	7,000
Huntsville City Schools	3,000
City of Huntsville	2,589
Madison County Schools	2,389
University of Alabama in Huntsville	1,979
Alabama A&M University	1,207
Madison County Commission	1,071
Madison City Schools	976
Huntsville Utilities	680
Calhoun Community College	579
U.S. Space & Rocket Center	508

* Includes contractors

**Employees in Madison County

Source: Chamber of Commerce Huntsville/Madison County, May 2024

Employment Data

The total number of persons employed in Huntsville/Madison County in nonagricultural wage and salary employment has consistently increased since 2014. The three largest sectors of employment are (in descending order) Manufacturing (107,956), Retail Trade (66,715), and Health Care and Social Assistance (66,666) in the Huntsville Region during 2022.

**Huntsville Metropolitan Area
Employment by Industry Sector
(in thousands)**

	2010	2018	2019	2020	2021	2022	2023
Manufacturing	23.7	25.2	25.9	26.2	28.9	32.4	34.8
Durable	20.5	22.0	22.5	22.5	22.5	28.0	30.6
Non-Durable	3.2	3.2	3.5	3.7	3.7	4.4	4.2
Construction & Mining	7.5	9.2	9.5	9.7	10.5	10.7	10.4
Transportation/Utilities	2.6	3.3	3.8	3.6	3.8	5.8	6.3
Wholesale Trade	5.4	6.1	6.1	6.2	6.3	6.4	6.5
Retail Trade	22.0	24.6	25.1	24.5	25.6	26.8	27.1
Finance/Insurance/Real Estate	6.1	6.9	7.0	7.1	7.6	8.4	8.7
Professional & Business Services	49.2	57.4	60.0	61.0	63.3	65.5	67.7
Government	48.6	51.2	51.9	51.7	52.7	54.0	56.0
Total Nonagricultural Employment	210.0	238.7	245.2	240.9	251.4	273.7	276.5

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
2022	135,473,372	393,442,330	1,389,650,595	528,915,702
2023	154,944,564	152,732,108	1,424,017,310	307,676,672

*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 43 schools: six high schools, 11 middle and junior high schools, and twenty-six Pre-K through elementary schools. Seven of the district's schools are also home to various magnet programs, with one high school and two P-8 facilities dedicated as fully established magnet 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 2023-2024 school year is 23,650 with 2,349 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. The school moved from a temporary location at Oakwood University to its 26-acre campus in September 2022. For the 2023-2024 school year, the school has total enrollment of 334 students from 75 Alabama cities and towns. 214 of those are commuter students and 120 are boarding students. 100% of students get free tuition. The school is the first cyber and engineering school in the nation.

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.

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 2,500 beds, 19,500 employees, 13 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.

Source: www.huntsvillehospital.org

The City also hosts a 180-bed full service acute care hospital, Crestwood Medical Center, which has approximately 1,000 healthcare professionals representing more than 50 different specialties.

Source: 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, 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 is now underway and will include a large convention center expansion, a new state-of-the-art ballroom, and a full renovation of the North Hall. 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>

In 2021, the plans were announced to develop a new urban center in the heart of downtown. Located on Clinton Ave across from the Von Braun Center, Front Row will be an 11+ acre mixed-use development delivering high-end residential, Class A office space, and a dynamic blend of retail, destination-worthy dining, and entertainment. Plans for the former Coca-Cola Bottling plant site include 545 luxury apartments 47,000 sq.ft. of retail space including a mix of indoor and outdoor spaces, and 34,500 sq.ft. of office space. The project is slated to cost around \$325 million. Groundbreaking on the project occurred in April 2024

In July 2024, the City of Huntsville and the Huntsville Housing Authority were awarded a \$50 million Choice Neighborhood Implementation (CNI) Grant from the US Department of Housing and Urban Development to revitalize and transform the area surrounding 2 of Huntsville's oldest standing public housing communities. The grant sets the stage for a \$350 million investment to redevelop the 27-acre site, now known as Mill Creek, into a mixed-income community with workforce housing, medical and childcare services and retail options. The Mill Creek projected is located adjacent to downtown in a growing area of the City. The multi-year plan will replace distressed public and assisted housing with high-quality, mixed-income housing that is well-managed and responsive to the neighborhood. The funding includes a \$27 million investment by Huntsville Hospital to create 125 workforce housing units and to operate a health care clinic on-site. The property will be redeveloped in 5 phases over 8 years to ultimately provide 705 mixed-income units.

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 200 working artists, 7 galleries, 152 working studios, small businesses, restaurants, and 4 performance venues, 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) And in 2023, Huntsville's professional soccer team, Huntsville City Football Club started play at the renovated Joe Davis Stadium. The team is affiliated with the Nashville Soccer Club. MLS Next Pro is a men's professional soccer league in the United States and Canada and is affiliated with Major League Soccer. College athletics such as UAH and Alabama A&M are also popular.

APPENDIX B

**AUDITED COMPONENT UNIT FINANCIAL STATEMENTS OF
THE CITY'S ELECTRIC, NATURAL GAS AND WATER SYSTEMS FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL TO THE CITY

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL TO THE CITY

_____, 2024

City of Huntsville
Huntsville, Alabama

Ladies and Gentlemen:

We have examined certified copies of proceedings of the governing body of the City of Huntsville (herein called the "City") in the State of Alabama, and other documents submitted to us pertaining to the authorization, sale and issuance of

\$ _____
City of Huntsville, Alabama
Water Revenue Warrants
Series 2024

(herein called the "Series 2024 Warrants"). The opinions hereinafter expressed and the statements hereinafter made are based upon our examination of the aforesaid proceedings and documents

We have not examined the title of the City to its water works plant and distribution system (herein called the "System") hereinafter referred to, but we have assumed that the City has good and marketable title thereto. The opinions hereinafter expressed and the statements hereinafter made are based upon our examination of the said proceedings and documents and upon said assumption of title.

The said documents show the following:

(a) that the City has executed and delivered to The Bank of New York Mellon Trust Company, N.A. (formerly, The Bank of New York Trust Company, N.A.) (herein called the "Trustee"), a Trust Indenture dated as of May 1, 2008, as heretofore supplemented and amended (herein called the "Base Indenture") and as further supplemented and amended by a Fifth Supplemental Indenture dated the date of the Series 2024 Warrants (together with the Base Indenture, herein called the "Indenture"), between the City and the Trustee;

(b) that there is presently outstanding under the Indenture the City's Water Revenue Warrants, Series 2015, dated August 4, 2015 (herein called the "Series 2015 Warrants"), Water Revenue Warrants, Series 2016, dated December 20, 2016 (herein called the "Series 2016 Warrants"), Water Revenue Warrants, Series 2021-A, dated August 3, 2021 (herein called the "Series 2021-A Warrants"), and Taxable Water Revenue Warrants, Series 2021-B, dated August 3, 2021 (herein called the "Series 2021-B Warrants").

(c) that the City has reserved, in the Indenture, the privilege to issue additional warrants (herein called "Additional Warrants") secured on a parity of pledge and lien with the Series 2015 Warrants, the Series 2016 Warrants, the Series 2021-A Warrants, the Series 2021-B Warrants and the Series 2024 Warrants, after first complying with the several conditions therefor set out in the Indenture.

We are of the opinion that the Series 2024 Warrants are in due and legal form, have been validly authorized and issued pursuant to the applicable provisions of the constitution and laws of Alabama, and constitute valid orders on the City Treasurer of the City for payment thereof as therein provided; that the indebtedness ordered paid by the Series 2024 Warrants is a valid special and limited obligation of the City payable solely out of the revenues derived from the

operation of the System remaining after payment of the expenses of administering and operating the System (the "Net System Revenues"); that the Series 2024 Warrants have been duly issued under the Indenture; that the City has pledged for payment of the principal of and interest on the Series 2024 Warrants, pro rata one with the other and with all other parity securities that may at any time be outstanding under the Indenture, so much of the Net System Revenues as may be necessary to pay at their respective maturities the principal of and interest on the Series 2024 Warrants; that the said pledge is valid and irrevocable, subject to the parity pledges made for the benefit of all such parity securities that have been, or may hereafter be, issued pursuant to the applicable provisions of the Indenture; that the City is obligated to maintain, within reasonable limitations, charges for water services furnished from the System at such rates as will produce amounts sufficient to pay at their respective maturities the principal of and interest on all parity securities at any time outstanding under the Indenture, the costs of operating and maintaining the System, and the charges and expenses of the trustee under the Indenture; that any pledge hereafter made of Net System Revenues, other than such parity pledges for parity securities, will be subordinate to the said pledge made for the benefit of the Series 2024 Warrants; and that, under existing statutes, the interest on the Series 2024 Warrants is 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 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 Series 2024 Warrants and in the tax compliance agreement and certificate executed by the City in connection with the Series 2024 Warrants, the interest on the Series 2024 Warrants 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 2024 Warrants 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; however, in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on "applicable corporations" (as defined in Section 59(k) of the Code), interest on the Series 2024 Warrants is not excluded from the determination of adjusted financial statement income. We express no opinion with respect to the federal tax consequences to the recipients of the interest on the Series 2024 Warrants under any provision of the Code not referred to above.

We express no opinion with respect to the federal tax consequences to the recipients of interest on the Series 2024 Warrants under any provision of the Code not referred to above.

The Indenture provides that in the event the City should default in any of the provisions thereof in the manner and for the time therein provided, the Trustee under the Indenture may declare all warrants then outstanding under the Indenture to be forthwith due and payable, whereupon the same shall immediately become due and payable and the said Trustee shall be entitled to exercise the rights specified in the Indenture. The Indenture does not, however, constitute a mortgage on the System and is not subject to foreclosure.

The rights of the holders of the Series 2024 Warrants and the enforceability of the Series 2024 Warrants 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 regarding the accuracy, adequacy, or completeness of the Official Statement of the City relating to the Series 2024 Warrants. Further, we express no opinion regarding tax consequences arising with respect to the Series 2024 Warrants other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to 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 D

SUMMARY OF THE INDENTURE

APPENDIX D

SUMMARY OF THE INDENTURE

The following is a summary of the Indenture. This summary does not purport to be comprehensive or definitive; all references herein to the Indenture are qualified in their entirety by reference to the instrument itself; and all references to the Warrants are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the Indenture.

Definitions

The following definitions of certain terms used in this summary are in addition to the terms elsewhere defined in this Official Statement.

"Additional Warrants" shall mean each series of Additional Warrants issued pursuant to the Indenture.

"Annual Net Income" shall mean the Net System Revenues (excluding any investment income earned on proceeds of the Warrants and excluding any gain or loss resulting from the disposition of assets and any other extraordinary items of income or loss) during a period of twelve consecutive months.

"Auditor" shall mean a certified public accountant (or a firm thereof) regularly engaged in the auditing of financial records and not employed full time by the City, or an auditor who is regularly employed by the State Examiner of Public Accounts.

"Bond Buyer Index Rate" shall mean the interest rate per annum for tax-exempt obligations as published in The Bond Buyer or successor publication (using general obligation bonds maturing in 20 years) on any date which is not more than 30 days prior to the date of determination and is selected by the City, or if The Bond Buyer or such successor publication does not then exist, then the average interest rate per annum borne by bonds the interest on which is calculated on an index comparable to that to be utilized in determining the interest rate on the Additional Warrants then proposed to be issued as Variable Rate Warrants, on any date which is not more than 30 days prior to the date of determination.

"Bond Buyer Revenue Bond Index Rate" shall mean the interest rate per annum for tax-exempt obligations as published in The Bond Buyer or successor publication (using revenue bonds maturing in 30 years) on any date which is not more than 30 days prior to the date of determination and is selected by the City, or if The Bond Buyer or such successor publication does not then exist, then the average interest rate per annum borne by bonds the interest on which is calculated on an index comparable to that to be utilized in determining the interest rate on the Additional Warrants then proposed to be issued, on any date which is not more than 30 days prior to the date of determination.

"Business Day" shall mean any day other than (a) a Saturday, a Sunday, (b) a day of which the payment system of the Federal Reserve System is not operational, (c) a day on which banking institutions are required or authorized to remain closed in the city in which is located the office of the Trustee where the Indenture is performed thereby, and (d) any day which shall be specified in any Supplemental Indenture, with respect to the particular series of Warrants created by such Supplemental Indenture, as not a "Business Day" with respect to such series of Warrants.

"Capital Improvements" shall mean repairs, replacements, equipment, improvements, extensions and additions to the System that are properly chargeable to fixed capital account by generally accepted accounting principles and includes real estate (and easements and other interests therein) on, under or over which any such repairs, replacements, improvements, extensions or additions are, or are proposed to be, located.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and all references to specific sections of the Code shall be deemed to include any and all respective successor provisions to such sections.

"Consultant" shall mean an insurance consultant or insurance consulting firm regularly engaged in the business

of insurance consulting appointed by the City and acceptable to the Trustee.

"*Counsel*" shall mean a person qualified to practice law in any State of the United States or in the District of Columbia who shall be appointed by the City and shall not be unacceptable to the Trustee.

"*Credit Facility*" shall mean a letter of credit, a municipal bond insurance policy, a surety bond, line of credit, or other similar agreement entered into with respect to any series of Warrants to guarantee the payment of principal of, premium, if any, and interest on such series of Warrants, satisfactory to the City and the Trustee.

"*Credit Facility Provider*" shall mean the provider of any Credit Facility then in effect.

"*Debt Service Coverage Ratio*" shall mean the ratio of Annual Net Income for the applicable twelve month period to Maximum Annual Debt Service.

"*Engineer*" shall mean a person engaged in the profession of engineering, having a favorable reputation for skill and experience in the construction and operation of utility properties and systems of the size and character of those comprising the System and who is not employed full time by the City and who is registered in the State of Alabama.

"*Federal Securities*" shall mean direct obligations of, or obligations the payment of which is guaranteed by, the United States of America, or obligations of any agency thereof which are backed by the full faith and credit of the United States.

"*Fiscal Year*" shall mean the period beginning on October 1 of one calendar year and ending on September 30 of the next succeeding calendar year or such other fiscal year as may hereafter be adopted by the City.

"*Fixed Rate Warrants*" shall mean Warrants which are authorized to bear interest at a fixed rate.

"*Independent*," when used with respect to any person, shall mean a person who (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in the City or in any other obligor (including without limitation a Credit Facility Provider or Liquidity Facility Provider) upon the Warrants or in any affiliate of the City or of such other obligor, and (iii) is not connected with the City or such other obligor as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

"*Liquidity Facility*" shall mean an irrevocable letter of credit and related reimbursement agreement, line of credit, standby bond purchase agreement or similar agreement providing for the purchase of all or a portion of any series of Warrants, and in effect upon the issuance of such series of Warrants, as amended, supplemented, substituted or extended from time to time.

"*Liquidity Facility Provider*" shall mean the provider of any Liquidity Facility then in effect.

"*Maximum Annual Debt Service*" shall mean the maximum aggregate amount of principal and interest payable on the Warrants during any Fiscal Year; provided, that for purposes of this definition: (a) principal and interest payable on any Variable Rate Warrants shall not include any amount payable as the purchase price of such Warrants upon any optional or mandatory tender thereof, (b) the principal amount of Warrants required to be redeemed in any Fiscal Year by the terms thereof shall be deemed to be payable in such Fiscal Year rather than the Fiscal Year of their stated maturity, (c) the principal amount of Warrants required to be redeemed in any Fiscal Year by the terms of any agreement or contract with any Credit Facility Provider shall be deemed to be payable in such Fiscal Year rather than the Fiscal Year of their stated maturity and (d) Variable Rate Warrants shall be deemed to bear interest at whichever of the following rates shall then be applicable thereto:

(1) Variable Rate Warrants of an initial term of 20 years or less (counting a fraction of a year as a whole year) shall be deemed to bear interest at a per annum rate equal to the Bond Buyer Index Rate plus 25 basis points on the then unpaid principal balance; and

(2) Variable Rate Warrants of an initial term of more than 20 years (counting a fraction of a year as a whole year) shall be deemed to bear interest at a per annum rate equal to the Bond Buyer Revenue Bond Index Rate plus 25 basis points on the then unpaid principal balance.

"*Maximum Required Reserve*" shall mean:

(a) with respect to each series of Warrants other than those described in (b) below, an amount equal to the least of (i) Maximum Annual Debt Service for such series of Warrants, or (ii) 125% of the average annual (Fiscal Year basis) principal and interest requirements for such series of Warrants, determined in accordance with the Code, or (iii) 10% of the stated principal amount of such series of Warrants, determined in accordance with the Code, or (iv) the greatest amount at the time permitted by the Code to be on deposit in the Reserve Fund for such series of Warrants, and

(b) with respect to each Variable Rate Warrant issue, whether Taxable or Tax-Exempt, the amount established by the City and the Liquidity Facility Provider.

"*Net System Revenues*" shall mean all System Revenues remaining after payment of Operating Expenses.

"*Operating Expenses*" shall mean, for the applicable period or periods, the reasonable and necessary expenses of efficiently and economically administering and operating the System and maintaining it in good repair and operating condition, including without limitation any payments required with respect to any franchises held by the City, the fees and expenses of the Trustee under the Indenture, the cost of water treated or purchased or otherwise obtained by the City including without limitation any and all payments required pursuant to any agreements or contracts therefor to which the City is a party, insurance premiums and audit fees, the expenses of a Consultant, and any other charges expressly stated in the Indenture to constitute an operating expense (but not including depreciation, amortization, taxes or tax equivalent payments to any governmental body, interest on any securities or other obligations payable from revenues of the System, payments into any of the Special Funds created in the Indenture or any Supplemental Indenture or any expenses for items properly chargeable by generally accepted accounting principles to fixed capital account).

"*Outstanding*" when used with respect to Warrants shall mean, as of the date of determination, all Warrants authenticated and delivered under the Indenture, except (a) Warrants cancelled by the Trustee or delivered to the Trustee for cancellation, (b) Warrants for the payment of which (either at maturity or upon prior redemption) money in the necessary amount has been deposited with the Trustee in trust for the holders of such Warrants, provided that, if such Warrants are to be redeemed, notice of such redemption shall have been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee shall have been made, (c) Warrants deemed purchased, but not presented to the Trustee, pursuant to optional or mandatory tender provisions of any series of Warrants, for the purchase of which money in the necessary amount has been deposited in trust for the holders of such warrants, and (d) Warrants in exchange for or in lieu of which other Warrants have been authenticated and delivered under the Indenture.

"*Permitted Encumbrances*" shall mean as of any particular time (a) inchoate mechanic's and other similar liens, (b) easements, restrictions and exceptions that an Independent Engineer certifies will not interfere with or impair the operation of the System, (c) minor defects, clouds and encumbrances of the type that customarily exist with respect to properties of the size and character as those comprising the System and that do not in the aggregate materially impair the use of such properties in the operation of the System and (d) any lien which is subordinate to the lien of the Indenture.

"*Qualified Investments*" shall mean:

(1) Federal Securities or a trust or fund that invests solely in Federal Securities, including those managed by the Trustee or any of its affiliates or subsidiaries of affiliates,

(2) a certificate of deposit or time deposit issued by any bank organized under the laws of the United States of America or any state thereof, with capital, surplus and undivided profits of not less than \$75,000,000, provided in each case such deposit is insured by the Federal Deposit Insurance Corporation or such deposit is collaterally secured by the issuing bank by pledging with a Federal Reserve Bank Federal Securities having a market value (exclusive of accrued interest) not less than the face amount of such certificate less the amount of such deposit insured by the Federal Deposit Insurance Corporation and the Trustee must have a perfected first security interest in the collateral,

(3) a repurchase agreement with respect to Federal Securities, provided that such Federal Securities are held by or under the control of the Trustee or by a Federal Reserve Bank, that is not a party to such repurchase agreement, free and clear of third party liens and any such repurchase agreement must be acceptable to any applicable municipal bond insurer,

(4) any investment permitted for municipal or county funds pursuant to Section 11-81-21 of the Code of Alabama 1975, as at any time amended or supplemented, or as otherwise permitted under Alabama law, or

(5) any money market fund rated "AAAm," "AAAm-G" or "AA-M" by Standard & Poor's Rating Group and, if rated by Moody's, "Aaa," "Aa1" or "Aa2,"

provided that all cash and cash equivalents shall be entirely insured or collateralized as provided by the Security for Alabama Funds Enhancement Act (SAFE) as provided by Section 41-14A-1 et seq. of the Code of Alabama 1975, as amended.

"Qualified Letter of Credit" means a letter of credit which is unconditional and irrevocable and which is issued by a bank on terms and provisions approved by the City and any person providing insurance or any guaranty for any series of Warrants.

"Qualified Surety Bond" means a surety bond which is unconditional and irrevocable and which is issued by an insurance company rated at the time of issuance of such surety bond in the "A" category by either Moody's Investors Service, Inc., or Standard & Poor's Ratings Services, or in an equivalent category by any other nationally recognized statistical rating organization.

"Reserve Fund" shall mean the fund by that name established under the Indenture.

"Revenue Fund" shall mean the fund by that name established under the Indenture.

"Special Funds" shall mean the Revenue Fund, the Warrant Fund, and the Reserve Fund.

"Supplemental Indenture" shall mean any indenture or other instrument supplemental to or amendatory of the Indenture entered into pursuant to the applicable provisions of the Indenture which shall authorize or relate to any series of Warrants.

"System" shall mean and include the entire water works and distribution system owned and operated by the City, together with all improvements hereafter made thereto, including all plants, systems, buildings, facilities or properties used or useful in or having the present capacity for future use in connection with the production, supply, treatment or distribution of water and any integral part thereof, and all appurtenances, equipment, properties, rights, easements, permits, licenses, and franchises relating thereto, and all other property, real, personal or mixed, now owned by the City or hereafter acquired by it, by construction or otherwise, and used in connection with the aforesaid facilities.

"System Revenues" shall mean all revenues and income of whatever nature derived by the City from the operation of the System, including without limitation tap and connection fees, availability fees, new service fees, extension fees, cash, accounts receivable and contract rights; provided, however, that the following sources of revenue are not part of System Revenues: (i) grants or borrowed funds, and (ii) customer deposits to ensure payment of utility services.

"*Variable Rate Warrants*" shall mean any series of Warrants which are authorized to bear interest at a Variable Rate.

"*Warrant*" or "*Warrants*" shall mean any Warrant authenticated and delivered pursuant to the Indenture or by any Supplemental Indenture.

"*Warrant Fund*" shall mean the fund by that name established pursuant to the Indenture.

Security Provided

In the Indenture, the City has pledged for payment of all Warrants issued thereunder the Net System Revenues and, to the extent provided in the Indenture, the Special Funds and all money and investments from time to time on deposit in the Special Funds (collectively, the "Trust Estate"). **THE INDENTURE DOES NOT CONSTITUTE A MORTGAGE ON THE SYSTEM AND IS NOT SUBJECT TO FORECLOSURE.**

Flow of Funds

The Indenture establishes the following funds for the collection and distribution of System Revenues:

Revenue Fund. All System Revenues will be deposited as received in the Revenue Fund. The City will apply money on deposit in the Revenue Fund during each calendar month as follows:

First Payment of Operating Expenses.

Second Deposit in the Warrant Fund the amounts required by the Indenture.

Third Deposit in the Reserve Fund the amount (if any) required by the Indenture.

Warrant Fund. The Indenture creates a Warrant Fund for the Warrants which shall be held by the Trustee and which shall consist of separate accounts for each series of Warrants. The money in each such account shall be used only to pay principal of, premium (if any) and interest on the series of Warrants with respect to which such account is maintained, as the same shall become due and payable.

There shall be deposited in each account in the Warrant Fund the following amounts, determined separately for each series of Warrants for which such an account is maintained, on the following dates:

(1) Simultaneously with the delivery of any series of Warrants to the original purchasers thereof, the amount received as accrued interest on the Warrants of such series, which shall be credited against the deposits required by paragraph (2) of this subsection until exhausted.

(2) On or before the last Business Day of each calendar month, with respect to each series of Warrants, an amount equal to the interest coming due on such Warrants on the next ensuing Interest Payment Date with respect to such Warrants divided by the number of Warrant Fund deposit dates between Interest Payment Dates with respect to such Warrants or between the date of delivery of such Warrants to the original purchasers thereof and the first Interest Payment Date with respect to such Warrants, as the case may be.

(3) On or before the last Business Day of each calendar month, with respect to each series of Warrants, an amount equal to principal maturing (or required to be mandatorily redeemed or required to be redeemed pursuant to an agreement with a Credit Facility Provider) on such Warrants on the next ensuing principal payment date (or mandatory redemption date or optional redemption date) with respect to such Warrants divided by the number of Warrant Fund deposit dates between principal payment dates (or mandatory redemption dates or optional redemption dates) with respect to such Warrants or between the date of delivery of such Warrants and the first principal payment date (or mandatory redemption date or optional redemption date) with respect to such Warrants, as the case may be.

(4) All other money required to be deposited in any account of the Warrant Fund pursuant to the Indenture (including any Supplemental Indenture).

If, on the date of any required deposit or deposits to the respective accounts of the Warrant Fund, funds on deposit (after payment of the Operating Expenses) in the Revenue Fund are not sufficient to make the said deposit or deposits, then the Trustee shall on such date deposit the remaining funds on deposit in the Revenue Fund (after payment of Operating Expenses) into the respective accounts of the Warrant Fund in proportion to the amounts required to be deposited in such accounts, without preference or priority of any account or series of Warrants over any other account or series of Warrants, or any discrimination or privilege among the respective accounts of the Warrant Fund.

The City may receive a credit against the required deposits to be made into any account of the Warrant Fund from the following:

- (1) all income and profits received from the investment of funds in such account,
- (2) all funds transferred to such account from any account of the Reserve Fund which secures the series of Warrants payable from such account,
- (3) any other funds transferred into such account pursuant to the Indenture,
- (4) any funds provided under any Credit Facility or Liquidity Facility with respect to the Warrants payable from such account, as may be more particularly provided in any Supplemental Indenture providing for such Warrants.

If on any principal or interest payment date the amount on deposit in any account of the Warrant Fund is insufficient to pay the principal of, premium (if any) and interest on the series of the Warrants due and payable from such account on such date the City will forthwith pay any such deficiency into such account of the Warrant Fund.

The City may apply any funds in any account of the Warrant Fund to reimburse any Credit Facility Provider or Liquidity Facility Provider to the extent such Credit Facility Provider or Liquidity Facility Provider shall have directly paid any amount of principal of, premium (if any) or interest on any of the Warrants payable from such account, as may be more particularly provided in any Supplemental Indenture which shall have made specific provision therefor.

Reserve Fund. The Indenture creates a Reserve Fund for the Warrants, which shall be held by the Trustee and which shall consist of separate, segregated accounts for each series of Warrants for which the City has elected to secure with the Reserve Fund. The money in each such account shall be used only to pay principal of, premium (if any) and interest on the series of Warrants with respect to which such account is created and maintained, as the same shall become due and payable. The amount on deposit in each account of the Reserve Fund shall be an amount equal to the Maximum Required Reserve for the series of Warrants for which such account was created.

If, on the date of any required deposit or deposits to the respective accounts of the Reserve Fund, funds on deposit (after payment of the Operating Expenses and required deposits in the Warrant Fund) in the Revenue Fund are not sufficient to make the said deposit or deposits, then the City shall transfer such funds to the Trustee and the Trustee shall on such date deposit the remaining funds on deposit in the Revenue Fund (after payment of the Operating Expenses and required deposits in the Warrant Fund) into the respective accounts of the Reserve Fund in proportion to the amounts required to be deposited in such accounts, without preference or priority of any account or series of Warrants over any other account or series of Warrants, or any discrimination or privilege among the respective accounts of the Reserve Fund.

At the option of the City, the City may provide the funds (or any portion thereof) required in any account of the Reserve Fund by a Qualified Letter of Credit or a Qualified Surety Bond with respect to the series of Warrants for which such account was created, as long as the available amount on deposit in such account (including the amount at any time available under such Qualified Letter of Credit or Qualified Surety Bond and other funds on deposit in or credited to such account) is not less than the Maximum Required Reserve for such series of Warrants.

Except as provided below, the funds on deposit in or credited to each account of the Reserve Fund or made

available to each account of the Reserve Fund from any Qualified Letter of Credit or Qualified Surety Bond held therein shall be used to pay interest coming due on any Interest Payment Date on the series of Warrants for which such account was created or to pay the principal on the series of Warrants for which such account was created, as it comes due, whether at maturity or by redemption, acceleration, or otherwise, but only in the event that, on any such Interest Payment Date, principal maturity date or redemption date or other principal payment date, the money then held in the corresponding account of the Warrant Fund from which the series of Warrants secured by such account of the Reserve Fund is payable shall be insufficient for such purpose.

If the amount on deposit in any account of the Reserve Fund (presently determined as of May 1 and November 1 of each year) exceeds the Maximum Required Reserve therefor, the Trustee shall withdraw the amount of such excess and deposit the same in the corresponding account of the Warrant Fund from which the series of Warrants secured by such account of the Reserve Fund is payable.

The City is not establishing an account in the Reserve Fund for the Series 2024 Warrants. Accordingly, the Series 2024 Warrants are not secured by the Reserve Fund and amounts from time to time on deposit therein.

Surplus Revenues. After making the deposits and payments described above under "Flow of Funds – Revenue Fund" and after making good any delinquency or deficit existing in any account of the Warrant Fund or in any account of the Reserve Fund by reason of the failure during any prior month to pay therein the amounts respectively required to be paid therein, the money remaining the Revenue Fund on the last Business Day of each month shall be deemed "surplus revenues" and shall be withdrawn from the Revenue Fund by the City. The City may use such surplus revenues for any lawful purpose.

Investment of Special Funds

Money in the Special Funds and in any account thereof shall be invested by the Trustee or the depository therefor, at the written direction of the City, in Qualified Investments such that a sufficient principal amount shall mature or be redeemable at the option of the holder on or prior to the date or dates the City and the Trustee or the depository anticipate that money from the account or fund invested will be required hereunder. The Trustee or the depository shall not be liable or responsible for any loss resulting from any such investment if made in compliance herewith. All income derived from the investment of money on deposit in any such fund or account shall remain in the fund or account where earned; provided, that so long as the balance in any account of the Reserve Fund is equal to the Maximum Required Reserve for the series of Warrants for which such account was created, any income or profits derived from the investment of such account of the Reserve Fund shall be transferred to the corresponding account of the Warrant Fund for such series of Warrants and applied as provided therefor.

The City may provide in any Supplemental Indenture that any amounts in any account of the Warrant Fund or the Reserve Fund for any series of Warrants may not be invested or may be invested subject to certain stated limitations or requirements. The Indenture requires that the depository of each of such funds shall at all times keep the moneys on deposit in the fund or funds for which it is depository continuously secured for the benefit of the City and the registered owners of the Warrants, either (1) by holding on deposit (or, in the case of depository of the Revenue Fund, by depositing with the Trustee), as collateral security, Federal Securities or other marketable securities eligible as security for the deposit of public trust funds under regulations of the Comptroller of the Currency, United States Treasury, 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 (2) if the furnishing of security in the manner provided in (1) 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 public trust funds; provided, however, that it shall not be necessary for any such depository to secure 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 to secure any portion of the moneys that are invested as herein provided.

Depositories for Special Funds

The Trustee is designated in the Indenture as depository and custodian for the Warrant Fund and the Reserve Fund. The depository and custodian for the Revenue Fund may be any banking institution designated by the City that is qualified to do business in the State of Alabama and which is a member of the Federal Deposit Insurance Corporation.

Additional Warrants

The City may at any time and from time to time while not to the knowledge of the Trustee in default under the Indenture, issue Additional Warrants (which may be Fixed Rate Warrants or Variable Rate Warrants) on a parity of lien with the Warrants and any other Warrants then Outstanding under the Indenture, for any lawful purpose within the limitations of and upon compliance with the provisions of the Indenture. Prior to the issuance of such Additional Warrants, the City shall deliver to the Trustee, among other things, the following:

Supplemental Indenture. A Supplemental Indenture duly authorized and executed on behalf of the City and containing: (i) descriptions of the Warrants proposed to be issued, including the aggregate principal amounts, the series designation, the date or dates of maturity or mandatory redemption of principal of such Warrants, whether such Warrants shall be Fixed Rate Warrants (and, if so, the interest rate or rates therefor) or Variable Rate Warrants, the due dates of interest on such Warrants, the mandatory redemption provisions (if any) with respect to such Warrants, any other redemption provisions with respect to such Warrants, and the forms of such Warrants; and (ii) any other matters deemed appropriate by the City and not inconsistent with the terms of the Indenture.

Certificate or Certificates as to Revenues. The item or items required by any one of the following paragraphs (i), (ii), (iii) or (iv):

(i) A certificate by an Independent Auditor certifying that the Debt Service Coverage Ratio (taking into account the Additional Warrants to be issued) during any twelve consecutive months during the eighteen-month period next preceding the date of issuance of such Additional Warrants then proposed to be issued was not less than 1.25 to 1; or

(ii) A Resolution or Resolutions duly adopted prior to the issuance of the then proposed Additional Warrants, which establishes a revised schedule of rates for services furnished from the System, accompanied by a certificate of an Independent Engineer stating that if the revised schedule of rates set forth in said Resolution or Resolutions had been in effect throughout the Fiscal Year next preceding the date of issuance of the Additional Warrants then proposed to be issued, the Debt Service Coverage Ratio (taking into account the Additional Warrants to be issued) during such Fiscal Year would have been not less than 1.25 to 1; provided, that each such certificate of an Independent Engineer shall be accompanied by and shall recite that it is based upon an examination by said Independent Engineer of a certificate of an Independent Auditor certifying the amount of the Annual Net Income, as determined above, during the Fiscal Year next preceding the date of issuance of the then proposed Additional Warrants; or

(iii) A certificate by an Independent Engineer as to the amount of additional Annual Net Income to be received as a result of the acquisition or construction of proposed Capital Improvements during the Fiscal Year immediately following the estimated date of completion or of acquisition of such Capital Improvements (taking into account not only any increase in revenues as a result of such completion or acquisition or any applicable rate increase but also any increase in Operating Expenses) and on the basis of such certificate, an Independent Auditor states that the Debt Service Coverage Ratio (taking into account the Additional Warrants to be issued) during the Fiscal Year next succeeding the completion of the acquisition or construction of such Capital Improvements will be not less than 1.25 to 1; or

(iv) If the Additional Warrants are being issued for the purpose of refunding all or a portion of one or more series of Warrants, a certificate by an Independent Auditor stating that the Maximum Annual Debt Service immediately after the issuance of such Additional Warrants (excluding debt service on the Warrants to be refunded) will not be greater than the Maximum Annual Debt Service immediately prior to the issuance of such Additional Warrants.

If the Additional Warrants are to be issued as Variable Rate Warrants, the City is required to deliver to the Trustee, simultaneously with the issuance of such Warrants, a Liquidity Facility with respect to such Warrants.

Particular Covenants of the City

The Indenture will contain, among others, the following covenants of the City:

Budget. Prior to the beginning of each Fiscal Year, the City will prepare and approve an annual budget for the System for the next ensuing Fiscal Year. Such budget shall show in reasonable detail (1) the System Revenues estimated to be derived during each calendar month of such Fiscal Year; (2) the Operating Expenses estimated to be incurred during each calendar month of such Fiscal Year; and (3) the amounts which it is estimated will be paid into the Special Funds.

Payment of Warrants. The City will pay or cause to be paid from Net System Revenues the principal of, premium (if any) and the interest on the Warrants when and as the same become due and payable, whether at the stated maturity and due dates, by acceleration, redemption, or otherwise, and it will otherwise perform all obligations which, either expressly or by reasonable implication, are imposed on it in the Indenture, and it will not default under the Indenture.

Inspection of System. The City shall permit the Trustee and its duly authorized agents at all reasonable times to examine and inspect the System; and the City shall permit an Independent Auditor designated by the Trustee to have access to, inspect, examine and make copies of the books and records, accounts and data of the City.

Annual Audit and Related Requirements. The City will maintain proper books of record and account, in which full and correct entries will be made, in accordance with generally accepted accounting principles, with respect to the System and of all its business and affairs. The City shall furnish to the Trustee (a) within 150 days after the end of each Fiscal Year audited financial statements of the City (including a statement of revenues and expenses, balance sheet, retained earnings and statement of cash flows for such Fiscal Year) together with supporting schedules, all on a comparative basis with the prior Fiscal Year, in reasonable detail, prepared by an Independent Auditor acceptable to the Trustee in accordance with generally accepted accounting principles consistently applied throughout the periods involved, and showing the financial condition of the City at the close of such year and the results of the operations of the City during such year, and (b) such other financial statements, financial data, certificates and other information regarding the operations, business affairs and financial condition of the City as the Trustee shall from time to time reasonably request. Each annual audit shall contain a certificate by the Independent Auditor who made the audit, in which such person shall certify that his examination has disclosed no violations of the provisions of the Indenture nor failure of the City to comply with the terms, provisions and covenants set forth herein, or, if such examination has disclosed any such violation or failure to comply, such person shall specify in his certificate the details with respect to such violation or failure to comply. Each Holder is granted the right to discuss the contents of the audit with the Independent Auditor making the same and to secure from such person such additional information respecting the matters therein or herein set out as may be reasonably required.

Operation and Maintenance of System. The City will continuously operate the System or cause the same to be operated so long as any of the Warrants remain Outstanding, and it will keep the System in good repair and in efficient operating condition, making from time to time all needed repairs and replacements thereto and thereof.

Limitations on Free Service; Discontinuance of Service for Nonpayment. The City will not furnish or permit to be furnished by or from the System any free service of any kind to any person whatsoever, except that the City may provide such free service if determined necessary by the City for the promotion of economic development within the service area of the System. No customer shall be connected to or served by the System without a proper meter or other measuring device first being installed with respect to such customer. If the rates, fees or charges for services furnished by the System shall not be paid within 120 days after the same shall become due and payable, the City shall, to the extent permitted by applicable law, at the expiration of such 120 day period, disconnect the premises from the System or otherwise suspend services, and the City shall proceed to recover the amount of any such delinquency, with interest.

Maintenance of Rates. The City shall maintain such rates and charges for the services furnished by the System as shall produce revenues sufficient to pay Operating Expenses for the System and to make the required deposits to the Special Funds.

The City shall promptly take all such action and make such lawful increases in the rates and charges for services furnished by the System as shall be sufficient to pay all Operating Expenses when due and to produce Annual Net Income at least 1.15 to 1 times greater than the Maximum Annual Debt Service on the Warrants then outstanding. The schedule of rates for services furnished by the System shall provide that all accounts for such service shall become due

not less often than once each calendar month.

Priority of Pledge of Net System Revenues. The City will keep the System free from all liens and encumbrances prior to the lien hereof (other than Permitted Encumbrances) but it may defer payment of any claim pending the bona fide contest thereof unless by such action the System or any part thereof shall be subject to loss or forfeiture, in which event any such payment then due shall not be deferred. Nothing herein contained shall be construed to prevent the City from hereafter purchasing additional property on conditional or lease sale contract or subject to vendor's lien or purchase money mortgage, and as to all property so purchased the Indenture shall be subject and subordinate to such conditional or lease sale contract, vendor's lien or purchase money mortgage.

The City has legal title to and the beneficial interest in the Net System Revenues herein pledged and the rightful power and the lawful authority to pledge and assign the same. The City will warrant and defend such pledge and assignment to the Trustee, its successors and assigns, for the benefit of the Holders from time to time of the Warrants, against the claims and demands of all persons whomsoever.

The City will at all times maintain and preserve the lien and rank of the Indenture as a first and prior lien upon the Trust Estate, and the City will not mortgage, pledge or otherwise encumber the Trust Estate (other than by Permitted Encumbrances) or any part thereof unless such mortgage, pledge or other encumbrance is subordinate, junior and secondary in all respects to the pledge and lien of the Indenture and to all obligations set forth herein. The City will duly pay and discharge all taxes, assessments and other governmental charges and liens lawfully imposed upon the System. Except as otherwise provided herein with respect to Additional Warrants, the City shall not incur any obligations nor issue any warrants or other securities payable from the revenues and receipts herein pledged or secured by the properties herein pledged which will have priority to or equality with the Warrants with respect to the payment of the principal or interest from said revenues and receipts or from any money in the funds established hereunder.

Merger and Consolidation. The City may transfer the entire System to another municipal or public corporation whose property and income are not subject to taxation; provided that, upon any such transfer, the due and punctual payment of the principal of, premium (if any) and interest on the Warrants according to their tenor and the due and punctual performance and observance of all the agreements and conditions provided in the Indenture to be kept and performed by the City shall be expressly assumed in writing by the corporation to which the System shall be so transferred; and provided further, that such transfer shall not cause or result in any mortgage, charge, encumbrance or other lien being affixed to or imposed on the System or the Net System Revenues that will be prior to or on a parity with the pledge herein made for the benefit of the Warrants or in the interest income on the Warrants becoming subject to federal or state income taxation.

Disposition of Portions of the System. The City will not sell or lease the whole of the System until all of the Warrants have been paid in full or unless and until provision for such payment has been made. The City may sell or lease material portions of the System if there is delivered to the Trustee a certificate of the Mayor or an officer of Huntsville Utilities to the effect that such sale or lease will not have a material adverse effect on the production of revenues from the System, and that such sale or lease will not have a material adverse effect on the ability of the City to satisfy its obligations pursuant to Section 9.07 of the Indenture, and, further, the City may sell or lease portions of the System it considers immaterial or not needed without such certification.

Payments to Trustee. The City will discharge, pay or satisfactorily provide to the Trustee 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 of Independent Counsel and any other persons not employed full time by the Trustee), and it will from time to time pay to the Trustee reasonable compensation for the Trustee's services under the Indenture, including extra compensation for unusual or extraordinary services. All such liabilities, expenses, advances, and compensation shall be secured by the Indenture, shall be entitled to priority of payment over any of the Warrants and shall bear interest until paid at the rate which equals the base rate or prime rate of the Trustee from a date which is thirty (30) days after the date on which the Trustee submits to the City its invoice for such liabilities, expenses, advances or compensation, as the case may be.

Insurance

The City self-insures the System.

Default and Remedies

Events of Default. Any one or more of the following will constitute an event of default under the Indenture:

(a) Failure by the City to pay all or any part of the principal of, premium (if any) or interest on any Warrant as and when the same becomes due and payable as therein provided; or

(b) Failure by the City to perform any of the agreements on its part contained herein or in any Supplemental Indenture (other than its agreement to pay principal, premium (if any) or the interest on the Warrants) after 30 days' written notice of such failure (which notice must state that it is a "Notice of Default" hereunder) made by the Trustee to the City or made to the City and the Trustee by the Holders of twenty-five percent in aggregate principal amount of the Warrants Outstanding, unless during such period or any extension thereof the City has taken steps reasonably calculated to remedy such default; or

(c) The occurrence of an Act of Bankruptcy; or

(d) The occurrence of an Event of Default as specified in the Indenture or any Supplemental Indenture; or

(e) receipt by the Trustee of written notice from the Credit Facility Provider that under the Credit Documents an event of default, as therein defined, has occurred and is continuing.

Remedies on Default. Whenever any Event of Default shall have happened and be continuing:

The Trustee shall, upon the occurrence and continuance of an Event of Default specified in (a), (c), (d), or (e), and the Trustee may, and upon written request of the Holders of not less than twenty-five percent in aggregate principal amount of the Warrants Outstanding, shall, upon the occurrence and continuance of an Event of Default specified in (b) above by notice in writing delivered to the City, declare the principal of all of the Warrants then Outstanding and the interest accrued thereon immediately due and payable and interest on the Warrants shall cease to accrue from and after the date of declaration of acceleration, and such principal and interest shall thereupon become and be immediately due and payable, anything in the Indenture or the Warrants to the contrary notwithstanding; subject, however, to the discretionary right of the Trustee, and upon written direction to the Trustee by the Holders of not less than a majority in aggregate principal amount of the Warrants Outstanding, the duty of the Trustee, to annul such declaration and destroy its effect if all covenants with respect to which default shall have been made shall be fully performed, and all arrears of principal and interest upon all Warrants Outstanding hereunder and the reasonable expenses and charges of the Trustee, its agents and attorneys, and all other payments required by the Indenture and any Supplemental Indenture (except the principal of any Warrants not then due by their terms) shall be paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto.

The Trustee may proceed to protect and enforce its rights and the rights of the Holders of the Warrants hereunder and under the same, by a suit or suits, whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power granted herein or for the enforcement of any other proper, legal or equitable remedy, as the Trustee, being advised by Counsel, shall deem most effectual to protect and enforce its rights and the rights of the Holders hereunder.

The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the Holders in the Trust Estate and in the issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Holders or the Trustee.

The Trustee shall be entitled upon or at any time after the commencement of any proceedings instituted with respect to the Event of Default, as a matter of strict right, upon the order of any court of competent jurisdiction, to the appointment of a receiver of the System and of the System Revenues, with power to operate the System. Any such

receiver shall, except as herein otherwise provided, have all of the usual powers and duties of receivers in similar cases, with full power upon the order of such court to operate and maintain the System, or any part thereof, fix and collect all rates and charges for the System, and collect all revenues arising from the System, upon any terms approved by the Court.

NOTHING CONTAINED IN THE INDENTURE, HOWEVER, SHALL BE CONSTRUED TO GIVE ANY AUTHORITY TO THE TRUSTEE OR THE HOLDERS OF ANY OF THE WARRANTS TO COMPEL A SALE OF THE SYSTEM OR ANY PART THEREOF, AND NO FORECLOSURE PROCEEDINGS OR SALE SHALL EVER BE HAD WITH RESPECT TO THE SYSTEM OR ANY PART THEREOF UNDER THE AUTHORITY OF THE INDENTURE.

Application of Money Collected. Any money collected by the Trustee in pursuit of the remedies on default described above, together with all other funds of the City then held by it or the Trustee, shall, after payment of all amounts then owed to the Trustee, be applied in the following order, at the date or dates fixed by the Trustee, and, in case of the distribution of such money on account of principal, premium (if any) or interest, upon presentation of the Warrants and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) Unless the principal of all Warrants 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 interest then due on all Warrants with interest on overdue installments of such interest at the rate provided in such Warrants to the extent legally enforceable, and if the amount available shall not be sufficient to pay in full all such installments plus said interest thereon, then to the proportionate payment of all such installments and the interest thereon, then to the proportionate payment of all such installments and the interest thereon, according to the amounts thereof, without preference or priority of any installment of interest over any other installment or any discrimination or privilege among the said persons entitled thereto;

Second: To the payment to the persons entitled thereto of the principal of the Warrants then due and unpaid (and premium, if any), in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Warrants) on overdue principal (and premium, if any); and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid with respect to such Warrants, then to the payment of such principal (and premium, if any), without any preference or priority, ratably according to the aggregate amount so due;

Third: The surplus, if any, to the Revenue Fund.

(b) If the principal of all the Warrants shall have become or been declared due and payable (whether by reason of maturity or acceleration, or mandatory or optional redemption) or acceleration, all such moneys shall be applied as follows:

First: To the payment to the persons entitled thereto of the principal of the Warrants then due and unpaid (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Warrants) on overdue principal (and premium, if any) and (to the extent legally enforceable) on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Warrants, then to the payment of such principal (and premium, if any) and interest, without any preference or priority, ratably according

to the aggregate amount so due;

Second: To the payment, pro rata, of all amounts then due to a Credit Facility Provider and to a Liquidity Facility Provider; and

Third: The remainder, if any, to the City or to whosoever may be entitled thereto.

Respective Rights of Trustee and Holders Respecting Remedies. The Holders of a majority in aggregate principal amount of the Outstanding Warrants shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder, provided that

- (i) such direction shall not be in conflict with any rule of law or the Indenture,
- (ii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction,
- (iii) if such direction is given by the Holders of a majority in principal amount of Warrants Outstanding, the Trustee shall have not determined that the action so directed would be unjustly prejudicial to the Holders not taking part in such direction.

No Holder of any Warrant shall have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture or for the appointment of a receiver or trustee, or for any other remedy hereunder unless (1) such Holder shall have previously given written notice to the Trustee of a continuing Event of Default; (2) the Holders of not less than twenty-five percent in aggregate principal amount of the Warrants then Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder; (3) such Holders have offered to the Trustee indemnity in the manner provided in Section 12.03(e) hereof; (4) the Trustee for 30 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceeding; and (5) no direction inconsistent with such written request shall have been given to the Trustee during such 30-day period by the Holders of a majority in aggregate principal amount of the then Outstanding Warrants, it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders, or to enforce any right under the Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders of Warrants Outstanding.

The Holders of not less than a majority in aggregate principal amount of the Outstanding Warrants may waive any past default under the Indenture and its consequence except a default:

- (1) in the payment of all or any part of the principal of, premium (if any) or interest on any Warrant, or
- (2) in respect of any covenant or provision of the Indenture which under Article 13 cannot be modified or amended without the consent of the Holder of each Outstanding Warrant affected.

Upon any such waiver, such default shall cease to exist, and an Event of Default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Indemnity for Costs and Expenses

The Indenture provides that the Trustee is not required, upon the occurrence of an event of default, to exercise any of its rights or powers under the Indenture at the request of any Warrantholders unless such Warrantholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request.

Amendment of the Indenture

Without the consent of or any notice to any of the Holders, the City and the Trustee, at any time and from time to time, may enter into one or more Supplemental Indentures, in form satisfactory to the Trustee, for any of the following purposes:

- (a) to add to the covenants of the City for the benefit of the Holders, or to surrender any right or power herein conferred upon the City; or
- (b) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions which shall not be inconsistent with the provisions of the Indenture, provided such action shall not adversely affect the interests of the Holders of the Warrants; or
- (c) to subject to the Indenture additional revenues, properties or collateral; or
- (d) to provide for the issuance of Additional Warrants of any series pursuant to the terms hereof; or
- (e) to modify, amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Warrants for sale under the securities laws of any of the states of the United States, and, if they so determine, to add to the Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.
- (f) to evidence the succession of another corporation to the City and the assumption by any such successor of the covenants of the City herein and in the Warrants contained; or
- (g) to surrender any right or power herein conferred upon the City; or
- (h) to make further provisions or amend any existing provisions with respect to the administration and operation of the Book-Entry System with respect to any one or more series of Warrants, and the transfer, payment, selection for redemption and redemption of such Warrants in accordance therewith; or
- (i) to secure or maintain ratings from a Rating Agency, provided that (i) the changes necessary to obtain or secure such ratings do not adversely affect the interests of the Holders of the Warrants and (ii) the Trustee receives an opinion of Independent Counsel to the effect that such changes are permitted by applicable law and will not cause the interest on any of the Warrants to be or become Taxable.

With the consent of the Holders of not less than two-thirds (2/3rds) in aggregate principal amount of the Outstanding Warrants, by a written instrument or instruments delivered to the City and the Trustee, the City and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the Holders of the Warrants under the Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the Holder of each Outstanding Warrant affected thereby:

- (1) change the stated maturity of the principal of, or any installment of interest on, any Warrant, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption or prepayment thereof, or change the coin or currency in which any Warrant, or the interest thereon is payable, or change the mandatory redemption schedule applicable to any Warrants, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption or prepayment, on or after the redemption or prepayment date), or
- (2) reduce the percentage in principal amount of the Outstanding Warrants the consent of whose Holders is required for (i) any such Supplemental Indenture or (ii) any waiver of compliance with certain provisions of the Indenture or certain Events of Default, as provided in Sections 11.02 and 11.06 of the Indenture; or

- (3) eliminate or modify any provision of the Indenture, the elimination or modification of which by its terms requires the consent of each Holder affected thereby, or
- (4) create a lien or charge on the Trust Estate ranking prior to or, except with respect to Additional Warrants, on a parity with, the lien and pledge thereon contained herein, or
- (5) establish preference or priority as between or among the Warrants.

Defeasance; Satisfaction of Indenture

Whenever the entire indebtedness secured by the Indenture shall have been fully paid, the Trustee shall cancel and discharge the lien of the Indenture and shall execute and deliver to the City proper instruments acknowledging satisfaction of and discharging the Indenture. For purposes of the Indenture, any of the Fixed Rate Warrants shall be deemed to have been fully 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 become due thereon until and at maturity or upon redemption, and further, any of the Warrants shall also be deemed to have been paid when the City shall have deposited with the Trustee (a) Federal Securities which are not subject to redemption prior to their respective maturities at the option of the City thereof and which, if the principal thereof and the interest thereon are paid to their respective maturities, will produce funds sufficient to provide for payment and retirement of such Warrants, or (b) both cash and such Federal Securities which together will produce funds sufficient for such purpose, or (c) cash sufficient for such purpose.

Concerning the Trustee

General Provisions Concerning the Trustee. The Indenture provides that the Trustee shall not be liable thereunder except for its willful misconduct or its gross negligence. The Trustee may consult with Independent Counsel answering all matters of trust and its duty under the Indenture, and the written opinion or advice of counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith reliance on such advice or opinion. No provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Payment of Certain Charges; Priority for Repayment. The Trustee may pay any item of Operating Expense which the City has failed to pay. All sums so expended by the Trustee shall be secured by the Indenture, shall bear interest at the rate equal to the base rate or prime rate of the Trustee or the maximum rate of interest allowed by law, whichever is less, from the date of payment thereof, and shall be entitled to priority of payment over the principal of or the interest on any of the Warrants.

Resignation and Removal of Trustee. The Trustee may resign at any time by giving written notice thereof to the City. The Trustee may be removed by written instrument signed by the Holders of a majority in principal amount of the Warrants then outstanding. Additionally, the Trustee may be removed by the City at any time by an instrument or instruments setting forth such demand delivered by the City to the Trustee. No resignation or removal of the Trustee and no appointment of a successor Trustee as described in the immediately following paragraph shall become effective until acceptance of appointment by such successor Trustee.

Appointment of Successor Trustee. If the Trustee resigns, is removed or becomes otherwise incapable of serving, a successor may be appointed by written instrument signed by the Holders of a majority in aggregate principal amount of the Warrants then Outstanding. Any successor Trustee shall be a bank or trust company authorized to administer and administering trusts comparable to the Indenture and having, at the time of its acceptance of such appointment, combined capital, surplus and undivided profits of at least \$75,000,000.

Merger, Conversion, Consolidation or Succession to Business, of Trustee. Any corporation or association into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee under the Indenture, provided such corporation or association shall be otherwise qualified and

eligible under the Indenture, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the City or Trustee.

APPENDIX E

SUMMARY OF CONTINUING DISCLOSURE AGREEMENT

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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 2024 Warrants, in order to assist the Underwriters 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 the Electronic Municipal Market Access system ("EMMA") (or such other system as may be subsequently authorized by the MSRB) established by the Municipal Securities Rulemaking Board ("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, 2024, the following annual financial information and operating data (the "Annual Report"):

(a) the audited component unit financial statements of the City's Electric, Natural Gas and Water Systems, and notes thereto; and

(b) unless included in audited financial statements referred to in clause (a) above, for the fiscal year then being reported, financial information or operating data with respect to the System (1) of the type included in the Official Statement (i) under the heading "FINANCIAL INFORMATION" (except the City will not produce calculations of maximum annual debt service or any of the historical or pro forma coverage calculations shown under said section, and the City will not produce such financial information or operating data for six-month or other interim periods as shown under said section) and (ii) under the section entitled DEBT SERVICE REQUIREMENTS AND COVERAGE – Debt Service Requirements", and (2) within the Section entitled "THE SYSTEM" (i) in the chart entitled "ANNUAL AVERAGE AND PEAK DAY PRODUCTION HUNTSVILLE GROUNDWATER SOURCES", (ii) in the chart entitled "ANNUAL AVERAGE AND PEAK DAY PRODUCTION HUNTSVILLE WATER TREATMENT PLANTS", (iii) in the chart under the subsection "Principal Customers", and (iv) in the chart under the subsection entitled "Number and Types of Customers".

The City also agrees, in accordance with the Rule, to provide or cause to be provided in a timely manner through EMMA (or such other system as may be authorized by the MSRB) notice of any failure to provide or cause to be provided the Annual Report or any part thereof, as described in this paragraph.

Notice of Certain Events. The City agrees to provide or cause to be provided, in a timely manner, through EMMA (or such other system as may be authorized by the MSRB) within ten (10) business days of the occurrence of any of the following events with respect to the Series 2024 Warrants:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 2024 Warrants, or other material events affecting the tax status of the Series 2024 Warrants;

- (vii) modifications of the rights of holders of the Series 2024 Warrants, if material;
- (viii) calls for redemption, other than scheduled mandatory redemption, of any of the Series 2024 Warrants if material, and notice of tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Series 2024 Warrants, if material;
- (xi) rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the City or of any obligated person respecting the Series 2024 Warrants;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the City or any obligated person respecting the Series 2024 Warrants (each, 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 related to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of an Obligor, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligor, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligor, 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.

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 2024 Warrants 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.