

CITY OF VESTAVIA HILLS, ALABAMA

\$400,000  
General Obligation Warrant  
Series 2017-BB&T1

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Date of Delivery: May 31, 2017

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INDEX OF DOCUMENTS AND PROCEEDINGS

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This Warrant has not been registered under the Securities Act of 1933, as amended, or under any state securities law, in reliance upon applicable exemptions. This Warrant, or any interest herein, may only be transferred in compliance with federal and state securities laws and as provided in the Ordinance under which this Warrant is issued as referenced herein.

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This Warrant is payable only to, and is transferable only by, the registered owner set forth in the Warrant Register. All payments of principal of and interest on this Warrant shall forever discharge all obligations of the City therefor. Each transferee of this Warrant takes it subject to all payments theretofore made hereon and all rights and defenses of the City at law or in equity.

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UNITED STATES OF AMERICA  
STATE OF ALABAMA

CITY OF VESTAVIA HILLS, ALABAMA  
GENERAL OBLIGATION WARRANT  
SERIES 2017-BB&T1

No. R-1

DATED DATE:	INTEREST RATE:	MATURITY DATE:
May 31, 2017	Applicable Rate as determined herein	May 31, 2021

The CITY OF VESTAVIA HILLS, a municipal corporation organized and existing under and by virtue of the laws of the State of Alabama (the "City"), for value received, hereby acknowledges itself indebted to

BRANCH BANKING AND TRUST COMPANY

or registered assigns (collectively, the "Holder") in the principal amount of

FOUR HUNDRED THOUSAND DOLLARS  
(\$400,000)

and hereby orders and directs the Finance Director (or any successor to the duties and functions thereof) of the City to pay to said payee or registered assigns, solely from the Warrant Fund hereinafter designated, said principal amount, and to pay, solely from said Warrant Fund, interest on the unpaid principal balance of said principal amount until payment in full, at the Interest Rate per annum specified above, in installments as follows:

(a) On May 31, 2018, and on each May 31 thereafter, until and including May 31, 2020, an amount equal to the principal amount of this Warrant becoming due and payable on each such date, as set forth below, plus interest accrued thereon to each such date of payment:

<u>Date</u>	<u>Principal Amount</u>
05/31/2018	\$47,330.00
05/31/2019	48,267.13
05/31/2020	49,222.82

(b) On the Maturity Date specified above, an amount equal to the principal amount of this Warrant then outstanding plus interest accrued thereon to (but not including) such date of payment.

**Authority for Issuance; Source of Payment and Security; Reference to Ordinance**

This Warrant (the "Warrant"), is issued pursuant to the authority of the Constitution and laws of the state of Alabama and an ordinance and proceedings of the City duly held, passed and conducted (the "Ordinance").

Capitalized terms used herein without definition shall have the respective meanings assigned thereto in the Ordinance.

The indebtedness evidenced and ordered paid by the Warrant shall be a general obligation of the City and shall be secured by an irrevocable and sacred pledge of the full faith, credit and taxing power of the City.

The Warrant is solely an obligation of the City and shall never constitute an indebtedness, pecuniary liability, or charge against the general credit or taxing power of the State of Alabama or any other political subdivision therein or thereof.

Reference is hereby made to the Ordinance for a description of the nature and extent of the security afforded by the Ordinance, the rights and duties of the City with respect thereto, and the terms and conditions upon which the purchase, transfer and exchange of the Warrant is to be made, to and by all of which terms, conditions and provisions of the Ordinance the owner of this Warrant, by the acquisition hereof, hereby assents and agrees to be bound.

**Definition of Interest Rate Terms**

Interest shall accrue on the outstanding principal amount of this Warrant at the Applicable Rate on the basis of a 360-day year of 12 months of 30 days each.

During any period in which the Applicable Rate is the Taxable Rate, the Lender shall determine the Applicable Rate on each day on which any change in such rate becomes effective, as provided therefor.

For purposes hereof, the following terms have the following meanings:

Applicable Rate shall mean:

(a) the Tax-Exempt Rate for the period beginning on the date of delivery of this Warrant and ending on the date immediately preceding the Taxability Date; and

(b) the Taxable Rate for the period beginning on the Taxability Date and continuing thereafter.

Taxability Date shall mean the earliest date from which interest paid in respect of this Warrant is determined to be Taxable.

Taxable shall mean that interest on this Warrant is includable in the gross income of the Holder in the computation of federal income tax liability or that the Warrant is not a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Code; provided, however, interest on the Warrant shall not be deemed "Taxable" because interest is includable in any calculation of income for purposes of an alternative minimum tax or any other type of taxation other than the regular federal tax imposed on income.

Taxable Rate shall mean an interest rate per annum (fixed, or variable subject to periodic adjustment) that would provide the Holder an after-tax yield on the then outstanding principal amount of this Warrant at least equal to the after-tax yield the Holder would have received if interest on this Warrant had not been determined to be Taxable.

Tax-Exempt Rate shall mean a per annum fixed rate of interest equal to one and ninety-eight one-hundredths of one percent (1.98%).

#### Payment; Warrant Fund

The principal of and interest on the Warrant shall be paid by the City to the Holder as provided in the Ordinance.

The City has established in the Ordinance a special fund designated "Warrant Fund" for the payment of the principal of and interest on the Warrant and has obligateded itself to pay or cause to be paid into the Warrant Fund, from the revenues or funds of the City, sums sufficient to provide for the payment of the principal of and interest on the Warrant as the same shall become due and payable.

#### Redemption

This Warrant will be subject to prior redemption at the option and direction of the City, on any Business Day, in whole (but not in part), at a redemption price equal to the outstanding principal amount hereof plus accrued interest to the redemption date, without premium or penalty.

The City may redeem this Warrant upon five days' written notice thereof to the Holder.

Upon payment of the redemption price for this Warrant, interest shall cease to accrue on this Warrant from and after the date of payment of such redemption price.

### Registration, Transfer and Exchange

This Warrant is recorded and registered as to principal and interest in the name of the registered owner on the Warrant Register.

This Warrant may be transferred by the registered owner in person or by authorized attorney, only on the Warrant Register maintained by the City and only upon compliance with the Ordinance with respect thereto.

The Ordinance provides that the registered owner of this Warrant, by receiving or accepting this Warrant, consents and agrees and is estopped to deny that this Warrant may be transferred only upon compliance with the provisions of the Ordinance.

### General

The Ordinance provides that, as a condition of, and a consideration of, the issuance of this Warrant, the registered owner of this Warrant shall have agreed that no covenant or agreement contained in this Warrant or in the Ordinance shall be deemed to be a covenant or agreement of any officer, agent, employee, or member of the governing body of the City in its individual capacity and none of such parties or persons nor any officer executing this Warrant shall be liable personally on this Warrant or be subject to any personal liability or accountability by reason of the issuance of this Warrant.

It is hereby recited, certified and declared that the indebtedness evidenced and ordered paid by this Warrant is lawfully due without condition, abatement or offset of any description, that this Warrant has been registered in the manner provided by law, that all acts, conditions and things required by the Constitution and laws of the State of Alabama to happen, exist and be performed precedent to and in the authorization, execution, registration and issuance of this Warrant and the adoption of the Ordinance, have happened, do exist and have been performed in due time, form and manner as so required by law and that the principal amount of this Warrant, together with all other indebtedness of the City, are within every debt and other limit prescribed by the Constitution and laws of the State of Alabama.

IN WITNESS WHEREOF, the City, acting by and through the City Council of the City as the governing body thereof, has caused this Warrant to be executed in its name and on its behalf by the Mayor of the City, has caused its corporate seal to be affixed hereto and the same attested by the City Clerk of the City, and has caused this Warrant to be dated the date and year specified above.

CITY OF VESTAVIA HILLS, ALABAMA

By: Ashley C. Curry  
Mayor

SEAL

Attest: [Signature]  
City Clerk

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REGISTRATION CERTIFICATE

The undersigned hereby certifies that this Warrant has been duly registered as a claim against the City of Vestavia Hills, in the State of Alabama, and the Warrant Fund referred to herein.

[Signature]  
Finance Director of the  
City of Vestavia Hills, Alabama

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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 City.

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)

\* Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the 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).

CERTIFICATE OF OFFICERS OF  
THE CITY OF VESTAVIA HILLS, ALABAMA

\_\_\_\_\_  
May 31, 2017  
\_\_\_\_\_

\_\_\_\_\_  
\$400,000 General Obligation Warrant, Series 2017-BB&T1, of even date  
of  
City of Vestavia Hills, Alabama  
\_\_\_\_\_

The undersigned duly elected, qualified and acting Mayor, City Manager, Finance Director and City Clerk of the City of Vestavia Hills, Alabama (the "Issuer") hereby certify, on and as of the above date, as follows:

CERTIFICATION OF FACTS

1. This Certificate is executed and delivered in connection with the issuance of the above-referenced warrant by the Issuer pursuant to the within-referenced Warrant Ordinance and may be relied upon for all purposes thereof by:

- (i) Maynard, Cooper & Gale, P.C., as bond counsel; and
- (ii) Branch Banking and Trust Company, as purchaser of the Warrant.

2. The names of the officers and the members of the City Council of the Issuer, the governing body of the Issuer (the "Council"), who are serving current terms are as follows:

<u>Name</u>	<u>Term Expires</u>
Ashley C. Curry, Mayor	November 2020
Kimberly Cook	November 2020
Paul J. Head	November 2020
George Pierce	November 2020
Rusty Weaver	November 2020

3. Each of the foregoing officers and members of the Council has duly filed his or her oath of office and each of them legally required to give bond or other undertaking has filed such bond or undertaking in form and amount and at the time required by law and has otherwise duly qualified and each is the acting officer holding the office stated immediately following his or her name.

4. Regular meetings of the Council are held on the second and fourth Mondays in each month in City Hall at 6:00 p.m. pursuant to the laws of the State of Alabama and as fixed by public order of the Council.

5. The population of the Issuer according to the 2010 Federal Census was 34,033.

6. The Issuer is now and has been for more than 50 years a municipal corporation duly organized and existing and operating under the laws of Alabama. No proceedings for the dissolution of the Issuer have ever been taken.

7. The seal affixed hereto is the officially adopted corporate seal of the Issuer and the undersigned Clerk is the official custodian thereof and is duly authorized to affix the same to bonds, warrants, contracts, certificates and other obligations and documents of the Issuer and to certify copies of the minutes, proceedings and records of the Issuer and the Council.

8. (a) At a regular meeting held on May 22, 2017, the Council considered and adopted Ordinance No. 2709 (the "Warrant Ordinance") approving the issuance of the above-referenced warrant (the "Warrant").

(b) A true, correct and complete copy of the Warrant Ordinance and related proceedings are attached hereto as Exhibit A.

(c) The minutes and records of the Issuer show that the substance of the Warrant Ordinance, and the terms of the Warrant, were considered and discussed by a quorum of the Council at the regular meetings thereof on March 27, 2017 and April 10, 2017.

(d) The Warrant Ordinance has not been repealed, amended, revoked or changed and is still in full force and effect.

(e) Capitalized terms not otherwise defined herein are used as defined in the Warrant Ordinance.

9. The undersigned Mayor has manually executed the Warrant and the undersigned Clerk has manually attested the Warrant. The undersigned Clerk has manually affixed the official corporate seal of the Issuer to the Warrant. The undersigned Finance Director of the Issuer has registered the Warrant as a claim against the Issuer and has manually executed the Registration Certificate on the Warrant. The Warrant is in the form provided therefor in the Warrant Ordinance and has been executed as provided therein. No obligation of the Issuer other than the Warrant has been issued pursuant to the Warrant Ordinance.

10. On the date of execution of the Warrant, on the date of adoption of the Warrant Ordinance, and on this date, the undersigned were and now are the duly elected or appointed, qualified and acting officers of the Issuer, holding the respective offices set forth on the signature page hereof, as indicated by our signatures thereon and hereon.

11. We have no knowledge or information of any agreement, representation, condition, understanding or stipulation, whether oral or written or expressed or implied, respecting the authorization of the Warrant or the terms of the sale thereof, or the disposition or other dealing with the proceeds of the Warrant, other than as set forth in the Warrant Ordinance, the closing papers of which this certificate forms a part, and in the other documents which have been furnished to counsel for their examination. None of the proceedings, records or representations which have been certified to the purchaser to whom the Warrant is delivered or to bond counsel have been repealed, amended or changed, and there has been no change in the facts affecting the Warrant.

12. (a) There is no litigation of any nature pending or threatened in any court restraining, enjoining or in any manner questioning the validity or legality of any of the following: the corporate existence of the Issuer; the territorial boundaries of the Issuer; the election or title of any of the aforesaid persons as officers of the Issuer; the Warrant; the Warrant Ordinance or any term or provision thereof; the purposes for which the Warrant is issued; the application of the proceeds of the sale of the Warrant; the constitutionality of any statute or the validity of any proceedings relative to the Warrant; the taxing power of the Issuer to pay the Warrant; or any other matter referred to in this certificate.

(b) There does not exist any action, investigation, proceeding or suit pending, or threatened in writing, which, if adversely determined, could materially and adversely affect (i) the financial condition of the Issuer or (ii) the ability of the Issuer to perform its obligations under the Warrant Ordinance.

13. The findings, determinations, representations and warranties on the part of the Issuer set forth in the Warrant Ordinance are true and correct in all respects on the date hereof.

14. The constitutional debt margin of the City is as follows:

<u>Net assessed value of taxable property,</u> including motor vehicles, after exemptions as of September 30, 2016	\$700,120,010.00 <sup>[1]</sup>
Debt limit (20% of net assessed value)	140,024,002.00
Outstanding general obligation debt	68,859,378.34 <sup>[2]</sup>
Total debt chargeable against limit	<u>68,859,378.34</u>
Constitutional debt margin	<u>\$71,164,623.66</u>

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[1] As reported by Tax Assessors of Jefferson and Shelby Counties, Revenue Department of Jefferson County (motor vehicles) and Judge of Probate of Shelby County (motor vehicles) for fiscal year ending September 30, 2016.

[2] The outstanding general obligation debt of the City includes (a) the total General Obligation Warrants outstanding of \$63,373,949.34 after the issuance of the Series 2017-BB&T1 Warrant and Series 2017-BB&T2 Warrant, and (b) capitalized leases of \$3,423,967 and (c) the long-term portion of the accrued compensated absences of the City as of September 30, 2016 of \$2,061,462.

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15. The execution and delivery of the Warrant and the Warrant Ordinance and the compliance with the respective provisions thereof, under the circumstances contemplated thereby, do not and will not conflict with, or constitute on the part of the Issuer a breach of or default under, any material provision of any agreement, indenture, mortgage, contract, lease, regulation, court order, or consent decree to which the Issuer is a party or is subject.

16. On the date of this Certificate, the Warrant was delivered to Branch Banking and Trust Company, as purchaser, in exchange for the purchase price of the principal amount of the Warrant as provided in the Warrant Ordinance.

#### RELIANCE BY COUNSEL

17. Maynard, Cooper & Gale, PC may specifically rely upon each representation and warranty set forth herein for the purpose of delivering any legal opinion with respect to the Warrant and the Warrant Ordinance.

## CERTIFICATION OF EXECUTION AND SIGNATURES

IN WITNESS WHEREOF, each of the undersigned officers of the City of Vestavia Hills, Alabama, hereby certifies that such officer validly holds and executes the office set forth under his name below, that the signature thereof hereon is the true and correct signature of such officer, and that such officer has executed this Certificate in the name and on behalf of the City, under seal, having been duly authorized thereunto pursuant to the within-referenced Warrant Ordinance, on the date and year first above written.

SEAL



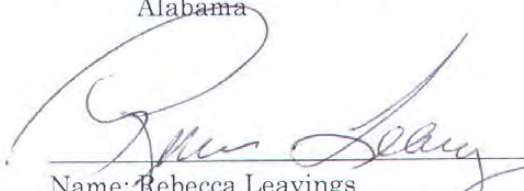
Name: Ashley C. Curry

Office: Mayor of the City of Vestavia Hills, Alabama



Name: Jeff Downes

Office: City Manager of the City of Vestavia Hills,  
Alabama



Name: Rebecca Leavings

Office: City Clerk of the City of Vestavia Hills,  
Alabama



Name: Melvin Turner, III

Office: Finance Director of the City of Vestavia Hills,  
Alabama

EXHIBIT A

Warrant Ordinance

EXCERPTS FROM THE MINUTES OF A REGULAR MEETING OF  
THE CITY COUNCIL OF THE CITY OF VESTAVIA HILLS, ALABAMA

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Ordinance Authorizing the Issuance of  
\$400,000  
General Obligation Warrant  
Series 2017-BB&T1

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The City Council of the City of Vestavia Hills met in regular public session at the City Hall in the City of Vestavia Hills, Alabama, at 6:00 p.m. on May 22, 2017. The meeting was called to order by the Mayor, and the roll was called with the following results:

Present: Ashley C. Curry, Mayor  
Kimberly Cook  
Paul J. Head  
George Pierce  
Rusty Weaver

Absent: None

\* \* \*

The Mayor stated that a quorum was present and that the meeting was open for the transaction of business.

\* \* \*

Thereupon, the following ordinance was introduced in writing by the Mayor and considered by the City Council:

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ORDINANCE NO. 2709

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CITY OF VESTAVIA HILLS, ALABAMA

For

\$400,000  
GENERAL OBLIGATION WARRANT  
SERIES 2017-BB&T1

Adopted: May 22, 2017

ORDINANCE NO. 2709

AN ORDINANCE AUTHORIZING THE ISSUANCE AND MAKING PROVISION  
FOR THE PAYMENT OF \$400,000 GENERAL OBLIGATION WARRANT  
SERIES 2017-BB&T1

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BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF VESTAVIA HILLS,  
ALABAMA, as follows:

ARTICLE 1

Rules of Construction and Definitions of Terms

Section 1.01 Rules of Construction

For all purposes of this Ordinance, except as otherwise expressly provided or unless the context otherwise requires:

(a) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular.

(b) All references in this Ordinance to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this Ordinance as originally adopted.

(c) The terms "herein", "hereof" and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular Article, Section or other subdivision.

Section 1.02 Definitions of Terms

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:

**Authorized Denominations** means an amount equal to the principal amount of the Warrant at any time outstanding.

**Business Day** means a day, other than a Saturday or a Sunday, on which commercial banking institutions are open for business in the State.

**City** means the City of Vestavia Hills, Alabama and its successors and assigns.

**Code** means 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.

**Enabling Law** means Section 11-47-2 of the Code of Alabama 1975, as amended.

**Federal Securities** means direct general obligations of the United States of America or any securities on which the payment of the principal and interest are unconditionally guaranteed by the United States of America.

**Fiscal Year** means 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.

**Holder** when used with respect to any Warrant means the Person in whose name such Warrant is registered in the Warrant Register.

**Net Warrant Proceeds** means the net proceeds received from the sale of the Warrant.

**Ordinance** means this Ordinance as originally adopted or as it may from time to time be supplemented, modified or amended.

**Person** means and includes any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or agency or political subdivision thereof.

**Qualified Investments** means:

- (a) Federal Securities or a trust or fund consisting of Federal Securities;
- (b) Obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America:
  - (1) Farmers Home Administration;
  - (2) General Services Administration;
  - (3) U.S. Maritime Administration;
  - (4) Small Business Administration;
  - (5) Government National Mortgage Association (GNMA);
  - (6) U.S. Department of Housing and Urban Development (HUD);
  - (7) Federal Housing Administration (FHA);
- (c) U.S. dollar denominated deposit accounts and certificates of deposit with banks or savings associations which are qualified public depositories under the laws of the State of Alabama; or
- (d) any investment, obligation, or security at any time permitted by the laws of the State of Alabama for the investment or security of municipal or public funds, including without limitation Section 11-81-21 of the Code of Alabama 1975.

**Series 2017 Capital Improvements** means the real property and improvements to be acquired by the Net Warrant Proceeds for a public park.

**State** shall mean the State of Alabama.

**Tax Certificate and Agreement** shall mean that certain Tax Certificate and Agreement by the City delivered in connection with the Warrant.

**Warrant** means the General Obligation Warrant, Series 2017-BB&T1, dated the date of delivery, authorized to be issued pursuant to the provisions of this Ordinance.

**Warrant Fund** means the fund established pursuant to Section 5.02 hereof.

**Warrant Register** shall have the meaning assigned in Section 4.01.

## ARTICLE 2

### Source of Payment of Warrant

#### Section 2.01 Source of Payment of Warrant

(a) The indebtedness evidenced and ordered paid by the Warrant shall be a general obligation of the City and shall be secured by an irrevocable and sacred pledge of the full faith, credit and taxing power of the City.

(b) The Warrant is solely an obligation of the City and shall never constitute an indebtedness, pecuniary liability, or charge against the general credit or taxing power of the State of Alabama or any other political subdivision therein or thereof.

#### Section 2.02 Officers and Members of the Governing Body of the City Exempt from Individual Liability

By acceptance of the Warrant, the Holder thereof shall have agreed that no recourse under or upon any covenant or agreement of this Ordinance or of the Warrant, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future officer, employee, or member of the governing body of the City, or of any successor of any thereof, and all such liability of every name and nature, either at common law or in equity or by constitution or statute, and any and all such rights and claims against every such officer, employee, or member of the governing body of the City as such, are hereby expressly waived and released as a condition of, and as a consideration for, the issuance of the Warrant.

## ARTICLE 3

### The Warrant

#### Section 3.01 Determinations and Representations Respecting the Warrant

The City, upon evidence duly presented to and considered by it, does hereby find, determine and represent as follows:

(a) It is necessary and desirable and in the public interest for the City to issue the Warrant to provide for the following purposes:

- (1) to provide for payment of the costs of the Series 2017 Capital Improvements; and
- (2) to pay issuance expenses of the Warrant.

(b) The City is not in default with respect to any long-term indebtedness of the City, and no such default is imminent.

(c) The City has the power and authority under the Enabling Law to authorize and issue the Warrant for the purposes provided herein.

(d) The assessed valuation of the taxable property in the City for the preceding fiscal year (ending September 30, 2016) is not less than \$700,120,010, and the total indebtedness of the City chargeable against the debt limitation for the City prescribed by the Constitution of Alabama of 1901 is not more than twenty percent of said assessed valuation.

#### Section 3.02 Authorization and Description of Warrant

(a) Pursuant to the Constitution and laws of the State of Alabama, including particularly the Enabling Law, there is hereby authorized to be issued a series of warrants, as a single certificated warrant, in the principal amount of \$400,000, for the purposes set forth in Section 3.01(a).

(b) The Warrant shall be designated "General Obligation Warrant, Series 2017-BB&T1," shall be in fully registered form, without coupons, shall be in Authorized Denominations and shall be dated the date of delivery.

(c) (1) Interest on the Warrant shall be determined on the basis of a 360-day year of 12 months of 30 days each.

(2) The Warrant shall bear interest at the per annum rate set forth therein.

(d) The Warrant shall be payable as to principal and interest as provided therein.

(e) The Warrant is subject to redemption prior to maturity upon the circumstances, in the manner, on the dates, in the amounts and order, at the redemption prices and upon the notice as provided in the Warrant.

(f) The form of the Warrant and the assignments appertaining thereto shall be substantially as follows, with appropriate changes, variations and insertions as provided herein:

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This Warrant has not been registered under the Securities Act of 1933, as amended, or under any state securities law, in reliance upon applicable exemptions. This Warrant, or any interest herein, may only be transferred in compliance with federal and state securities laws and as provided in the Ordinance under which this Warrant is issued as referenced herein.

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This Warrant is payable only to, and is transferable only by, the registered owner set forth in the Warrant Register. All payments of principal of and interest on this Warrant shall forever discharge all obligations of the City therefor. Each transferee of this Warrant takes it subject to all payments theretofore made hereon and all rights and defenses of the City at law or in equity.

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UNITED STATES OF AMERICA  
STATE OF ALABAMA

CITY OF VESTAVIA HILLS, ALABAMA  
GENERAL OBLIGATION WARRANT  
SERIES 2017-BB&T1

No. R-1

DATED DATE:	INTEREST RATE:	MATURITY DATE:
May __, 2017	Applicable Rate as determined herein	May __, 2021

The CITY OF VESTAVIA HILLS, a municipal corporation organized and existing under and by virtue of the laws of the State of Alabama (the "City"), for value received, hereby acknowledges itself indebted to

BRANCH BANKING AND TRUST COMPANY

or registered assigns (collectively, the "Holder") in the principal amount of

FOUR HUNDRED THOUSAND DOLLARS  
(\$400,000)

and hereby orders and directs the Finance Director (or any successor to the duties and functions thereof) of the City to pay to said payee or registered assigns, solely from the Warrant Fund hereinafter designated, said principal amount, and to pay, solely from said Warrant Fund, interest on the unpaid principal balance of said principal amount until payment in full, at the Interest Rate per annum specified above, in installments as follows:

(a) On May \_\_, 2018, and on each May \_\_ thereafter, until and including April 28, 2020, an amount equal to the principal amount of this Warrant becoming due and payable on each such date, as set forth below, plus interest accrued thereon to each such date of payment:

<u>Date</u>	<u>Principal Amount</u>
05/__/2018	\$47,330.00
05/__/2019	48,267.13
05/__/2020	49,222.82

(b) On the Maturity Date specified above, an amount equal to the principal amount of this Warrant then outstanding plus interest accrued thereon to (but not including) such date of payment.

**Authority for Issuance; Source of Payment and Security; Reference to Ordinance**

This Warrant (the "Warrant"), is issued pursuant to the authority of the Constitution and laws of the state of Alabama and an ordinance and proceedings of the City duly held, passed and conducted (the "Ordinance").

Capitalized terms used herein without definition shall have the respective meanings assigned thereto in the Ordinance.

The indebtedness evidenced and ordered paid by the Warrant shall be a general obligation of the City and shall be secured by an irrevocable and sacred pledge of the full faith, credit and taxing power of the City.

The Warrant is solely an obligation of the City and shall never constitute an indebtedness, pecuniary liability, or charge against the general credit or taxing power of the State of Alabama or any other political subdivision therein or thereof.

Reference is hereby made to the Ordinance for a description of the nature and extent of the security afforded by the Ordinance, the rights and duties of the City with respect thereto, and the terms and conditions upon which the purchase, transfer and exchange of the Warrant is to be made, to and by all of which terms, conditions and provisions of the Ordinance the owner of this Warrant, by the acquisition hereof, hereby assents and agrees to be bound.

**Definition of Interest Rate Terms**

Interest shall accrue on the outstanding principal amount of this Warrant at the Applicable Rate on the basis of a 360-day year of 12 months of 30 days each.

During any period in which the Applicable Rate is the Taxable Rate, the Lender shall determine the Applicable Rate on each day on which any change in such rate becomes effective, as provided therefor.

For purposes hereof, the following terms have the following meanings:

Applicable Rate shall mean:

- (a) the Tax-Exempt Rate for the period beginning on the date of delivery of this Warrant and ending on the date immediately preceding the Taxability Date; and
- (b) the Taxable Rate for the period beginning on the Taxability Date and continuing thereafter.

Taxability Date shall mean the earliest date from which interest paid in respect of this Warrant is determined to be Taxable.

Taxable shall mean that interest on this Warrant is includable in the gross income of the Holder in the computation of federal income tax liability or that the Warrant is not a "qualified tax-exempt obligation" within the meaning of Section 265(b) of the Code; provided, however, interest on the Warrant shall not be deemed "Taxable" because interest is includable in any calculation of income for purposes of an alternative minimum tax or any other type of taxation other than the regular federal tax imposed on income.

Taxable Rate shall mean an interest rate per annum (fixed, or variable subject to periodic adjustment) that would provide the Holder an after-tax yield on the then outstanding principal amount of this Warrant at least equal to the after-tax yield the Holder would have received if interest on this Warrant had not been determined to be Taxable.

Tax-Exempt Rate shall mean a per annum fixed rate of interest equal to one and ninety-eight one-hundredths of one percent (1.98%).

#### Payment; Warrant Fund

The principal of and interest on the Warrant shall be paid by the City to the Holder as provided in the Ordinance.

The City has established in the Ordinance a special fund designated "Warrant Fund" for the payment of the principal of and interest on the Warrant and has obligated itself to pay or cause to be paid into the Warrant Fund, from the revenues or funds of the City, sums sufficient to provide for the payment of the principal of and interest on the Warrant as the same shall become due and payable.

#### Redemption

This Warrant will be subject to prior redemption at the option and direction of the City, on any Business Day, in whole (but not in part), at a redemption price equal to the outstanding principal amount hereof plus accrued interest to the redemption date, without premium or penalty.

The City may redeem this Warrant upon five days' written notice thereof to the Holder.

Upon payment of the redemption price for this Warrant, interest shall cease to accrue on this Warrant from and after the date of payment of such redemption price.

### Registration, Transfer and Exchange

This Warrant is recorded and registered as to principal and interest in the name of the registered owner on the Warrant Register.

This Warrant may be transferred by the registered owner in person or by authorized attorney, only on the Warrant Register maintained by the City and only upon compliance with the Ordinance with respect thereto.

The Ordinance provides that the registered owner of this Warrant, by receiving or accepting this Warrant, consents and agrees and is estopped to deny that this Warrant may be transferred only upon compliance with the provisions of the Ordinance.

### General

The Ordinance provides that, as a condition of, and a consideration of, the issuance of this Warrant, the registered owner of this Warrant shall have agreed that no covenant or agreement contained in this Warrant or in the Ordinance shall be deemed to be a covenant or agreement of any officer, agent, employee, or member of the governing body of the City in its individual capacity and none of such parties or persons nor any officer executing this Warrant shall be liable personally on this Warrant or be subject to any personal liability or accountability by reason of the issuance of this Warrant.

It is hereby recited, certified and declared that the indebtedness evidenced and ordered paid by this Warrant is lawfully due without condition, abatement or offset of any description, that this Warrant has been registered in the manner provided by law, that all acts, conditions and things required by the Constitution and laws of the State of Alabama to happen, exist and be performed precedent to and in the authorization, execution, registration and issuance of this Warrant and the adoption of the Ordinance, have happened, do exist and have been performed in due time, form and manner as so required by law and that the principal amount of this Warrant, together with all other indebtedness of the City, are within every debt and other limit prescribed by the Constitution and laws of the State of Alabama.

IN WITNESS WHEREOF, the City, acting by and through the City Council of the City as the governing body thereof, has caused this Warrant to be executed in its name and on its behalf by the Mayor of the City, has caused its corporate seal to be affixed hereto and the same attested by the City Clerk of the City, and has caused this Warrant to be dated the date and year specified above.

CITY OF VESTAVIA HILLS, ALABAMA

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

SEAL

Attest: \_\_\_\_\_  
City Clerk

---

REGISTRATION CERTIFICATE

The undersigned hereby certifies that this Warrant has been duly registered as a claim against the City of Vestavia Hills, in the State of Alabama, and the Warrant Fund referred to herein.

\_\_\_\_\_  
Finance Director of the  
City of Vestavia Hills, Alabama

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## 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 City.

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)

\* Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the 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 3.03     Execution, Authentication and Delivery of Warrant**

The Warrant shall be executed in the name of and on behalf of the City by signature of the Mayor, shall be sealed with the seal of the City imprinted thereon, and said seal and said Warrant shall be attested by the City Clerk of the City. The Warrant shall be registered by the Finance Director of the City as a claim against the City and the Warrant Fund. The Mayor, the City Clerk and the Finance Director of the City are hereby authorized and directed to so execute, attest and register the Warrant as provided above. The signature of officers in office on the date of signing thereof shall be valid and binding obligations, notwithstanding that before the delivery and payment therefor, such officers whose signatures appear thereon shall have ceased to be officers of the City.

### **Section 3.04     Sale and Delivery of Warrant; Closing Papers**

(a)     The Warrant is hereby sold to Branch Banking and Trust Company, upon the payment to the City of the purchase price of the Net Warrant Proceeds. The City has determined that the sale of the Warrant to such purchaser on such terms is most advantageous to the City.

(b)     The Warrant shall be delivered to such purchaser upon the payment to the City of the aforesaid purchase price. The Mayor and the City Clerk, or either of them, are hereby authorized and directed to effect such delivery and in connection therewith to execute and deliver the Tax Certificate and Agreement and such certificates and notices containing such representations as are required to demonstrate the legality and validity of the Warrant; the exemption of interest on the Warrant from State of Alabama income taxation; and the absence of pending or threatened litigation with respect to any of such matters.

(c)     The City Clerk shall give a receipt to the purchaser for the purchase price paid, and such receipt shall be full acquittal to the purchaser and said purchaser shall not be required to see to, or be responsible for, the application of the proceeds of the Warrant. Nevertheless, the proceeds of the Warrant shall be held in trust and applied solely for the purposes specified in this Ordinance.

### **Section 3.05     Application of Proceeds of Warrant**

The Net Warrant Proceeds shall be held by the City and applied, in the discretion of the City, to the payment of (i) the costs of the Series 2017 Capital Improvements, (ii) the expenses of issuing the Warrant, and (iii) such costs and fees as may be incurred by the City in connection with the public park and recreation facilities of the City.

### **Section 3.06     Amendment of Series 2017 Capital Improvements**

The City may apply any portion of the Net Warrant Proceeds for the acquisition, construction or installation of any property not included within, or described as part of, the Series 2017 Capital Improvements, if prior thereto: (a) the governing body of the City adopts an ordinance in which the City describes the property to be so acquired, constructed or installed and authorizes the use of Net Warrant Proceeds for such purpose, and (b) the City files in the office of the City Clerk an opinion of counsel from an attorney or firm of attorneys with experience in the matters to be covered by such opinion to the effect the use of Net Warrant Proceeds to acquire, construct, or install such property is authorized by law and will not cause the interest on the Warrant to be Taxable.

## ARTICLE 4

### Registration and Transfer of Warrant

#### Section 4.01 Registration of Warrant

The City shall maintain a register (the "Warrant Register") in which, subject to such reasonable regulations as it may prescribe, the City shall provide for the registration of the Warrant and registration of transfers of the Warrant entitled to be registered or transferred as herein provided.

#### Section 4.02 Registration, Transfer, and Exchange of Warrant; Replacement of Mutilated, Lost, Destroyed or Stolen Warrant

(a) The Warrant will be registered in the names of the Holder thereof on the Warrant Register.

(b) (1) This Warrant may be transferred by the registered owner in person or by authorized attorney, only upon the Warrant Register and only:

(i) to a "qualified institutional buyer" under Rule 144A under the Securities Act of 1933, as amended, or an "accredited investor" (as defined in 17 CFR Section 230.501(a)(1), (2), (3), (7), or (8)) with respect to whom the registered owner of the Warrant shall have given prior written notice to the City of the identity and address thereof and who shall have delivered to the City in writing representations from the transferee (A) as to the status thereof as such "qualified institutional buyer" or "accredited investor" and (B) that such transferee has reviewed this Ordinance and verified the principal amount of the Warrant then outstanding; and

(ii) upon surrender of the Warrant to the City, with a written instrument of transfer acceptable to the City executed by the registered owner or his duly authorized attorney; and

(iii) upon payment of any tax or governmental charge required to be paid with respect thereto plus the expenses of the City incurred in connection therewith.

(2) Upon surrender for transfer of any Warrant, the City shall execute, in the name of the designated transferee or transferees, one or more new Warrants in a principal amount equal to the principal amount of the Warrant so presented.

(3) The City will not register the transfer of the Warrant from and after the Maturity Date set forth in the Warrant.

(c) The registered owner of the Warrant will be required to pay any expenses incurred in connection with the replacement of a mutilated, lost, stolen or destroyed Warrant.

(d) Each Warrant issued upon any transfer or exchange of the Warrant shall be the valid obligation of the City and be entitled to the same security and benefits under this Ordinance as the Warrant surrendered upon such transfer or exchange, and every new Warrant issued pursuant to this Section in lieu

of any destroyed, lost or stolen Warrant shall constitute an original additional contractual obligation of the City, whether or not the destroyed, lost or stolen Warrant shall be at any time enforceable by anyone.

(e) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Warrant.

(f) The registered owner of the Warrant, by receiving or accepting the Warrant, consents and agrees and is estopped to deny that the Warrant may only be transferred only upon compliance with the provisions of this Ordinance.

## ARTICLE 5

### Payment of Warrant

#### Section 5.01 Payment of Warrant; Payment Dates; Persons Deemed Owners

(a) The City and any agent of the City shall treat the Person in whose name the Warrant is registered on the Warrant Register as the only owner of such Warrant for the purpose of receiving payment of principal of and interest on such Warrant and for all other purposes whatsoever, whether or not such Warrant be overdue, and, to the extent permitted by law, neither the City nor any such agent shall be affected by notice to the contrary.

(b) The City shall pay the principal of and interest on the Warrant to the Holder, in lawful money of the United States of America without deduction for exchange, fees, or expenses by the City, at the address and in the manner directed by the Holder to the City in writing.

(c) If any payment on the Warrant is due on a day which is not a Business Day, such payment shall be made on the first succeeding day which is a Business Day with the same effect as if made on the day such payment was due.

(d) All payments by the City of principal of and interest on the Warrant shall be valid and effectual to forever satisfy and discharge the liability of the City to the extent of the amounts so paid.

#### Section 5.02 The Warrant Fund

(a) (1) There is hereby established a special fund which shall be designated the "Warrant Fund".

(2) The City shall be the depository, custodian and disbursing agent for the Warrant Fund.

(3) The money in the Warrant Fund shall be used only to pay principal of and interest on the Warrant as the same shall become due and payable.

(b) The City shall deposit in the Warrant Fund:

(1) such amounts at such times as shall be required to provide for the due and punctual payment of the principal of and interest on the Warrant when and as such principal and interest becomes due and payable pursuant to the Warrant;

(2) any money required to be deposited in the Warrant Fund pursuant to this Ordinance.

(c) The City shall collect the revenues, income, taxes, assets and resources of the City and the City shall promptly deposit into the Warrant Fund from the aforesaid sources all amounts required to be deposited in the Warrant Fund at the times therefor.

(d) (1) The City acknowledges that deposits and transfers to the Warrant Fund required by this Section have been calculated to provide amounts which will be sufficient to pay the principal of and interest on the Warrant as the same shall become due and payable.

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

(e) The City agrees that (i) all money transferred to or deposited in the Warrant Fund shall be applied to the payment of principal of and interest on the Warrant within 13 months from the date of such transfer or deposit and (ii) all income and profits received from investment of money in the Warrant Fund shall be applied to the payment of principal of and interest on the Warrant within 12 months from the date of receipt of such income or profits.

#### **Section 5.03     Investment of and Security For Warrant Fund**

(a) The City shall invest money in the Warrant Fund in Qualified Investments. Investments shall be made so 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 anticipates that money from the Warrant Fund will be required hereunder.

(b) All income derived from the investment of money on deposit in the Warrant Fund shall remain therein and be credited against the next ensuing deposit specified therefor, and all losses resulting from liquidation of investments in the Warrant Fund shall be charged thereto and added to the next ensuing deposit specified therefor.

#### **Section 5.04     Expenses of Collection**

The City hereby covenants and agrees that, if the principal of and interest on the Warrant is not paid promptly as such principal and interest matures and comes due, it will pay to the Holder of the Warrant all expenses reasonably incurred in any action for the collection of any unpaid portion of the Warrant, including reasonable attorneys' fees.

## ARTICLE 6

### Federal Tax Matters

(a) The City covenants and agrees to duly and punctually observe and perform all agreements and covenants thereof under the Tax Certificate and Agreement.

(b) The City covenants and agrees that it will not take any action, or fail to take any action, with respect to the Warrant that would cause the interest on the Warrant not to be and remain excludable from gross income under Section 103 of the Code.

(c) The City hereby designates the Warrant as a "qualified tax-exempt obligation" for purposes of paragraph (3) of subsection (b) of Section 265 of the Code and in connection therewith and after due investigation and consideration, finds, determines and declares that the amount of tax-exempt obligations that have heretofore during the current calendar year (2017) been issued by the City and by all subordinate entities of the City and the reasonably anticipated amount of tax-exempt obligations that will be issued by the City and its subordinate entities during the current calendar year will not exceed the sum of \$10,000,000.

## ARTICLE 7

### Agreements of City

#### **Section 7.01**    Provision of Information

The City agrees to provide to the Holder of the Warrant:

(a) A copy of information required to be filed by the City under 17 CFR Section 240.15c2-12 within ten (10) days of such filing; and

(b) Such other information respecting the financial condition and operations of the City as the Holder shall reasonably request in writing and as shall not be subject to applicable privacy laws, rules or regulations; confidentiality agreements; or any privilege.

#### **Section 7.02**    Participations

The City agrees that the Holder may from time to time enter into a participation agreement or agreements with one or more persons (the "Participants"), pursuant to which the Participants shall be given participations in the Warrant, and that the Participants may from time to time similarly grant to one or more other persons (also included in the term "Participants") subparticipations in the Warrant; provided, that (i) no participation shall increase any liability of the City, and (ii) the City shall have no direct obligation or responsibility to a Participant and shall correspond and deal only with the Holder for the observance and performance of the respective obligations of the City and the Holder under this Ordinance. Any Holder may divulge to any Participant all information, reports, financial statements, certificates and documents obtained by it from the City or any other person under any provisions of this Ordinance or otherwise.

## ARTICLE 8

### Provisions of General Application

#### Section 8.01 Effect of Headings and Table of Contents

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

#### Section 8.02 Binding Effect Upon Successors and Assigns

All the covenants, stipulations, promises and agreements in this Ordinance contained by or on behalf of the City shall inure to the benefit of and bind its successors and assigns.

#### Section 8.03 Governing Law

This Ordinance shall be construed in accordance with and governed by the laws of the State of Alabama.

#### Section 8.04 Repeal of Conflicting Provisions

All ordinances, resolutions and orders or parts thereof in conflict with this Ordinance are, to the extent of such conflict, hereby repealed.

## ARTICLE 9

### Provision of Ordinance a Contract; Enforceability and Severability; Remedies

(a) The terms, provisions and conditions set forth in this Ordinance constitute a contract between the City and the registered owners of the Warrant and shall remain in effect until the principal of and interest on the Warrant shall have been paid in full.

(b) The provisions of this Ordinance are severable. In the event that any one or more of such provisions or the provisions of the Warrant shall, for any reason, be held illegal or invalid, such illegality or invalidity shall not affect the other provisions of this Ordinance or of the Warrant, and this Ordinance and the Warrant shall be construed and enforced as if such illegal or invalid provision had not been contained herein or therein.

(c) The City agrees (i) the registered owners of the Warrant shall have all rights and remedies for the enforcement of the Warrant and this Ordinance as may be provided by the laws of the State of Alabama, including particularly the Enabling Law, and (ii) the Finance Director (or any successor to the duties and functions thereof) of the City is subject to mandamus in the event such officer has money available for payment of principal of and interest on the Warrant and does not, as required by this Ordinance, deposit such money in the Warrant Fund, when and as required by Section 5.02 of this Ordinance in each Fiscal Year, and apply such proceeds (and investment earnings thereon) to the payment of the principal of and interest on the Warrant when and as the same become due and payable in each Fiscal Year in amounts sufficient for such purposes.

DONE, ORDERED, ADOPTED and APPROVED this May 22, 2017.

Ashley C. Curry  
Mayor

SEAL

Attest: \_\_\_\_\_

[Signature]  
City Clerk

After said ordinance had been discussed and considered in full by the Council, it was moved by Councilmember Pierce that said ordinance be now placed upon its final passage and adopted. The motion was seconded by Councilmember Weaver. The question being put as to the adoption of said motion and the final passage and adoption of said ordinance, the roll was called with the following results:

Ayes: Ashley C. Curry, Mayor  
Kimberly Cook  
Paul J. Head  
George Pierce  
Rusty Weaver

Nays: None

The Mayor thereupon declared said motion carried and the ordinance passed and adopted as introduced and read.

\* \* \* \*

There being no further business to come before the meeting, it was moved and seconded that the meeting be adjourned. Motion carried.

**Approval of Minutes:**

Each of the undersigned does hereby approve, and waive notice of, the date, time, place and purpose of the meeting of the City Council of Vestavia Hills recorded in the above and foregoing minutes thereof and does hereby approve the form and content of the above and foregoing minutes and ordinance therein.

Ashley C. Curry  
Mayor

[Signature]  
Member of the City Council

Kelly B. Cox  
Member of the City Council

[Signature]  
Member of the City Council

[Signature]  
Member of the City Council

SEAL

Attest: [Signature]  
City Clerk

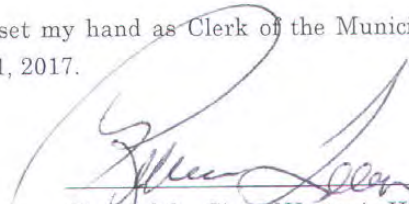
STATE OF ALABAMA        )

JEFFERSON COUNTY        )

CERTIFICATE OF CITY CLERK

I, the undersigned, do hereby certify that (1) I am the duly elected, qualified and acting City Clerk of the City of Vestavia Hills, Alabama (the "Municipality"); (2) as Clerk of the Municipality I have access to all original records of the Municipality and I am duly authorized to make certified copies of its records on its behalf; (3) the above and foregoing pages constitute a complete, verbatim and compared copy of excerpts from the minutes of a regular meeting of the City Council of the Municipality duly held on May 22, 2017, the original of which is on file and of record in the minute book of the City Council in my custody; (4) the ordinance set forth in such excerpts is a complete, verbatim and compared copy of such ordinance as introduced and adopted by the City Council on such date; and (5) said ordinance is in full force and effect and has not been repealed, amended or changed.

IN WITNESS WHEREOF, I have hereunto set my hand as Clerk of the Municipality and have affixed the official seal of the Municipality, this May 31, 2017.

  
\_\_\_\_\_  
Clerk of the City of Vestavia Hills, Alabama

SEAL

May 31, 2017

City of Vestavia Hills, Alabama

Branch Banking and Trust Company

**Re: \$400,000 General Obligation Warrant, Series 2017-BB&T1, of even date,  
issued by the City of Vestavia Hills, Alabama**

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Ladies and Gentlemen:

We have acted as bond counsel to the City of Vestavia Hills, Alabama (the "City") for the purpose of rendering the within opinions in connection with the issuance of the above-referenced warrant (the "Series 2017-BB&T1 Warrant") by the City pursuant to Ordinance No. 2709 duly adopted by the City on May 22, 2017 (the "Warrant Ordinance").

Capitalized terms used herein without definition shall have the respective meanings assigned thereto in the Warrant Ordinance.

In rendering this opinion, we have (a) examined an executed counterpart of the Warrant Ordinance, a certificate of Branch Banking and Trust Company, as purchaser of the Series 2017-BB&T1 Warrant (the "Warrantholder"), with respect to the acquisition and purchase of the Series 2017-BB&T1 Warrant (the "Warrantholder Certificate"), the Tax Certificate and Agreement of even date by the City (the "Tax Agreement"), the Certificate of the Officers of the City of even date (the "Officers' Certificate"), and such other certificates, proceedings, proofs, and documents, and made such studies of matters of law, as we have deemed necessary; and (b) relied, without independent investigation or inquiry, upon (i) the representations made in the Warrant Ordinance and the Officers' Certificate, and the representations and agreements made in the Tax Agreement, (ii) other certificates, proceedings, proofs and documents considered by us to be pertinent, and (iii) the agreements and representations of the Warrantholder in the Warrantholder Certificate; and (c) assumed the continuing compliance by the City with the Tax Agreement.

The opinions herein are limited to the laws of the State of Alabama and the federal laws of the United States of America.

Based on the foregoing and subject to the qualifications set forth below, we are of the opinion, as of the date hereof and under existing law, that:

(1) The Series 2017-BB&T1 Warrant is a valid and binding order upon the Finance Director of the City (and any successor to the duties and functions thereof) for the payment of the principal thereof and interest thereon and evidences and orders paid the valid general obligation indebtedness of the City.

(2) Interest on the Series 2017-BB&T1 Warrant is presently excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2017-BB&T1 Warrant in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2017-BB&T1 Warrant to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017-BB&T1 Warrant.

(3) Interest on the Series 2017-BB&T1 Warrant is exempt from present income taxation in the State of Alabama.

(4) The Warrant is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code and, in the case of a financial institution (as defined in Section 265(b)(5) of the Internal Revenue Code), a deduction is allowed for 80% of that portion of such financial institution's interest expense allocable to interest on the Warrant.

(5) The Series 2017-BB&T1 Warrant is described in Section 3(a)(2) of the Securities Act of 1933, as amended, and therefore no registration is required with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in connection with the offering and sale of the Series 2017-BB&T1 Warrant, and the Warrant Ordinance is not required to be qualified under the Trust Indenture Act of 1939, as amended.

The rights of the registered owners of the Series 2017-BB&T1 Warrant, the obligations of the City under the Series 2017-BB&T1 Warrant and the Warrant Ordinance, and the enforceability of the Warrant Ordinance, are subject to and may be limited by (i) the exercise of judicial discretion (whether in a proceeding in equity or at law), (ii) the valid exercise of the constitutional powers of the United States of America and the sovereign and police powers of the State of Alabama, and (iii) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable.

By rendering the within opinions we give no assurances that federal or state legislation will not be introduced and enacted which could adversely affect (a) the exclusion of interest on the Series 2017-BB&T1 Warrant from gross income for federal income taxation or (b) the exemption of interest on the Series 2017-BB&T1 Warrant from state income taxation or (c) the federal or state tax treatment of certain owners of the Series 2017-BB&T1 Warrant as a result of the receipt of such interest.

We have not been engaged, and therefore have not undertaken, to review or determine, and consequently express no opinion as to (a) the tax treatment of the owner of the Series 2017-BB&T1 Warrant, as a result of the receipt of the interest on the Series 2017-BB&T1 Warrant, under (i) any provision or section of the Internal Revenue Code of 1986, as amended, other than the aforesaid Section 103 thereof, or (ii) the laws of any state other than the State of Alabama; (b) the title of the City to any property; (c) the adequacy of the sources of payment of the Series 2017-BB&T1 Warrant; or (d) the accuracy, adequacy, or completeness of any financial or general information pertaining to the offering or sale of the Series 2017-BB&T1 Warrant.

The Warrantholder has represented in the Warrantholder Certificate that (a) the Warrantholder has sufficient knowledge and experience in business and financial matters to enable the Warrantholder to evaluate the merits and risks of purchase of the Series 2017-BB&T1 Warrant; (b) the Warrantholder has been provided with and has evaluated such corporate, financial and general information regarding the City as the Warrantholder deems necessary to make an informed investment judgment with respect to the purchase of the Series 2017-BB&T1 Warrant, and the engagement of Maynard, Cooper & Gale, PC, did not include services related to the compilation, verification or furnishing to the Warrantholder of information regarding the merits and risks of investment in the Series 2017-BB&T1 Warrant; (c) the Warrantholder does not have a present intention to the distribution, resale, pledging, fractionalization, subdivision or other disposition of the Series 2017-BB&T1 Warrant or any interest therein; and (d) the Warrantholder agrees that, in connection with any encumbrance, pledge, sale, transfer or other disposition of the Series 2017-BB&T1 Warrant, or any interest therein, the Warrantholder will comply with all applicable federal and state securities laws and all regulations and rulings promulgated thereunder, including without limitation all disclosure and registration requirements thereof, and all requirements of the Warrant Ordinance with respect thereto.

The opinions within are (a) limited to matters stated herein and no opinion may be inferred beyond the matters expressly stated, (b) given as of the date hereof and with the express understanding that we have no obligation to advise you or any of your successors or assigns of any changes in law or fact subsequent to the date hereof, even though such changes may affect the opinions expressed herein, (c) rendered to you solely in connection with the subject transactions and may not be relied upon by you or by any other person for any other purpose, and (d) rendered as an expression of our professional judgment as to the legal issues explicitly addressed herein, by the rendering of which we do not become an insurer or guarantor of that expression of professional judgment or of the outcome of any legal dispute that may arise with respect to any of the matters herein contained.

Faithfully yours,

*Maynard Cooper  
& Gale, PC*

MAYNARD

## TAX CERTIFICATE AND AGREEMENT

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May 31, 2017

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Re: \$400,000 General Obligation Warrant, Series 2017-BB&T1, of even date, of the City of Vestavia Hills, Alabama

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This Tax Certificate and Agreement is entered into by CITY OF VESTAVIA HILLS, ALABAMA (the "Issuer").

### ARTICLE 1

#### Introduction and Structure of Financing

##### SECTION 1.1 Identification of Issue; Definitions

(a) **Delivery.** This Agreement is delivered simultaneously and in connection with the issuance of the above-referenced Series 2017-BB&T1 Warrant by the Issuer pursuant to the within referenced Authorizing Ordinance, and may be relied upon for all purposes by:

(1) Maynard, Cooper & Gale, PC, as bond counsel;

(2) Branch Banking and Trust Company, as purchaser of the Series 2017-BB&T1 Warrant.

(b) **Definitions.**

(1) Capitalized terms not otherwise defined in this Agreement shall have the meaning assigned in the Authorizing Ordinance.

(2) For purposes hereof, the following terms have the following meanings:

**Authorizing Ordinance** shall mean Ordinance No. 2709 adopted by the Issuer on May 22, 2017 authorizing the Series 2017-BB&T1 Warrant.

**Bond Counsel** shall mean Maynard, Cooper & Gale, P.C.

**Capital Expenditures** shall have the meaning assigned in Treas. Reg. §1.150-1(b).

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

**Regulations** means final, temporary and proposed regulations promulgated pursuant to the Code.

**Series 2017-BB&T1 Warrant** shall mean the Series 2017-BB&T1 Warrant described in the caption hereto.

**Taxable** shall mean that for purposes of federal income taxation interest on the Series 2017-BB&T1 Warrant is includible in the gross income of any Holder thereof for any reason. Interest on the Series 2017-BB&T1 Warrant shall not be deemed "Taxable" because interest is includible in any calculation of income for purposes of an alternative minimum tax, a foreign branch profits tax or any other type of taxation other than the regular tax imposed on gross income.

**Warrant-Financed Facilities** shall mean the properties and interests in properties financed by the Series 2017-BB&T1 Warrant, as described on Exhibit 2.1 hereto.

**Warrantholder** shall mean Branch Banking and Trust Company, and its successors and assigns.

## **SECTION 1.2 Plan of Financing**

The Series 2017-BB&T1 Warrant is issued to acquire the Warrant-Financed Facilities.

## **SECTION 1.3 Issue Price**

The Series 2017-BB&T1 Warrant will be sold on this date to Branch Banking and Trust Company for a purchase price equal to \$400,000, the principal amount thereof.

## ARTICLE 2

### Qualification as Governmental Bonds (Section 141)

#### SECTION 2.1 Description of the Warrant-Financed Facilities

The Warrant-Financed Facilities are more particularly described on Exhibit 2.1 hereto.

#### SECTION 2.2 Use of the Warrant-Financed Facilities

(a) Except as described in this Section, no Person will have actual or beneficial use, direct or indirect, of the Warrant-Financed Facilities.

(b) The Warrant-Financed Facilities will carry out “essential governmental functions” within the meaning of Treas. Reg. §1.141-5(d)(4)(ii).

(c) The expected use of the Warrant-Financed Facilities will be as follows:

(1) **Issuer.** The Issuer will own the Warrant-Financed Facilities.

(2) **Owner.** No Person will be treated as the owner of the Warrant-Financed Facilities for federal income tax purposes other than the Issuer or another governmental person (within the meaning of Treas. Reg. §1.141-3(d)(4)).

(3) **Use of Warrant-Financed Facilities.** The Warrant-Financed Facilities will be operated only by employees of the Issuer or of another governmental person within the meaning of Treas. Reg. §1.141-3(d)(4).

(4) **Incidental Use.** The Issuer does not expect the Warrant-Financed Facilities will have any “incidental uses” within the meaning of Treas. Reg. §1.141-3(d)(5), and if and to the extent any such incidental uses do occur, such incidental uses will not involve transfer of possession and control of any of the Warrant-Financed Facilities, and such incidental uses will not, in the aggregate, involve the use of more than 2.5% of the Warrant-Financed Facilities.

(5) **Services Provided.**

Services may be provided with respect to the Warrant-Financed Facilities by nongovernmental persons, but only if:

(A) such persons are providing services that are solely incidental to the primary function or functions of the Warrant-Financed Facilities (for example, contracts for equipment repair or similar services); or

(B) such persons are providing services pursuant to contracts that comply with the guidelines of Revenue Procedure 2017-13.

(6) **Lessee or Manager.** The Warrant-Financed Facilities will not be leased to any Person and will not be managed or operated by any Person other than the Issuer or another governmental person (within the meaning of Treas. Reg. §1.141-3(d)(4)). The Issuer has no formal or informal agreement for the management, lease or use of any portion of the Warrant-Financed Facilities.

(7) **Incentive Payment Contracts.** No Person will have any contract providing for incentive payments (including any share of net profits) with respect to the use or operation of the Warrant-Financed Facilities.

(8) **General Public.** The Warrant-Financed Facilities will be used by the Issuer for general public purposes.

(9) **No Preferential Rights.** No preferential rights or priority rights are or will be established with respect to the Warrant-Financed Facilities.

(d) No portion of the Warrant-Financed Facilities has been or will be used in any private business use within the meaning of Treas. Reg. Section 1.141-3.

### **SECTION 2.3 Private Loans**

(a) The sole source of payment of the Warrant is generally applicable taxes.

(b) The City has not received, does not receive, and does not expect to receive, any payment from a private user with respect to any of the Warrant-Financed Facilities.

(c) There are no private payments being made, or to be made, with respect to the Warrant-Financed Facilities that should be taken into account for purposes of calculating the amount of private payments permitted under the Regulations.

(d) The City has no underlying arrangement with any user that would result in payments by the City that do not meet the exceptions permitted by the Regulations.

(e) No portion of the Warrant-Financed Facilities will provide, or serve as, security for the Warrant.

### **SECTION 2.4 No Private Loans**

None of the proceeds of the Warrant will be used to make or finance loans to any persons. The use of the proceeds of the Warrant to acquire the Warrant-Financed Facilities does not, and will not, create any transaction that may be characterized as loan for federal income tax purposes, in that there shall be no advance of money representing proceeds of the Warrants with an absolute promise to repay on the part of any Person (*Bankers Mortgage Co. v. Commissioner*, 142 F.2d 130 (5<sup>th</sup> Cir. 1944)).

## ARTICLE 3

### Arbitrage and Rebate (Section 148)

#### SECTION 3.1 Identification of Gross Proceeds

(a) **Gross Proceeds.** The “gross proceeds” of the Series 2017-BB&T1 Warrant for purposes of the arbitrage and rebate requirements are expected to include the following:

(1) **Sale proceeds.** Proceeds received from the sale of the Series 2017-BB&T1 Warrant. Funds and accounts established under the plan of financing that will hold sale proceeds are identified in Section 3.1(c) below.

(2) **Investment proceeds.** Investment earnings on the sale proceeds of the Series 2017-BB&T1 Warrant until such proceeds are expended for the purpose or purposes of the issue. Funds and accounts established under the plan of financing that will hold investment proceeds are identified in Section 3.1(c) below.

(3) **Replacement proceeds.**

(i) Funds and accounts established under the plan of financing that will hold replacement proceeds are described in Section 3.1(d) below.

(ii) Neither the Issuer, nor any Person related to the Issuer within the meaning of Section 147(a) of the Code and Treas. Reg. 1.150 (a “Related Person”), has on hand any funds which could legally and practically be used for the purposes for which the Series 2017-BB&T1 Warrant are issued, or to pay the interest on the Series 2017-BB&T1 Warrant, which funds are not pledged, budgeted, earmarked or otherwise necessary to be used for other purposes. Accordingly, no portion of the proceeds of the Series 2017-BB&T1 Warrant will be used (A) directly or indirectly to replace funds of the Issuer or any Related Person that could be used for the purpose for which the Series 2017-BB&T1 Warrant are issued or (B) to replace any proceeds of any prior issuance of obligations by the Issuer or any Related Person.

(iii) There are no “replacement proceeds” (within the meaning of Treas. Reg. §1.148-1(c)) of the Series 2017-BB&T1 Warrant and the Series 2017-BB&T1 Warrant will not remain outstanding longer than necessary to accomplish the governmental purposes of the Series 2017-BB&T1 Warrant (within the meaning of Treas. Reg. §1.148-10(a)(4)), in that the weighted average maturity of the Series 2017-BB&T1 Warrant (3.2806 years) is less than 120% of the average reasonably expected economic life of the capital projects financed by the Series 2017-BB&T1 Warrant.

(4) **Accrued Interest.** No accrued interest is received on the Series 2017-BB&T1 Warrant.

(b) **Funds and Accounts Established Under Plan of Financing.** The Authorizing Ordinance establishes the Warrant Fund.

(c) **Funds and Accounts Holding Sale and Investment Proceeds.** There is no fund or account that will hold sale or investment proceeds under the plan of financing.

(d) **Funds and Accounts holding Replacement Proceeds.** The only fund or account that will hold replacement proceeds under the plan of financing is the Warrant Fund.

### **SECTION 3.2 Yield on Series 2017-BB&T1 Warrant**

(a) **Initial Offering Price.** For purposes of computing yield on the Series 2017-BB&T1 Warrant, the initial offering price of the Series 2017-BB&T1 Warrant is \$400,000.

(b) **Simultaneous Issues.** There are no tax-exempt bonds or other tax-exempt obligations that (i) were sold within 15 days of the date of sale of the Series 2017-BB&T1 Warrant and (ii) provide financing for the Issuer.

(c) **Yield on the Series 2017-BB&T1 Warrant.** The Warrant is a fixed-yield bond and the yield thereof is determined under Treas. Reg. § 1.148-4(b).

### **SECTION 3.3 Application of Sale and Investment Proceeds**

(a) **Payment of Issuance Expenses.** All expenses of issuance financed by the proceeds of the Series 2017-BB&T1 Warrant will be paid by the Issuer from the personal funds thereof.

#### **(b) Warrant-Financed Facilities.**

(1) The Issuer will apply all of the proceeds of the Series 2017-BB&T1 Warrant, together with all investment income therefrom, to the payment of such of the costs of the Warrant-Financed Facilities as shall constitute Capital Expenditures and as the Issuer shall determine consistent with the covenants and expectations of the Issuer set forth in Section 3.3(b)(3) below.

(2) The proceeds of the Series 2017-BB&T1 Warrant may be invested at an unrestricted yield pursuant to the temporary period provisions of Section 148(c)(1) of the Code and Treas. Reg. § 1.148-2(e)(2).

(3) The expectations of the Issuer with respect to the Warrant-Financed Facilities are as follows:

(A) **Expenditure Test.** All of the Warrant-Financed Facilities are expected to be acquired and installed by November 30, 2017, and all proceeds of the Series 2017-BB&T1 Warrant and any investment income therefrom applied to the costs thereof, to be expended by November 30, 2017.

(B) **Time Test.** A binding obligation or obligations to third parties for the Series 2017-BB&T1 Facilities Costs in excess of five percent (5.00%) of the face amount of the Series 2017-BB&T1 Warrant shall be incurred by November 30, 2017.

(C) **Due Diligence Test.** Acquisition and installation of the Warrant-Financed Facilities will proceed with due diligence to completion.

(4) The Issuer does not expect to sell or otherwise dispose of any part of the Warrant-Financed Facilities prior to the last maturity of the Series 2017-BB&T1 Warrant, except such minor parts or portion of the Warrant-Financed Facilities that may be disposed of due to normal wear, obsolescence, or depreciation.

#### **SECTION 3.4 Application of Replacement (Sinking Fund) Proceeds**

(a) Except for the Warrant Fund, the Issuer has not created or established, and does not expect to create or establish, any sinking fund or other similar fund for the payment of the Series 2017-BB&T1 Warrant.

(b) The Warrant Fund is designed primarily to achieve a proper matching of revenues and debt service within each bond year. Any money deposited in the Warrant Fund for the Series 2017-BB&T1 Warrant will be spent within a 13-month period beginning on the date of deposit, and any amount received from the investment of money held in the Warrant Fund for the Series 2017-BB&T1 Warrant will be spent within a 12-month period beginning on the date of receipt. Money in the Warrant Fund may be invested at an unrestricted yield pursuant to Treas. Reg. § 1.148-2(e)(5).

#### **SECTION 3.5 Overissuance**

The original proceeds of the Series 2017-BB&T1 Warrant (net amount remaining after payment of all expenses of issuance) will not exceed the amount necessary for the purpose or purposes of the issue.

#### **SECTION 3.6 Artifice or Device**

No artifice or device has been employed in the issuance of the Series 2017-BB&T1 Warrant that attempts to circumvent the provisions of Sections 103 and 148 of the Code or the related Regulations relating to “arbitrage bonds”. The terms of issuance of the Series 2017-BB&T1 Warrant are not designed to enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage. Furthermore, issuance of the Series 2017-BB&T1 Warrant will not increase the burden on the market for tax-exempt obligations by selling obligations that would not otherwise be sold, by selling more obligations than would otherwise be necessary, or by issuing obligations sooner or allowing them to remain outstanding longer than would otherwise be necessary.

## ARTICLE 4

### Other Requirements for Tax-Exempt Status (Section 149)

#### SECTION 4.1 No Federal Guarantee

The Series 2017-BB&T1 Warrant shall never be “federally guaranteed”, within the meaning of Section 149(b) of the Code, except as permitted under said Section.

#### SECTION 4.2 Information Reporting

Form 8038-G executed by the Issuer in connection with the issuance of the Series 2017-BB&T1 Warrant is accurate and complete and will be submitted to the Secretary of the Treasury not later than August 15, 2017.

#### SECTION 4.3 Reimbursement

(a) **Official Intent.** On May 22, 2017 (the “Official Intent Date”), the governing body of the Issuer adopted a resolution evidencing its intent to issue the Series 2017-BB&T1 Warrant.

(b) **Nature of Expenditure.** No portion of proceeds of the Series 2017-BB&T1 Warrant will be used to reimburse the Issuer for working capital expenditures or Capital Expenditures.

(c) **Sinking Fund Allocation.** Proceeds of the Series 2017-BB&T1 Warrant, or funds corresponding to such proceeds, will not be used, within 1 year of the reimbursement, to pay, or to establish a sinking fund or escrow for payment of, debt service on a separate issue of obligations.

## ARTICLE 5

### Covenants Regarding Continued Tax-Exempt Status

#### SECTION 5.1 General Covenants

(a) The Issuer covenants and agrees that it will not take any action, or fail to take any action, if such action or failure to act would cause interest on the Series 2017-BB&T1 Warrant to be Taxable.

(b) The Issuer covenants and agrees that the proceeds of the Series 2017-BB&T1 Warrant shall not be used or applied in a manner that would cause the Series 2017-BB&T1 Warrant to be an arbitrage bond, within the meaning of Section 148 of the Code.

#### SECTION 5.2 Continued Qualification as Governmental Bonds

The Issuer covenants and agrees that, to the extent necessary for the Series 2017-BB&T1 Warrant to remain tax-exempt:

(a) **Private Business Use Tests.** Either:

(1) **Private Business Use Test.** Not more than 10% of the proceeds of the Series 2017-BB&T1 Warrant shall be used in any private business use; or

(2) **Private Security or Payment Test.** Not more than 10% of the debt service on the Series 2017-BB&T1 Warrant shall be directly or indirectly (i) secured by any interest in property used or to be used for a private business use, or payments in respect of such property, or (ii) derived from payments in respect of property or borrowed money used or to be used for a private business use.

The test described in this paragraph shall be applied by changing 10% to 5% with respect to any proceeds used for unrelated or disproportionate private business use.

(b) **Private Loan Financing Test.** Not more than 5% of the proceeds of the Series 2017-BB&T1 Warrant shall be used to make or finance loans to persons other than governmental units.

(c) **Representations in this Agreement.** The Issuer shall not take any action, or fail to take any action, if such action or failure to act would cause any representation in this Agreement to be incorrect or inaccurate.

#### SECTION 5.3 Rebate

(a) The Issuer has reviewed the Arbitrage Letter of Instructions of even date from Bond Counsel.

(b) The Issuer will maintain all records required by Section 148(f) of the Code and the applicable regulations thereunder and shall furnish such data or information regarding compliance with Section 148(f) of the Code as the Warrantholder shall reasonably request in writing.

(c) The Issuer shall make timely rebate payments to the United States Treasury Department. The Issuer acknowledges that rebate payments are due (i) within 60 days after each 5-year anniversary of the date of issuance of the Series 2017-BB&T1 Warrant and (ii) within 60 days after the date when the Series 2017-BB&T1 Warrant are finally retired (each such date being referred to as a "required payment date").

#### **SECTION 5.4 Written Procedures to Monitor Compliance with Arbitrage**

In accordance with the Policy and Procedures for Compliance of Tax-Exempt Bonds with the Internal Revenue Code, of the City adopted June 18, 2012, the Bond Compliance Officer (as defined therein) of the Issuer shall monitor compliance with Sections 3.3, 3.4 and 5.3 hereof.

#### **SECTION 5.5 Corrective and Remedial Action**

In accordance with the Policy and Procedures for Compliance of Tax-Exempt Bonds with the Internal Revenue Code, of the City adopted June 18, 2012, the Bond Compliance Officer (as defined therein) of the Issuer shall, upon the determination or identification of any noncompliance with, or violation of, the Code with respect to the Series 2017-BB&T1 Warrant, upon consultation with Bond Counsel and counsel for the Issuer, cause corrective or remedial action to be taken by the Issuer, in accordance with:

(1) applicable regulations under the Code (including specifically Treas. Reg. § 1.141-12); and

(2) the Tax-Exempt Bonds Voluntary Closing Agreement Program of the Internal Revenue Service.

## **ARTICLE 6**

### **Provision of General Application**

#### **SECTION 6.1 Purpose of Agreement**

This Agreement is entered into for the benefit of the holders of the Series 2017-BB&T1 Warrant. Pursuant to the Authorizing Ordinance, the Issuer has agreed to comply with the terms of this Agreement.

#### **SECTION 6.2 Agreement to Constitute Arbitrage Certificate**

(a) Article 3 and related portions of this Agreement shall constitute an “arbitrage certificate” that is executed and delivered pursuant to the Regulations prescribed under the Code, and the undersigned are officers charged with the responsibility of issuing the Series 2017-BB&T1 Warrant.

(b) The Series 2017-BB&T1 Warrant would be issued and the herein referenced actions taken to accomplish these governmental purposes if the interest on the Series 2017-BB&T1 Warrant were not excludable from gross income under Section 103(a) of the Code (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate).

(c) The Issuer has not been notified of any listing of it by the Internal Revenue Service as an issuer that may not certify its obligations under the regulations on “arbitrage bonds” applicable under Section 148 of the Code.

#### **SECTION 6.3 Reasonable Expectations**

To the best of the knowledge and belief of the Issuer, the expectations set forth in this Agreement are reasonable.

#### **SECTION 6.4 Reliance**

Bond Counsel may rely upon the facts, expectations and representations made in this Agreement in rendering its opinion that interest on the Series 2017-BB&T1 Warrant is excluded from gross income of the holders thereof for purposes of federal income taxation. The Issuer agrees that such facts, expectations and representations must be true and correct as of this date and that the Issuer must comply with the covenants contained in this Agreement in order for interest on the Series 2017-BB&T1 Warrant to be and remain tax-exempt.

IN WITNESS WHEREOF, the Issuer has caused this Tax Certificate and Agreement with respect to the Series 2017-BB&T1 Warrant to be executed and delivered by officers thereof duly authorized thereunto on and as of the date and year first above written.

CITY OF VESTAVIA HILLS , ALABAMA

By: Ashley C. Curry  
Mayor

By: [Signature]  
Finance Director

EXHIBIT 2.1

Warrant-Financed Facilities

<u>Description</u>	<u>Allocation of Warrant Proceeds</u>	<u>Date Placed in Service</u>	<u>Economic Life</u>
Real Property for Public Park <sup>[1]</sup>	\$390,000	Date of Acquisition	Unlimited
Capital Improvements <sup>[2]</sup>	<u>10,000</u>	Date of Acquisition	20 years
	<u>\$400,000</u>		

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[1] Acquisition of land and demolition of single family residence.

[2] The balance of Warrant proceeds will be allocated to Capital Expenditures for a public road or road repair on a public building.

# Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

## Part I Reporting Authority

If Amended Return, check here ☐

1 Issuer's name City of Vestavia Hills, Alabama		2 Issuer's employer identification number (EIN) 63-6002218
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) Heyward C. Hosch, Bond Counsel		3b Telephone number of other person shown on 3a 205-254-1000
4 Number and street (or P.O. box if mail is not delivered to street address) 1901 6th Avenue North	Room/suite 2400	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Birmingham, Alabama 35203		7 Date of issue May 31, 2017
8 Name of issue General Obligation Warrant, Series 2017-BB&T1		9 CUSIP number N/A
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Melvin Turner, III, Finance Director		10b Telephone number of officer or other employee shown on 10a 205-978-0100

## Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities	17		
18 Other. Describe ► Public Park facilities; various capital improvements	18	400,000	00
19 If obligations are TANs or RANs, check only box 19a	►	<input type="checkbox"/>	
If obligations are BANs, check only box 19b	►	<input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box	►	<input type="checkbox"/>	

## Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	05/31/2021	\$ 400,000.00	\$ 400,000.00	3.2806 years	1.98 %

## Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22	00	00
23 Issue price of entire issue (enter amount from line 21, column (b))	23	400,000.00	00
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	00	00
25 Proceeds used for credit enhancement	25	00	00
26 Proceeds allocated to reasonably required reserve or replacement fund	26	00	00
27 Proceeds used to currently refund prior issues	27	00	00
28 Proceeds used to advance refund prior issues	28	00	00
29 Total (add lines 24 through 28)	29	00	00
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	400,000	00

## Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	►	N/A	years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	►	N/A	years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	►	N/A	
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	►	N/A	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

Form **8038-G** (Rev. 9-2011)

**Part VI Miscellaneous**

- |  |            |    |                                     |
|--|------------|----|-------------------------------------|
| <b>35</b> Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) . . . . .  | <b>35</b>  | 00 | 00                                  |
| <b>36a</b> Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) . . . . .  | <b>36a</b> | 00 | 00                                  |
| <b>b</b> Enter the final maturity date of the GIC ▶ _____  |            |    |                                     |
| <b>c</b> Enter the name of the GIC provider ▶ _____  |            |    |                                     |
| <b>37</b> Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units . . . . .  | <b>37</b>  | 00 | 00                                  |
| <b>38a</b> If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:   |            |    |                                     |
| <b>b</b> Enter the date of the master pool obligation ▶ _____  |            |    |                                     |
| <b>c</b> Enter the EIN of the issuer of the master pool obligation ▶ _____   |            |    |                                     |
| <b>d</b> Enter the name of the issuer of the master pool obligation ▶ _____  |            |    |                                     |
| <b>39</b> If the issuer has designated the issue under section 265(b)(3)(B)(i)(iii) (small issuer exception), check box . . . . .  |            |    | <input checked="" type="checkbox"/> |
| <b>40</b> If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . . .  |            |    | <input type="checkbox"/>            |
| <b>41a</b> If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:  |            |    |                                     |
| <b>b</b> Name of hedge provider ▶ _____  |            |    |                                     |
| <b>c</b> Type of hedge ▶ _____   |            |    |                                     |
| <b>d</b> Term of hedge ▶ _____   |            |    |                                     |
| <b>42</b> If the issuer has superintegrated the hedge, check box . . . . .   |            |    | <input type="checkbox"/>            |
| <b>43</b> If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box . . . . . |            |    | <input checked="" type="checkbox"/> |
| <b>44</b> If the issuer has established written procedures to monitor the requirements of section 148, check box . . . . .   |            |    | <input checked="" type="checkbox"/> |
| <b>45a</b> If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement . . . . . ▶ _____   |            |    |                                     |
| <b>b</b> Enter the date the official intent was adopted ▶ _____  |            |    |                                     |

**Signature and Consent**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

*Ashley C. Curry* *MAY 31, 2017*  
 Signature of issuer's authorized representative Date

Ashley C. Curry, Mayor  
 Type or print name and title

**Paid Preparer Use Only**

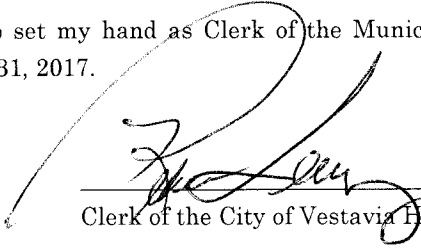
Print/Type preparer's name Heyward C. Hosch, Bond Counsel	Preparer's signature <i>Heyward C. Hosch</i>	Date 05/31/2017	Check <input type="checkbox"/> if self-employed	PTIN P01068288
Firm's name ▶ Maynard, Cooper & Gale, PC			Firm's EIN ▶ 63-0864426	
Firm's address ▶ 1901 6th Avenue North, Ste 2400, Birmingham, Alabama 35203			Phone no. 205-254-1000	

STATE OF ALABAMA )  
JEFFERSON COUNTY)

CERTIFICATE OF CITY CLERK

I, the undersigned, do hereby certify that (1) I am the duly elected, qualified and acting City Clerk of the City of Vestavia Hills, Alabama (the "Municipality"); (2) as Clerk of the Municipality I have access to all original records of the Municipality and I am duly authorized to make certified copies of its records on its behalf; (3) the attached pages constitute a complete, verbatim and compared copy of excerpts from the minutes of a meeting of the City Council of the Municipality duly held on June 18, 2012, the original of which is on file and of record in the minute book of the City Council in my custody; (4) the resolution set forth in such excerpts is a complete, verbatim and compared copy of such resolution as introduced and adopted by the City Council on such date; and (5) said resolution is in full force and effect and has not been repealed, amended or changed.

IN WITNESS WHEREOF, I have hereunto set my hand as Clerk of the Municipality and have affixed the official seal of the Municipality, this May 31, 2017.

  
\_\_\_\_\_  
Clerk of the City of Vestavia Hills, Alabama

SEAL

**EXCERPTS FROM THE MINUTES OF A SPECIAL MEETING OF  
THE CITY COUNCIL OF THE CITY OF VESTAVIA HILLS, ALABAMA**

---

**Resolution Approving a Policy and Procedures for Compliance  
of Tax-Exempt Bonds with the Internal Revenue Code**

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The City Council of the City of Vestavia Hills met in special public session at the City Hall in the City of Vestavia Hills, Alabama, at 8:00 a.m. on June 18, 2012. The meeting was called to order by the Council President, and the roll was called with the following results:

Present: Mary Lee Rice, President  
Steve Ammons, President Pro-Tem  
Linda Allison  
George Pierce  
Jim Sharp

Absent: None

The Mayor, Alberto C. Zaragoza, Jr., was also present.

\* \* \*

The Council President stated that due notice of the date, time, place and purpose of this meeting had been (a) posted on June 14, 2012 at the place of meeting, and (b) given to all existing members of the City Council and that each member had signed a waiver of notice.

The Council President stated that a quorum was present and that the meeting was open for the transaction of business.

\* \* \*

Thereupon, the following resolution was introduced in writing by the Council President, and considered by the City Council:

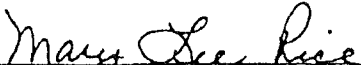
**A RESOLUTION TO ADOPT, APPROVE AND AUTHORIZE A POLICY  
AND PROCEDURES FOR COMPLIANCE OF TAX-EXEMPT BONDS  
WITH THE INTERNAL REVENUE CODE**

---

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VESTAVIA HILLS, ALABAMA (the "City"), as follows:

1. The City does hereby approve, adopt, authorize, direct, ratify and confirm the "Policy and Procedures for Compliance of Tax-Exempt Bonds with the Internal Revenue Code" (the "Tax-Exempt Bonds Policy"), in the form and of the content as attached hereto as Exhibit A and presented to and considered by the City, and effective as provided therein.
2. The Tax-Exempt Bonds Policy shall be filed in the permanent records of the City.
3. The officers of the City are hereby authorized and directed to take such actions, and to execute, deliver and file such related agreements, documents, instruments and notices, as may be necessary or desirable to carry out and effect the provisions of this resolution and the Tax-Exempt Bonds Policy.
4. All actions heretofore taken by officers of the City with respect to the development of the Tax-Exempt Bonds Policy are hereby ratified and confirmed.
5. This resolution shall take effect immediately.

The foregoing Resolution was adopted this 18th day of June, 2012.

  
President of City Council of the City of Vestavia  
Hills, Alabama

SEAL

Authenticated and Attested:

  
City Clerk

After said resolution had been discussed and considered in full by the Council, it was moved by Councilman Ammons that said resolution be now placed upon its final passage and adopted. The motion was seconded by Councilman Sharp. The question being put as to the adoption of said motion and the final passage and adoption of said resolution, the roll was called with the following results:

Ayes: Mary Lee Rice, President  
Steve Ammons, President Pro-Tem  
Linda Allison  
George Pierce  
Jim Sharp

Nays: None

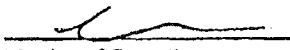
The Council President thereupon declared said motion carried and the resolution passed and adopted as introduced and read.

\* \* \*

There being no further business to come before the meeting, it was moved and seconded that the meeting be adjourned. Motion carried.

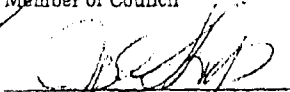
Minutes approved:

  
President of Council

  
Member of Council

  
Member of Council

  
Member of Council

  
Member of Council

LEGAL NOTICE

**NOTICE OF SPECIAL PUBLIC MEETING OF THE CITY COUNCIL  
OF THE CITY OF VESTAVIA HILLS, ALABAMA**

Notice is hereby given that the City Council, as governing body of the City of Vestavia Hills (the "Council"), shall hold a public meeting at the offices of the Council at City Hall, in the City of Vestavia Hills, at 8:00 a.m. on June 18, 2012, for the purposes of:

- (a) authorizing the issuance and sale of \$11,000,000 General Obligation Warrants, Series 2012, to refinance certain outstanding long term indebtedness of the City of Vestavia Hills, Alabama, to produce interest cost savings;
- (b) authorizing the execution and delivery of financing documents with respect to the issuance of said warrants;
- (c) authorizing "Policy and Procedures for Compliance of Tax-Exempt Bonds with the Internal Revenue Code" for the City; and
- (d) transacting such other business or taking such further action as may be conducted or taken at a regular meeting of the Council.

The meeting shall be open to the public and all interested persons may attend.

Further information may be obtained at the office of the Mayor at City Hall during normal business hours.

WAIVER

The undersigned, constituting all of the members of the City Council of the City of Vestavia Hills, Alabama (the "Council"), hereby waive any and all notice of the date, time, place and purposes of a meeting of the Council called to be held at the offices of the Council at City Hall, in the City of Vestavia Hills, Alabama at 8:00 a.m. on June 18, 2012, for the purposes of:

(a) authorizing the issuance and sale of \$11,000,000 General Obligation Warrants, Series 2012, to refinance certain outstanding long term indebtedness of the City of Vestavia Hills, Alabama, to produce interest cost savings;

(b) authorizing the execution and delivery of financing documents with respect to the issuance of said warrants;

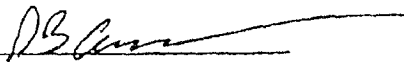
(c) authorizing "Policy and Procedures for Compliance of Tax-Exempt Bonds with the Internal Revenue Code" for the City; and

(d) transacting such other business or taking such further action as may be conducted or taken at a regular meeting of the Council.

We do hereby waive any and all irregularities in said notice and any other or further notice of such meeting, and we do hereby consent and agree that a special meeting of the Council shall be held at the time and place and for the purposes stated in said notice.

  
\_\_\_\_\_  
President of Council

  
\_\_\_\_\_  
Member of Council

  
\_\_\_\_\_  
Member of Council

  
\_\_\_\_\_  
Member of Council

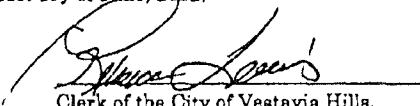
  
\_\_\_\_\_  
Member of Council

STATE OF ALABAMA       )  
JEFFERSON COUNTY       )

CERTIFICATE OF CITY CLERK

I, the undersigned, do hereby certify that (1) I am the duly elected, qualified and City Clerk of the City of Vestavia Hills, Alabama (the "Municipality"); (2) as Clerk of the Municipality I have access to all original records of the Municipality and I am duly authorized to make certified copies of its records on its behalf; (3) the above and foregoing pages constitute a complete, verbatim and compared copy of excerpts from the minutes of a regular meeting of the City Council of the Municipality duly held on June 18, 2012, the original of which is on file and of record in the minute book of the City Council in my custody; (4) the resolution set forth in such excerpts is a complete, verbatim and compared copy of such resolution as introduced and adopted by the City Council on such date; (5) said resolution is in full force and effect and has not been repealed, amended or changed; (6) the foregoing Notice was posted on June 14, 2012 at the place of meeting in the City of Vestavia Hills; and (7) and the foregoing Waiver of Notice following the excerpts from the minutes of such meeting is a complete, verbatim and compared copy of such Waiver of Notice which has been inserted in the minute book of the Council immediately following the minutes of such meeting.

IN WITNESS WHEREOF, I have hereunto set my hand as Clerk of the Municipality and have affixed the official seal of the Municipality, this 21st day of June, 2012.

  
Clerk of the City of Vestavia Hills,  
Alabama

SEAL

**CITY OF VESTAVIA, ALABAMA**

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**Policy and Procedures for Post-Issuance Compliance of  
Tax-Exempt Note with the Internal Revenue Code**

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Effective: May 1, 2012 and thereafter

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**I. DEFINITIONS**

**Bond Compliance Officer** shall mean the Finance Director of the City, or any officer, person or entity which may succeed to the duties thereof.

**Bond Counsel** shall mean counsel with experience in matters relating to the issuance of obligations by or on behalf of states or local governmental units who shall be acceptable to the City.

**City** shall mean City of Vestavia Hills, Alabama and its successors and assigns.

**Code** shall mean the Internal Revenue Code of 1986, as amended, and regulations, rulings and notices issued thereunder or applicable thereto.

**Investment Property** shall have the meaning assigned in the Code.

**Tax Certificate and Agreement** shall mean the Tax Certificate and Agreement, or non-arbitrage certificate, delivered by the City with respect to any Tax-Exempt Bonds.

**Tax-Exempt Bonds** shall mean all warrants, notes, leases, and other obligations issued by the City the interest on which is excludable from gross income for federal income tax purposes under Section 103 of the Code.

**II. PURPOSE**

The purpose of this Policy is to establish procedures for compliance of Tax-Exempt Bonds with the Code.

### **III. POLICY**

The City understands that:

(1) Tax-Exempt Bonds must be issued in compliance with the Code on the date of issuance thereof;

(2) the City will deliver a Tax Certificate and Agreement on the date of issuance of any Tax-Exempt Bonds which shall set forth certain facts and expectations of the City, and certain covenants undertaken by the City, with respect to compliance of such bonds with the requirements of the Code;

(3) the opinion of Bond Counsel with respect to any Tax-Exempt Bonds shall be subject to the condition the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of such bonds in order that interest on such bonds be, or continue to be, excludable from gross income for federal income tax purposes;

(4) the City shall covenant, with respect to any Tax-Exempt Bonds, in the Tax Certificate and Agreement with respect to such bonds, and in the documents and proceedings under which such bonds are issued, to comply with all such requirements;

(5) failure to comply with the requirements of the Code with respect to any Tax-Exempt Bonds may cause interest on such bonds to lose the tax-exempt status thereof, retroactive to the date of issuance of such bonds, with resulting higher interest costs to the City.

The City has adopted this Policy to provide for full and continuing compliance by the City with the requirements of the Code with respect to all Tax-Exempt Bonds.

### **IV. DETERMINATION OF ISSUANCE AND PURPOSE OF TAX-EXEMPT BONDS**

#### **A. General**

The Bond Compliance Officer shall determine and recommend to the City the purposes for which the City shall issue Tax-Exempt Bonds, which shall include:

(1) the refunding of existing obligations,

(2) the acquisition and construction of capital improvements to the facilities of the City,

(3) the payment of expenses of issuance, credit enhancement and professional fees in connection with such bonds,

(4) Working Capital Expenditures, and

(5) such other purposes as may be permitted by law.

**B. Special Considerations for Issuance of Tax-Exempt Bonds for Advance Refunding Purposes**

(1) Determination

The Bond Compliance Officer shall determine and recommend to the City the advance refunding of any Tax-Exempt Bonds, which recommendation shall be accompanied by

(a) verification by Bond Counsel of the compliance with the Code of the proposed refunding, including without limitation:

- (i) qualification of refunded bonds for advance refunding,
- (ii) nature and yield of investments in escrow,
- (iii) redemption, if any, of refunded bonds,
- (iv) the governmental purpose of the issue,
- (v) compliance with rebate requirements with respect to the refunded bonds,
- (vi) whether any action in connection with such refunding employs or constitutes an abusive arbitrage device;

(b) verification by the Financial Advisor/Underwriter of

- (i) the governmental purpose of the City to be obtained by issuance of the refunding bonds and that, to achieve such purpose, the refunding bonds would be issued if interest thereon were not tax-exempt,
- (ii) the issue price of the refunding bonds;

(c) verification by independent certified public accountants or independent arbitrage consultants of

- (i) the yield of the refunding bonds and the yield of the escrow established with the proceeds thereof,
- (ii) the sufficiency of the escrow to pay the refunded bonds.

(2) Investment Property for Yield Restricted Defeasance Escrow

The City establishes the following guidelines for Investment Property to be acquired with the proceeds of Tax-Exempt Bonds and to be deposited in an escrow for the advance refunding of outstanding Tax-Exempt Bonds:

(a) The Investment Property shall consist of United States Treasury obligations of State and Local Government Series, unless the Financial

Advisor/Underwriter shall establish to the satisfaction of the City and counsel therefor that such obligations are not available for purchase or that the Investment Property should consist of other investments.

(b) The Investment Property shall not consist of capital appreciation bonds or zero coupon bonds.

(c) The Investment Property shall be purchased at fair market value determined in accordance with the Code, including the use of bidding procedures under the regulatory safe harbor provisions of the Code. A bidding agent or broker shall be determined upon advice and recommendation of the Financial Advisor/Underwriter.

**C. Special Considerations for Issuance of Tax-Exempt Bonds for Working Capital Purposes**

**(1) Determination**

The Bond Compliance Officer shall determine and recommend to the City the issuance of Tax-Exempt Bonds for "Working Capital Expenditures" (as defined in Treas. Reg. § 1.150-1(b)), which recommendation shall be in accordance with the requirements set forth in IV(C)(2) below and shall be accompanied by verification by Bond Counsel of compliance with the Code of the proposed issue.

**(2) Particular Requirements for Tax-Exempt Bonds for Working Capital Expenditures**

The City establishes the following requirements for issuance of Tax-Exempt Bonds for Working Capital Expenditures:

(a) The Tax-Exempt Bonds shall be structured as "draw-down loans" (as provided in Treas. Reg. § 1.150-1(c)(4));

(b) The City shall draw and receive an advance of proceeds of Tax-Exempt Bonds for Working Capital Expenditures only to the extent the Working Capital Expenditures of the City then (on the date of such draw or advance) exceed Available Amounts (within the meaning of Treas. Reg. § 1.148-6(d)(3)(iii)) of the City;

(c) The proceeds of the Tax-Exempt Bonds shall not be invested;

(d) The City shall allocate all proceeds of the Tax-Exempt Bonds to Working Capital Expenditures of the City within 30 days of receipt of such proceeds;

(e) In determining Available Amounts of the City for any date, the City shall not exclude a reasonable working capital reserve or any other amounts available to the City; and

(f) The City shall maintain written records of (i) the dates and amounts of allocation of proceeds of Tax-Exempt Bonds to Working Capital Expenditures and (ii) the amounts of Available Amounts of the City on each such date.

## **V. ENGAGEMENT OF PROFESSIONAL ADVISORS**

The Bond Compliance Officer shall recommend to the City, for each issue of Tax-Exempt Bonds, the engagement of Bond Counsel, Financial Advisor and Underwriter.

The Financial Advisor and Underwriter may, but are not required to, be the same person or entity.

The final engagement of Bond Counsel, Financial Advisor and Underwriter shall be approved and made by the City.

## **VI. RESPONSIBILITIES OF PERSONS: GENERAL**

The Mayor of the City and the Finance Director of the City are responsible for, and will ensure, compliance of all Tax-Exempt Bonds with the Code.

## **VII. RESPONSIBILITIES OF PERSONS: INITIAL ISSUANCE OF TAX-EXEMPT BONDS**

### **A. Bond Compliance Officer**

The Bond Compliance Officer shall, upon advice of Bond Counsel and Financial Advisor/Underwriter, determine and recommend to the City the amount, purpose, structure, and terms of each issue of Tax-Exempt Bonds.

For each issue of Tax-Exempt Bonds the Bond Compliance Officer will obtain and retain a Bond transcript containing the documents and proceedings that establish the validity and tax-exempt status of the bonds.

### **B. Bond Counsel**

The City shall rely upon the opinion of Bond Counsel regarding compliance of Tax-Exempt Bonds with state and federal law.

### **C. City Counsel**

The City shall rely upon the advice and opinion of counsel to the City regarding compliance by the City with internal documents and policies (including without limitation the certificate of incorporation, contracts, conduct and notice of meetings, qualifications of officers

and directors), and the effect, if any, of pending litigation affecting the City, respecting the issuance of Tax-Exempt Bonds.

**D. Financial Advisor / Underwriter**

The City shall rely upon the advice of the Financial Advisor/Underwriter regarding the structure and credit enhancement of Tax-Exempt Bonds, including without limitation the following:

- (1) terms of redemption,
- (2) timing of sale,
- (3) credit enhancement,
- (4) determination of issue price of bonds,
- (5) structure and investments for escrow of proceeds of Tax-Exempt Bonds allocable to advance refunding of outstanding bonds.

**VIII. RESPONSIBILITIES OF PERSONS: POST-ISSUANCE COMPLIANCE OF TAX-EXEMPT BONDS**

**A. Bond Compliance Officer**

The Mayor of the City and the Bond Compliance Officer shall ensure the City complies with all requirements of the Code that must be satisfied subsequent to the issuance of any Tax-Exempt Bonds in order that interest thereon remain tax-exempt.

The Bond Compliance Officer is authorized and directed to consult with, and engage, Bond Counsel, and financial advisors and accountants and rebate consultants, for such purposes.

**B. Annual Review**

The Mayor of the City and the Bond Compliance Officer will meet annually, in conjunction with the preparation of the annual audit of the financial statements of the City, to review the Tax Certificate and Agreement for, and to determine and verify continuing compliance of, all Tax-Exempt Bonds with the Code.

**C. Compliance Reports**

The Bond Compliance Officer shall maintain the following records and reports with respect to each issue of Tax-Exempt Bonds:

- (1) Allocation of Proceeds for Facilities, as provided on Exhibit A-1.
- (2) Allocation of Proceeds for Working Capital Expenditures, as provided on Exhibit A-2.

(3) Private Use Analysis, as provided on Exhibit B, for each fiscal year, with respect to agreements or arrangements made by the City with any nongovernmental or private person (meaning any person who is not a state or local governmental unit) with respect to use of any facilities financed by Tax-Exempt Bonds.

(4) Fund Reconciliation, as provided on Exhibit C, for each fiscal year, for each fund or account established for such bonds and containing the proceeds of such bonds or amounts reasonably expected to be used to pay principal of or interest on such bonds, setting forth the dates and amounts of deposits and expenditures therefor, which report may be maintained and provided by the trustee or paying agent for such bonds.

#### **D. Rebate**

The Bond Compliance Officer shall, with respect to each issue of Tax-Exempt Bonds, furnish to the trustee for such bonds, within 60 days after the end of each fiscal year of the City:

(1) an opinion of Bond Counsel or a report by an independent accountant stating in effect the aggregate accrued, but unpaid, rebate liability under Section 148(f) of the Internal Revenue Code as of the end of such fiscal year with respect to such bonds, or

(2) evidence that as of such date, the City has made all rebate payments to the United States Treasury Department necessary to prevent such bonds from being "arbitrage bonds" under Section 148(f) of the Code (including a copy of all forms or other documents filed with the United States Treasury Department for such purpose and any report, opinion or other document that contains the supporting conclusions and calculations).

#### **E. Reissuance; Change in Use**

The Bond Compliance Officer shall identify, and consult with Bond Counsel as to the effect of, any of the following, with respect to each issue of Tax-Exempt Bonds, which occurs subsequent to the issuance of such bonds:

(1) any change to the terms of such bonds;

(2) any change in the use of any facilities financed or refinanced by such bonds.

### **IX. RETENTION OF RECORDS**

The Bond Compliance Officer shall maintain, with respect to each issue of Tax-Exempt Bonds, in paper or electronic format, until three (3) years after such bonds, and all related refunding bonds of all series, shall have been paid and retired, the following:

(1) Bond transcript (including without limitation Tax Certificate and Agreement and Form 8038G),

- (2) Rebate reports,
- (3) Compliance Reports, prepared in accordance herewith,
- (4) Trustee reports,
- (5) Bond Counsel advice,
- (6) Agreements with any nongovernmental users of facilities financed or refinanced with the proceeds of such bonds,
- (7) Escrow Verification Reports, and
- (8) Documents relating to bidding procedures for any Investment Property.

**X. CORRECTIVE AND REMEDIAL ACTION**

The Bond Compliance Officer shall, upon the determination or identification of any noncompliance with, or violation of, the Code with respect to any issue of Tax-Exempt Bonds, upon consultation with Bond Counsel and counsel for the City, cause corrective or remedial action to be taken by the City, in accordance with:

- (1) applicable regulations under the Code; and
- (2) the Tax-Exempt Bonds Voluntary Closing Agreement Program of the Internal Revenue Service.

Exhibit A-1

**Allocation of Proceeds to Facilities**

---

Series of Bonds: Series \_\_\_\_\_

Date of Issue: \_\_\_\_\_

<u>Amount of Proceeds</u>	<u>Allocation to Facilities Financed or Refinanced<sup>[1]</sup></u>	<u>Date Placed in Service</u>	<u>Original Economic Life<sup>[2]</sup></u>
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<sup>[1]</sup> The Bond Compliance Officer shall take into account:

- (a) a single facility may be financed by multiple bond issues;
- (b) a single bond issue may finance multiple facilities;
- (c) the proceeds of refunding bonds shall be allocated to the facilities originally financed by the refunded bonds on a pro-rata basis.

<sup>[2]</sup> That portion of an issue of Tax-Exempt Bonds (including a refunding issue) used to finance or refinance capital projects should not have a weighted average maturity greater than the remaining reasonably expected economic life of such capital projects.

Exhibit A-2

**Allocation of Proceeds to Working Capital Expenditures**

---

Series of Bonds: Series \_\_\_\_\_

Date of Issue: \_\_\_\_\_

<b>Date of Receipt of Proceeds</b>	<b>Amount of Proceeds Received</b>	<b>Date of Allocation to Working Capital Expenditures</b>	<b>Amount of Allocation to Working Capital Expenditures</b>	<b>Available Amounts on Such Date</b>
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Exhibit B

Private Use Analysis for Fiscal Year Ending \_\_\_\_\_  
\_\_\_\_\_

Series of Bonds: Series \_\_\_\_\_

Date of Issue: \_\_\_\_\_

<u>Asset or Facility</u>	<u>Allocable Proceeds of Tax-Exempt Bonds</u>	<u>Description of Private Use<sup>(1)</sup></u>	<u>Proceeds Allocable to Private Use</u>
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\_\_\_\_\_

<sup>(1)</sup> Private Use is use of property by any person who is not a state or local government unit in the trade or business thereof, unless the property is intended to be, and is in fact, reasonably available for use on the same basis by natural persons not engaged in a trade or business.

Private Use may occur by reason of lease or license agreement, management agreement, take or pay contract, sale agreement, or other legal entitlement or special arrangement for use of facility or output or services of a facility.

Use as a member of the general public is not private use.

Exhibit C

**Bond Proceeds Fund**

---

Series of Bonds: Series \_\_\_\_\_

Date of Issue: \_\_\_\_\_

<u>Date</u>	<u>Credit or Deposit</u> <sup>[1]</sup>	<u>Disbursement or Expenditure</u>	<u>Total after 6 Months</u> <sup>[2]</sup>	<u>Total after 18 Months</u> <sup>[3]</sup>	<u>Total after 24 Months</u> <sup>[4]</sup>	<u>Total after 36 Months</u> <sup>[5]</sup>
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Totals	\$ _____	\$ _____	\$ _____ <sup>[2]</sup>	\$ _____ <sup>[3]</sup>	\$ _____ <sup>[4]</sup>	\$ _____ <sup>[5]</sup>
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[1] Deposits of funds and credit of investment earnings

[2] 6 Months Total ÷ Total Credits and Deposits: \_\_\_\_\_%

[3] 18 Months Total ÷ Total Credits and Deposits: \_\_\_\_\_%

[4] 24 Months Total ÷ Total Credits and Deposits: \_\_\_\_\_%

[5] 36 Months Total ÷ Total Credits and Deposits: \_\_\_\_\_%

**Bond Fund or Account**

---

Series of Bonds: Series \_\_\_\_\_

Date of Issue: \_\_\_\_\_

Bond Year: \_\_\_\_\_

<u>Date</u>	<u>Credit or Deposit</u> <sup>[1]</sup>	<u>Disbursement or Expenditure</u>	<u>Balance at Beginning of Bond Year</u>	<u>Balance at End of Bond Year</u> <sup>[2]</sup>
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<sup>[1]</sup> Deposits of funds and credit of investment earnings.

<sup>[2]</sup> Not to exceed the greater of (1) earnings on such fund for immediately preceding bond year or (2) 1/12<sup>th</sup> of principal and interest payments on the Bonds for the immediately preceding bond year.

**Reserve Fund or Account**

---

Series of Bonds: Series \_\_\_\_\_

Date of Issue: \_\_\_\_\_

Fiscal Year: \_\_\_\_\_

<u>Date</u>	<u>Credit or Deposit<sup>(1)</sup></u>	<u>Disbursement or Expenditure</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Balance at End of Fiscal Year</u>	<u>Permitted Maximum Amount for Reserve Fund<sup>(2)</sup></u>
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<sup>(1)</sup> Deposit of funds and credit of investment earnings

<sup>(2)</sup> Not to exceed the lesser of the following, determined in accordance with the Code: (1) 10% of stated principal amount of Bonds, or (2) maximum annual principal and interest requirements on the Bonds, or (3) 125% of the average annual principal and interest requirements on the Bonds.

May 31, 2017

Mr. Melvin Turner, III  
Finance Director  
City of Vestavia Hills  
City Hall  
Vestavia Hills, Alabama

**Re: \$400,000 General Obligation Warrant, Series 2017-BB&T1, issued by the City of Vestavia Hills, Alabama**

---

Dear Mr. Turner:

This letter will provide general guidance with respect to the arbitrage rebate requirements of Section 148 of the Internal Revenue Code as applied to the above-referenced warrant (the "Series 2017-BB&T1 Warrant"). In general, Section 148 provides that excess arbitrage profits from the gross proceeds of the Series 2017-BB&T1 Warrant must be rebated to the United States Treasury. Failure to pay the rebate in a timely manner may cause the Series 2017-BB&T1 Warrant to become taxable, retroactive to the date of issuance, or may result in the imposition of a penalty.

The Series 2017-BB&T1 Warrant is being issued pursuant to Ordinance No. 2709 adopted by the City Council of the City of Vestavia Hills (the "City") on May 22, 2017 (the "Warrant Ordinance"). Capitalized terms not otherwise defined in this letter shall have the meaning assigned in the Warrant Ordinance or, if not defined in the Warrant Ordinance, in the Tax Certificate and Agreement (the "Tax Agreement") executed by the City in connection with the issuance of the Series 2017-BB&T1 Warrant.

### **Responsibility for Compliance**

The Tax Agreement (Section 5.3) requires the City to undertake the responsibility for assuring compliance with the rebate rules. The applicable regulations in effect require a computation of rebate liability only once every 5 years; however, it is important to monitor accrued rebate liability on an annual basis. The amount of the accrued rebate liability each year will be important for your planning and budgeting purposes and may be a material disclosure item for financial reporting and audit purposes.

## **General Rebate Requirements**

The general rebate requirement is that the warrant issuer must rebate to the Treasury the difference between the amount actually earned on the investments of “gross proceeds” of the Series 2017-BB&T1 Warrant and the amount that would have been earned if those investments had a yield equal to the yield on the Series 2017-BB&T1 Warrant.

The starting point for the rebate determination is to identify “gross proceeds” of the Series 2017-BB&T1 Warrant. An obvious source of gross proceeds is the amount actually received from the sale of the Series 2017-BB&T1 Warrant. However, the term “gross proceeds” may also include funds of the City or the funds of others, to the extent that those funds are deemed to “replace” Series 2017-BB&T1 Warrant proceeds. In general, “replacement funds” are funds that are segregated or set aside for the purpose of paying principal or interest on the Series 2017-BB&T1 Warrant or funds that are pledged as security for the Series 2017-BB&T1 Warrant. It is important to note, however, that gross proceeds may arise in the future from unanticipated sources. For example, the funds used to establish a trust for payment of the Series 2017-BB&T1 Warrant may be “gross proceeds”. As a result, the identification of gross proceeds will be an ongoing process while the Series 2017-BB&T1 Warrant are outstanding.

Investments of gross proceeds may nevertheless be exempt from the rebate requirement if certain exceptions to the rebate rule are available. We have indicated below which funds or accounts established in connection with this financing are subject to the rebate requirement.

## **Funds Established in Connection With the Issuance of the Series 2017-BB&T1 Warrant**

The structure of this financing includes the establishment of various funds and accounts, which are identified in Section 3.1(b) of the Tax Agreement. Those funds and accounts, and any related exception to the rebate requirement, are as follows:

**Warrant Fund.** The Warrant Ordinance establishes a special fund designated as the Series 2017-BB&T1 Warrant Fund in which the City will make deposits for the purpose of paying debt service on the Series 2017-BB&T1 Warrant. This fund should constitute a “bona fide debt service fund” and therefore investments in this fund should be exempt from the rebate requirement, if earnings on this fund during each warrant year are less than \$100,000.

## **Rebate Calculations and Payments**

The method for computing the rebate due is described in the regulations under Section 148 of the Internal Revenue Code. It is not feasible to summarize in this letter all the relevant rules for making the necessary computations. The qualified professional you hire to do the reviews required by the Tax Agreement can explain the computations when they are prepared.

Rebate payments must be made to the Treasury every 5 years (the "interim installments") and when the Series 2017-BB&T1 Warrant are retired (the "final installment"). The interim installments are due within 60 days after the end of the 5th anniversary of the date of issuance of the Series 2017-BB&T1 Warrant and every 5 years thereafter, and the final installment is due within 60 days after the Series 2017-BB&T1 Warrant are retired. The first interim installment will be due not later than May 16, 2019 (within 60 days after the 5th anniversary). The interim installments must be in an amount that will ensure that 90% of the accrued rebate liability has been paid. The final installment must provide for payment in full of the accrued, but unpaid, liability.

### **Conclusion**

The regulations are extremely complex and do not cover many important aspects of the rebate rules. Existing regulations may be clarified or modified, and it is quite possible, even likely, that Congress will further modify the rebate rules before the Series 2017-BB&T1 Warrant are retired. In short, the rebate requirements discussed in this letter may change in the future, and we advise that you should periodically consult knowledgeable counsel about these requirements. The review process required by the Tax Agreement will be a good occasion for such consultations.

Very truly yours,

MAYNARD, COOPER & GALE, P.C.

By: 

**CERTIFICATE OF WARRANTHOLDER**

May 31, 2017

City of Vestavia Hills, Alabama  
Vestavia Hills, Alabama

Maynard, Cooper & Gale, P.C.  
Birmingham, Alabama

**Re: \$400,000 General Obligation Warrant, Series 2017-BB&T1, of even date, issued by the  
City of Vestavia Hills, Alabama**

Ladies and Gentlemen:

1. On the date hereof, the undersigned Branch Banking and Trust Company (the "Warrantholder") has purchased and received the above-referenced Warrant (the "Warrant") issued by the City of Vestavia Hills, Alabama (the "Issuer") under Section 11-47-2 of the Code of Alabama 1975 and Ordinance No. 2709 duly adopted on May 22, 2017 (the "Warrant Ordinance").

2. The Warrantholder makes the following agreements, certifications, representations and warranties in connection with the purchase of the Warrant:

(a) (i) The Warrantholder is duly qualified to do business, and is in good standing, in the State of Alabama.

(ii) The Warrantholder is an "accredited investor" as defined in Rule 501 of Regulation D, or a "qualified institutional buyer" as defined in Rule 144A, under the Securities Act of 1933, as amended.

(b) The Warrantholder has purchased the Warrant on the date hereof at a price equal to the principal amount of thereof, with no accrued interest.

(c) (i) Capitalized terms used herein without definition shall have the respective meanings assigned thereunto in the Warrant Ordinance.

(ii) The Warrantholder has been provided with, and reviewed, the Warrant Ordinance and all certificates and legal opinions delivered in connection therewith.

(d) (i) The Warrantholder is purchasing the Warrant solely for its own account in evidence of a privately negotiated bank loan, made in the ordinary course of the commercial lending business of the Warrantholder, for the purpose of extending credit to the Issuer.

(ii) The Warrantholder has regularly acquired debt investments similar to the Warrant for its own account and has sufficient knowledge and experience in business and financial matters in general, and in debt investments such as the Warrant in particular, to enable the Warrantholder to evaluate the merits and risks of purchase of the Warrant, the credit of the Issuer, and the terms of the Warrant.

(iii) The Warrantholder has had full and free access to all books, records, and audits, and has had satisfactory opportunity to make inquiry of the officers, of the Issuer, and has been provided with and has evaluated such corporate, financial and general information regarding the Issuer as the Warrantholder deems necessary to make an informed investment judgment with respect to the purchase of the Warrant.

(iv) The engagement of Maynard, Cooper & Gale, P.C., as bond counsel, did not include services related to the compilation, verification or furnishing to the Warrantholder of information regarding the merits and risks of investment in the Warrant.

(v) The Warrantholder understands that the Warrant (i) has not been registered under the Securities Act of 1933, as amended (the "Act"), and (ii) has not been registered or qualified under any state securities or "Blue Sky" laws, and that the Warrant Ordinance has not been qualified under the Trust Indenture Act of 1939, as amended.

(e) The Warrantholder does not have a present intention to the distribution, resale, pledging, fractionalization, subdivision or other disposition of the Warrant or any interest therein. The Warrantholder reserves the right to sell or dispose of the Warrant, or any interest therein, in accordance with its own judgment and its agreements herein with respect thereto. The Warrantholder covenants and agrees that, in connection with any encumbrance, pledge, sale, transfer or other disposition of the Warrant, or any interest therein, the Warrantholder will comply with (i) all applicable federal and state securities laws and all regulations and rulings promulgated thereunder, including without limitation all disclosure and registration requirements thereof, and (ii) all requirements of the Warrant with respect thereto.

3. The Warrantholder understands that the Issuer, Maynard, Cooper & Gale, P.C., as Bond Counsel, will rely upon the accuracy and truthfulness of the representations and warranties contained herein and hereby consents to such reliance.

4. The signatory of this Certificate is a duly authorized officer of the Warrantholder with the authority to sign this Certificate on behalf of the Warrantholder, and this Certificate has been duly authorized, executed and delivered by the Warrantholder.

**BRANCH BANKING AND TRUST COMPANY**

By

Matthew C. Hill

Its Vice President