

**PRELIMINARY LIMITED OFFERING MEMORANDUM  
DATED JANUARY 19, 2022**

**NEW ISSUE - BOOK-ENTRY ONLY**

**NOT RATED**

*In the opinion of Butler Snow LLP, Bond Counsel, under existing laws, regulations, rulings, and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, interest on the Series 2022 Bonds (defined below) is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2022 Bonds, and such interest is not a specific preference item for purposes of the federal alternative minimum tax. Also, in the opinion of Bond Counsel, interest on the Series 2022 Bonds is exempt from State of Alabama income taxation. For a more complete description, see "TAX MATTERS" herein.*

**\$16,850,000\***

**MIDCITY IMPROVEMENT DISTRICT  
Special Assessment Revenue Bonds, Series 2022**

**Dated: Date of Delivery**

**Due Date: As set forth below**

The \$16,850,000 MidCity Improvement District Special Assessment Revenue Bonds, Series 2022 (the "Series 2022 Bonds"), are being issued by the MidCity Improvement District (the "District" or "Issuer"), an Alabama public corporation duly organized and existing as an improvement district under Chapter 99A of Title 11 of the Code of Alabama 1975, as heretofore or hereafter amended or supplemented (the "Act"), and pursuant to Resolution No. 18-652, as amended by Resolution 19-260, both adopted by the City Council of the City of Huntsville, Alabama (the "City Council"), on August 9, 2018, and March 28, 2019, respectively (together, the "Establishment Resolution"). The Series 2022 Bonds are being issued only in fully registered form, without coupons, initially in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. Capitalized terms not otherwise defined herein shall have the respective meanings assigned to them in the Indenture (hereinafter defined). See "APPENDIX A – FORMS OF MASTER TRUST INDENTURE AND FIRST SUPPLEMENTAL TRUST INDENTURE" attached hereto.

Maturity Schedule on  
Inside Cover

The Series 2022 Bonds are being issued pursuant to the Act, resolutions adopted by the Board of Directors of the District (the "Board") on October 2, 2019, and November 12, 2019 (together, the "2019 Bond Resolution"), as supplemented by Resolution 2021-01 adopted by the Board on November 23, 2021 (together with 2019 Bond Resolution, the "Bond Resolution"), and a Master Trust Indenture dated as of February 1, 2022 (the "Master Indenture"), as supplemented by the First Supplemental Trust Indenture dated as of February 1, 2022 (the "First Supplemental Indenture," and together with the Master Indenture, the "Indenture"), each by and between the District and U.S. Bank National Association, as trustee (the "Trustee").

The Series 2022 Bonds are payable from and secured by the Series 2022 Trust Estate, which includes the Series 2022 Pledged Revenues and the Series 2022 Pledged Funds as provided for and as such terms are defined in the Indenture. The Series 2022 Pledged Revenues consist of revenues derived by the District from the Series 2022 Assessments, including Delinquent 2022 Assessments, proceeds from any foreclosure of the lien of Delinquent 2022 Assessments and any statutory interest on the Delinquent 2022 Assessments collected by the District in excess of the rate of interest on the Series 2022 Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2022 BONDS."

The Series 2022 Bonds will bear interest at the fixed rates set forth herein, calculated on the basis of a 360-day year comprised of twelve 30-day months and will be payable on each May 1 and November 1, commencing May 1, 2022. The Series 2022 Bonds, when issued, will be registered in the name of Cede & Co., as the Owner of the Series 2022 Bonds and nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2022 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the Series 2022 Bonds will be paid from the sources provided below by the Trustee directly to Cede & Co. as the nominee of DTC and the registered owner thereof. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of Direct Participants and the Indirect Participants, as more fully described herein. Any purchaser as a beneficial owner of a Series 2022 Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Series 2022 Bond. See "DESCRIPTION OF THE SERIES 2022 BONDS – Book-Entry Only System" herein.

The Series 2022 Bonds are subject to optional, mandatory sinking fund and extraordinary mandatory redemption at the times, in the amounts and at the redemption price as more fully described herein. See "DESCRIPTION OF THE SERIES 2022 BONDS – Redemption Provisions" herein.

Proceeds of the Series 2022 Bonds will be used to: (i) finance a portion of the Cost of acquiring, constructing, installing and/or equipping the District's Series 2022 Project (hereinafter defined); (ii) pay certain costs associated with the issuance of the Series 2022 Bonds; (iii) pay a portion of the interest accruing on the Series 2022 Bonds; and (iv) fund the Series 2022 Reserve Account as herein provided. See "THE CAPITAL IMPROVEMENT PLAN AND SERIES 2022 PROJECT" and "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

**The Series 2022 Bonds are subject to a significant degree of risk and are not suitable for all investors. See "BONDHOLDERS' RISKS" and "SUITABILITY FOR INVESTMENT" herein. Prospective purchasers should carefully evaluate the risks and merits of an investment in the Series 2022 Bonds, should consult with their legal and financial advisors before considering a purchase of the Series 2022 Bonds, and should be willing to bear the risks of loss of their investment in the Series 2022 Bonds. The Series 2022 Bonds are not credit enhanced or rated and no application has been made for a rating on the Series 2022 Bonds.**

THE SERIES 2022 BONDS ARE A LIMITED OBLIGATION OF THE DISTRICT PAYABLE SOLELY OUT OF THE SERIES 2022 TRUST ESTATE PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THIS SERIES 2022 BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF ALABAMA. THIS SERIES 2022 BOND AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT, CITY, THE STATE OF ALABAMA ("STATE"), NOR ANY OTHER POLITICAL SUBDIVISION THEREOF, OTHER THAN AS PROVIDED IN THE INDENTURE. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE SERIES 2022 BONDS.

THE SERIES 2022 BONDS WILL INITIALLY BE SOLD ONLY TO "QUALIFIED INSTITUTIONAL BUYERS," AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND "ACCREDITED INVESTORS," AS SUCH TERM IS DEFINED IN REGULATION D OF RULE 501 PROMULGATED UNDER THE SECURITIES ACT. THE LIMITATION OF THE INITIAL OFFERING TO QUALIFIED INSTITUTIONAL BUYERS AND ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS ON TRANSFER IN ANY SECONDARY MARKET FOR THE SERIES 2022 BONDS.

This cover page contains information for quick reference only. It is not a summary of the Series 2022 Bonds. Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

*The Series 2022 Bonds are offered for delivery when, as and if issued by the District and accepted by the Underwriter, subject to prior sale, withdrawal, or modification of the offer without notice and the receipt of the opinion of Butler Snow LLP, Birmingham, Alabama, Bond Counsel, as to the validity of the Series 2022 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will also be passed upon for the District by Butler Snow LLP, Birmingham, Alabama, Issuer's Counsel, for the Underwriter by its counsel, Greenberg Traurig, P.A., and for the Developer by its counsel, Hartman Simons & Wood LLP, Atlanta, Georgia. It is expected that the Series 2022 Bonds will be available for delivery through DTC in New York, New York, on or about February \_\_, 2022.*

**FMSbonds, Inc.**

Dated: \_\_\_\_\_, 2022

\* Preliminary, subject to change.

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion or amendment. The Series 2022 Bonds may not be sold, nor may any offer to buy be accepted prior to the time the Limited Offering Memorandum is delivered in final form. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2022 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

**MIDCITY IMPROVEMENT DISTRICT**

**\$16,850,000\***

**SPECIAL ASSESSMENT REVENUE BONDS  
SERIES 2022**

**MATURITY SCHEDULE**

\$ \_\_\_\_\_ – \_\_\_\_\_% Series 2022 Bond Due, \_\_\_\_\_ – Price: \_\_\_\_\_%  
Initial CUSIP<sup>†</sup> No. \_\_\_\_\_

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\* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. The CUSIP data included herein has been provided by CUSIP Global Services operated by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by Standard & Poor's, a business unit of McGraw-Hill Financial, and is provided solely for the convenience of the purchasers of the Series 2022 Bonds and only as of the issuance of the Series 2022 Bonds. None of the District, the Trustee or the Underwriter has any responsibility for the accuracy of such data now or at any time in the future. The CUSIP number for the Series 2022 Bonds may be changed after the issuance of the Series 2022 Bonds as the result of various subsequent actions, including, without limitation, a refunding of all or a portion of the Series 2022 Bonds or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2022 Bonds.

**MIDCITY IMPROVEMENT DISTRICT**

**BOARD OF DIRECTORS**

Dane Block  
Rob Robinson  
Kevin Moore

**DISTRICT MANAGER & ASSESSMENT CONSULTANT**

Wrathell Hunt & Associates, LLC  
Boca Raton, Florida

**BOND COUNSEL & ISSUER'S COUNSEL**

Butler Snow LLP  
Birmingham, Alabama

**DISTRICT ENGINEER**

Garver Engineering  
Huntsville, Alabama

**MUNICIPAL ADVISOR**

Terminus Securities  
Atlanta, Georgia

**UNDERWRITER**

FMSbonds, Inc.  
Frisco, Texas

**UNDERWRITER'S COUNSEL**

Greenberg Traurig, P.A.  
Tallahassee, Florida

**TRUSTEE**

U.S. Bank National Association  
Fort Lauderdale, Florida

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**AERIAL VIEW FROM THE SOUTH (2021.12.14)<sup>†</sup>**



**ARIEL VIEW FROM THE NORTH (2021.12.14)**



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<sup>†</sup> A 360° view of the project as of December, 2021 can be accessed via the following link:  
<https://kuula.co/share/NvLcS?logo=1&info=1&logosize=200&fs=1&vr=1&zoom=1&autorotate=0.14&thumbs=1>.

**DAVE & BUSTERS**



**TRADER JOE'S**



**WAHLBURGERS**



**REI COOP**



## REGARDING USE OF THIS LIMITED OFFERING MEMORANDUM

No broker, dealer, salesperson, or other person has been authorized by the District or the Underwriter (hereinafter defined) to give any information or to make any representations, other than those contained in this Limited Offering Memorandum, and if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. **This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any of the Series 2022 Bonds, and there shall be no offer, solicitation, or sale of the Series 2022 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.** This Limited Offering Memorandum does not constitute a contract between the District or the Underwriter and any one or more of the purchasers of the Series 2022 Bonds.

The Underwriter has provided the following sentence for inclusion in this Limited Offering Memorandum. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as a part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information set forth herein has been obtained from the District, the District Engineer, the District Manager, the Developer (hereinafter defined), the Assessment Consultant and other sources believed by the Underwriter to be reliable. The District, the Developer, the District Engineer, and the Assessment Consultant will all, at closing, deliver certificates certifying substantially to the effect that the information each supplied for inclusion herein does not contain any untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change with respect to the matters described herein since the date hereof.

THE SERIES 2022 BONDS WILL INITIALLY BE SOLD ONLY TO "QUALIFIED INSTITUTIONAL BUYERS," AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND "ACCREDITED INVESTORS," AS SUCH TERM IS DEFINED IN REGULATION D OF RULE 501 PROMULGATED UNDER THE SECURITIES ACT. THE LIMITATION OF THE INITIAL OFFERING TO QUALIFIED INSTITUTIONAL BUYERS AND ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS ON TRANSFER IN ANY SECONDARY MARKET FOR THE SERIES 2022 BONDS.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2022 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2022 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933,

AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE SERIES 2022 BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF ANY JURISDICTIONS WHEREIN THESE SECURITIES HAVE BEEN OR WILL BE REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF BY SUCH JURISDICTIONS. NEITHER THE DISTRICT, THE CITY OF HUNTSVILLE, ALABAMA, THE STATE OF ALABAMA NOR ANY OTHER POLITICAL SUBDIVISION OR AGENCY THEREOF HAS GUARANTEED OR PASSED UPON THE MERITS OF THE SERIES 2022 BONDS, UPON THE PROBABILITY OF ANY EARNINGS THEREON, OR THE ACCURACY OR ADEQUACY OF THIS LIMITED OFFERING MEMORANDUM.

THE SERIES 2022 BONDS ARE NOT CREDIT ENHANCED OR RATED. NO APPLICATION HAS BEEN MADE FOR A RATING OR CREDIT ENHANCEMENT WITH RESPECT TO THE SERIES 2022 BONDS, NOR IS THERE ANY REASON TO BELIEVE THAT THE DISTRICT WOULD HAVE BEEN SUCCESSFUL IN OBTAINING EITHER CREDIT ENHANCEMENT FOR THE SERIES 2022 BONDS OR A RATING FOR THE SERIES 2022 BONDS HAD APPLICATION BEEN MADE.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE "FORWARD-LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PROJECT," "PLAN," "INTEND," "EXPECT," "ESTIMATE," "BUDGET," "ANTICIPATE" OR OTHER SIMILAR WORDS. SUCH FORWARD-LOOKING STATEMENTS INCLUDE BUT ARE NOT LIMITED TO CERTAIN STATEMENTS CONTAINED IN THE INFORMATION UNDER THE CAPTIONS "ESTIMATED SOURCES AND USES OF PROCEEDS," "THE DEVELOPER," AND "THE DEVELOPMENT" IN THIS LIMITED OFFERING MEMORANDUM.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE DEVELOPER NOR THE DISTRICT PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, SUBJECT TO ANY CONTRACTUAL OR LEGAL RESPONSIBILITIES TO THE CONTRARY.

**THIS LIMITED OFFERING MEMORANDUM, INCLUDING THE COVER PAGE HEREOF, IS PROVIDED FOR THE PURPOSE OF SETTING FORTH INFORMATION IN CONNECTION WITH THE ISSUANCE AND SALE OF THE SERIES 2022 BONDS. THIS LIMITED OFFERING MEMORANDUM SPEAKS ONLY AS OF ITS DATE, AND THE INFORMATION CONTAINED HEREIN IS SUBJECT TO CHANGE. THE**

**DESCRIPTION OF THE SERIES 2022 BONDS AND THE DOCUMENTS AUTHORIZING AND SECURING SAME CONTAINED HEREIN DO NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES TO AND DESCRIPTION OF SUCH DOCUMENTS HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS. COPIES OF SUCH DOCUMENTS NOT REPRODUCED IN THIS LIMITED OFFERING MEMORANDUM MAY BE OBTAINED FROM THE DISTRICT AT THE OFFICES OF WRATHELL HUNT & ASSOCIATES, LLC (DISTRICT MANAGER), 2300 GLADES ROAD, SUITE 410W, BOCA RATON, FLORIDA 33431, TELEPHONE (561) 571-0010, OR BUTLER SNOW LLP (ATTN: ALSTON RAY, DISTRICT COUNSEL), 1819 FIFTH AVENUE NORTH, SUITE 1000, BIRMINGHAM, ALABAMA 35203, TELEPHONE (205) 297-2211.**

THE ORDER AND PLACEMENT OF MATERIALS IN THIS LIMITED OFFERING MEMORANDUM, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS LIMITED OFFERING MEMORANDUM, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS LIMITED OFFERING MEMORANDUM ARE FOR CONVENIENCE OR REFERENCE ONLY AND IN NO WAY DEFINE, LIMIT OR DESCRIBE THE SCOPE OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION OF ANY PROVISIONS OR SECTION IN THIS LIMITED OFFERING MEMORANDUM.

THIS LIMITED OFFERING MEMORANDUM IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE WEBSITE: [WWW.MUNIOS.COM](http://WWW.MUNIOS.COM). THIS LIMITED OFFERING MEMORANDUM MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

**THIS PRELIMINARY LIMITED OFFERING MEMORANDUM IS IN A FORM DEEMED FINAL BY THE DISTRICT FOR PURPOSES OF RULE 15c2-12 ISSUED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(b)(1).**

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**\$16,850,000\***  
**MIDCITY IMPROVEMENT DISTRICT**  
**Special Assessment Revenue Bonds, Series 2022**

**INTRODUCTION**

The purpose of this Limited Offering Memorandum, including the cover page and appendices hereto, is to set forth certain information in connection with the issuance by the MidCity Improvement District (the "District" or "Issuer") of its \$16,850,000\* MidCity Improvement District Special Assessment Revenue Bonds, Series 2022 (the "Series 2022 Bonds"). Capitalized terms not otherwise defined herein shall have the respective meanings assigned to them in the Indenture (hereinafter defined).

THE SERIES 2022 BONDS ARE NOT RATED OR CREDIT ENHANCED AND ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS (SEE "SUITABILITY FOR INVESTMENT" AND "BONDOWNERS' RISKS" HEREIN).

The District is an Alabama public corporation duly organized and existing as an improvement district under Chapter 99A of Title 11 of the Code of Alabama 1975, as heretofore or hereafter amended or supplemented (the "Act"), and pursuant to Resolution No. 18-652, as amended by Resolution 19-260 both adopted by the City Council of the City of Huntsville, Alabama (the "City Council"), on August 9, 2018, and March 28, 2019, respectively (together, the "Establishment Resolution"). The District was established for the purposes of financing and managing the acquisition, construction, maintenance and/or operation of certain infrastructure necessary for community development within the District. The Act authorizes the District to issue bonds for the purpose of, *inter alia*, financing, funding, planning, establishing, acquiring, constructing or reconstructing, enlarging or extending, equipping, operating and/or maintaining systems, facilities and basic infrastructure including, but not limited to, roadways, traffic signalization, electrical, street lighting, landscaping/hardscaping/irrigation, water and sanitary sewer systems, and other basic infrastructure projects within and without the boundaries of the District, as provided in the Act.

The Series 2022 Bonds are being issued pursuant to the Act, resolutions adopted by the Board of Directors of the District (the "Board") on October 2, 2019, and November 12, 2019 (together, the "2019 Bond Resolution"), as supplemented by Resolution 2021-01 adopted by the Board on November 23, 2021 (together with 2019 Bond Resolution, the "Bond Resolution"), and a Master Trust Indenture dated as of February 1, 2022 (the "Master Indenture"), as supplemented by the First Supplemental Trust Indenture dated as of February 1, 2022 (the "First Supplemental Indenture," and together with the Master Indenture, the "Indenture"), each by and between the District and U.S. Bank National Association, as trustee (the "Trustee").

The Series 2022 Bonds are payable from and secured by the Series 2022 Trust Estate, which includes the Series 2022 Pledged Revenues and the Series 2022 Pledged Funds as provided for and as such terms are defined in the Indenture. The Series 2022 Pledged Revenues consist of revenues derived by the District from the Series 2022 Assessments, including Delinquent 2022

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\* Preliminary, subject to change.

Assessments, proceeds from any foreclosure of the lien of Delinquent 2022 Assessments and any statutory interest on the Delinquent 2022 Assessments collected by the District in excess of the rate of interest on the Series 2022 Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2022 BONDS."

**The Series 2022 Bonds are limited obligations of the District issued under the provisions of the Act, the Establishment Resolution and the Indenture and do not constitute an indebtedness of the State or the City and are payable solely from the Series 2022 Trust Estate. The issuance of the Series 2022 Bonds shall not directly, indirectly, or contingently obligate the District to levy or pledge any other funds whatsoever therefore or to make any appropriation for its payment except from such funds. The Series 2022 Bonds are not obligations or indebtedness of the City, the State or any agency, authority, district or political subdivision of the State or the City, other than the District.**

Proceeds of the Series 2022 Bonds will be used to: (i) finance a portion of the Cost of acquiring, constructing, installing and/or equipping the District's Series 2022 Project (hereinafter defined); (ii) pay certain costs associated with the issuance of the Series 2022 Bonds; (iii) pay a portion of the interest accruing on the Series 2022 Bonds; and (iv) fund the Series 2022 Reserve Account as herein provided. See "THE CAPITAL IMPROVEMENT PLAN AND SERIES 2022 PROJECT" and "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

There follows in this Limited Offering Memorandum brief descriptions of the Developer, Related Landowners, Development, City, District and certain provisions of the Act, the Series 2022 Project to be constructed and acquired, in part, with the proceeds of the Series 2022 Bonds, together with summaries of the terms of the Series 2022 Bonds and the Indenture. All references herein to the Indenture and the Act are qualified in their entirety by reference to such documents and all references to the Series 2022 Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Series 2022 Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco Texas, 75034, Telephone Number (877) 899-2220. The form of the Indenture appears in APPENDIX A hereto.

This introduction is not a summary of this Limited Offering Memorandum. It is only a description of and guide to, and is qualified by, the information contained in the entire Limited Offering Memorandum, including the cover page and appendices hereto, and the documents summarized or described herein. The information provided in this Limited Offering Memorandum is made only by means of the entire Limited Offering Memorandum taken as a whole, and a full review should be made of the entire Limited Offering Memorandum, including the appendices hereto and the documents summarized or described herein, prior to making any investment decision.

## **DESCRIPTION OF THE SERIES 2022 BONDS**

### **General**

The Series 2022 Bonds are being issued only in fully registered form, without coupons, initially in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof (an

"Authorized Denomination"). The Series 2022 Bonds will initially be sold only to "Qualified Institutional Buyers," as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and "Accredited Investors," as such term is defined in Regulation D of Rule 501 promulgated under the Securities Act. The limitation of the initial offering to Qualified Institutional Buyers and Accredited Investors does not denote restrictions on transfer in any secondary market for the Series 2022 Bonds. Except as further discussed herein under "CONTINUING DISCLOSURE," the District will not undertake to update any information contained in the Limited Offering Memorandum after its date herein.

The Series 2022 Bonds will be dated as of the date of delivery thereof, will bear interest due and payable on each May 1 and November 1, commencing May 1, 2022 (each, an "Interest Payment Date") and shall be computed on the basis of a 360-day year of twelve 30-day months. Each Series 2022 Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date of its authentication, unless the date of its authentication: (i) is an Interest Payment Date to which interest on such Series 2022 Bond has been paid, in which event such Series 2022 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the Series 2022 Bonds, in which event, such Series 2022 Bond shall bear interest from its dated date. The Series 2022 Bonds will mature on the dates, in such amounts and at such rates as set forth on the cover page of this Limited Offering Memorandum.

Interest shall be paid to the registered Owner of Series 2022 Bonds at the close of business on the regular Record Date for such interest, which shall be the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date or, if such day is not a Business Day on the Business Day immediately preceding such day; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (a) of Section 902 of the Master Indenture, the payment of interest and principal or Redemption Price or Amortization Installments shall be made by the Paying Agent to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the registered Owner of a Series 2022 Bond. Except as otherwise applicable to Series 2022 Bonds held pursuant to a book-entry system, any payment of principal, Amortization Installment or Redemption Price shall be made only upon presentation of the Series 2022 Bond at the designated corporate trust office of the Paying Agent in Fort Lauderdale, Florida, or any alternate or successor Paying Agent. Except as otherwise applicable to Series 2022 Bonds held in a book-entry system, payment of interest shall be made by check or draft (or by wire transfer to the registered Owner if such Owner requests such method of payment by delivery of written notice to the Paying Agent prior to the Record Date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner owns not less than \$1,000,000 in aggregate principal amount of the Series 2022 Bonds).

The Series 2022 Bonds shall be initially issued in the form of a separate single certificated fully registered Series 2022 Bond for each maturity thereof. Upon initial issuance, the ownership of each such Series 2022 Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of The Depository Trust Company, New York, New York ("DTC"), the initial Bond Depository. Except as provided in the Indenture, all the Outstanding Series 2022 Bonds shall be registered in the registration books kept by the Bond

Registrar in the name of Cede & Co., as Nominee of DTC. See "DESCRIPTION OF THE SERIES 2022 BONDS - Book-Entry Only System" herein.

U.S. Bank National Association is the Trustee, Bond Registrar and Paying Agent for the Series 2022 Bonds.

### **Redemption Provisions**

*Optional Redemption.* The Series 2022 Bonds are subject to redemption at the option of the District prior to maturity, in whole on any date or in part on any Redemption Date, on or after [November 1, 2031] at the Redemption Price of 100% of the principal amount of the Series 2022 Bonds or portions thereof to be redeemed plus accrued interest to the redemption date.

*Mandatory Sinking Fund Redemption.* The Series 2022 Bonds maturing [November 1, 20\_\_] are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, on May 1 of the years and in the principal amounts set forth below:

| <b>Year<br/>(May 1)</b> | <b>Amortization<br/>Installment</b> | <b>Year<br/>(May 1)</b> | <b>Amortization<br/>Installment</b> |
|-------------------------|-------------------------------------|-------------------------|-------------------------------------|
|-------------------------|-------------------------------------|-------------------------|-------------------------------------|

\*

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\* Maturity.

As more particularly set forth in the Indenture, any Series 2022 Bonds that are purchased by the District with amounts held to pay an Amortization Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Amortization Installment of Series 2022 Bonds. As provided in the First Supplemental Indenture, upon redemption or purchase of a portion of the Series 2022 Bonds (other than redemption in accordance with scheduled Amortization Installments), the District shall cause to be recalculated and delivered to the Trustee revised Amortization Installments recalculated so that Debt Service on the Series 2022 Bonds is amortized in substantially equal annual installments of principal and interest

(subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2022 Bonds.

*Extraordinary Mandatory Redemption.* The Series 2022 Bonds are subject to extraordinary mandatory redemption prior to scheduled maturity, in whole on any date or in part on any Redemption Date, at the Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, if and to the extent that any one or more of the following shall have occurred:

(i) on or after the Date of Completion of the Series 2022 Project by application of moneys transferred from the Series 2022 Acquisition and Construction Account to the Series 2022 Prepayment Subaccount in accordance with the terms of the Indenture;

(ii) amounts, including Series 2022 Prepayments, are deposited into the Series 2022 Prepayment Subaccount as required by the Indenture; or

(iii) when the amount on deposit in the Series 2022 Reserve Account, together with other moneys available therefor are sufficient to pay and redeem all the Series 2022 Bonds then Outstanding, including accrued interest thereon, as provided in the First Supplemental Indenture.

Except as otherwise provided in the Indenture, if less than all of the Series 2022 Bonds of a maturity subject to redemption shall be called for redemption, the particular such Series 2022 Bonds or portions of such Series 2022 Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture, or as provided or directed by DTC

Reference is hereby specifically made to "APPENDIX A – FORMS OF MASTER TRUST INDENTURE AND FIRST SUPPLEMENTAL TRUST INDENTURE" for additional details concerning the redemption of Series 2022 Bonds.

### **Notice of Redemption**

Notice of each redemption of Series 2022 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the Redemption Date to each Registered Owner of Series 2022 Bonds to be redeemed at the address of such Registered Owner recorded on the bond register maintained by the Bond Registrar. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the Series 2022 Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such Series 2022 Bonds or such portions thereof on such date, interest on such Series 2022 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2022 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such Series 2022 Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Bond Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said

further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Pursuant to the Indenture, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events or upon the later deposit of moneys therefor as shall be specified in such notice of optional redemption and may also be subject to rescission by the District if expressly set forth in such notice.

### **Book-Entry Only System**

THE FOLLOWING INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM DTC AND OTHER SOURCES THAT THE ISSUER BELIEVES TO BE RELIABLE, BUT NEITHER THE ISSUER NOR UNDERWRITER MAKES ANY REPRESENTATION OR WARRANTY OR TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2022 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS LIMITED OFFERING MEMORANDUM TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2022 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2022 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2022 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2022 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2022 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2022 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2022 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE ISSUER NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Series 2022 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S.

securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2022 Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2022 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2022 Bonds may wish to ascertain that the nominee holding the Series 2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2022 Bonds within a series or maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments on the Series 2022 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

**THE DISTRICT, THE TRUSTEE, THE PAYING AGENT AND BOND REGISTRAR DO NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE SERIES 2022 BONDS IN RESPECT OF: (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (B) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, REDEMPTION PRICE OR INTEREST ON THE SERIES 2022 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO OWNERS; (D) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF PARTIAL REDEMPTION OF THE SERIES 2022 BONDS; OR (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNERS.**

**AS LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE SERIES 2022 BONDS, REFERENCES IN THIS LIMITED OFFERING**

**MEMORANDUM TO THE OWNERS OR HOLDERS OF THE SERIES 2022 BONDS SHALL MEAN CEDE & CO., AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2022 BONDS.**

DTC may discontinue providing its services as depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

In either of the situations described in the preceding two (2) paragraphs, definitive replacement Series 2022 Bonds shall be issued only upon surrender to the Bond Registrar of the Series 2022 Bonds of each maturity by DTC, accompanied by registration instructions for the definitive replacement Series 2022 Bonds for such maturity from DTC. The District shall not be liable for any delay in delivery of such instructions and conclusively may rely on and shall be protected in relying on such instruction of DTC.

THE DISTRICT CAN MAKE NO ASSURANCES THAT DTC WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF, REDEMPTION PRICE, IF ANY, OR INTEREST ON THE SERIES 2022 BONDS TO THE DIRECT PARTICIPANTS, OR THAT DIRECT AND INDIRECT PARTICIPANTS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF, REDEMPTION PRICE, IF ANY, OR INTEREST ON THE SERIES 2022 BONDS OR REDEMPTION NOTICES TO THE BENEFICIAL OWNERS OF SUCH SERIES 2022 BONDS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC OR ANY OF ITS PARTICIPANTS WILL ACT IN A MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE DISTRICT IS NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC TO MAKE ANY PAYMENT TO ANY DIRECT PARTICIPANT OR FAILURE OF ANY DIRECT OR INDIRECT PARTICIPANT TO GIVE ANY NOTICE OR MAKE ANY PAYMENT TO A BENEFICIAL OWNER IN RESPECT TO THE SERIES 2022 BONDS OR ANY ERROR OR DELAY RELATING THERETO.

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**ESTIMATED SOURCES AND USES OF PROCEEDS**

Proceeds from the issuance and delivery of the Series 2022 Bonds are expected to be applied as follows:

**SOURCES:**

|                                 |                 |
|---------------------------------|-----------------|
| Par Amount of Series 2022 Bonds | \$ _____        |
| <b>TOTAL SOURCES:</b>           | <b>\$ _____</b> |

**USES:**

|  |                 |
|--|-----------------|
| Series 2022 Acquisition and Construction Account | \$              |
| Series 2022 Capitalized Interest account         |                 |
| Series 2022 Reserve Account                      |                 |
| Series 2022 Cost of Issuance Account             |                 |
| Underwriter's Discount                           |                 |
| <b>TOTAL USES:</b>                               | <b>\$ _____</b> |

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**DEBT SERVICE SCHEDULE FOR SERIES 2022 BONDS**

| <b>Date<br/>(November 1)</b> | <b>Principal</b> | <b>Interest*</b> | <b>Total</b> |
|------------------------------|------------------|------------------|--------------|
| 2022                         | \$               | \$               | \$           |
| 2023                         |                  |                  |              |
| 2024                         |                  |                  |              |
| 2025                         |                  |                  |              |
| 2026                         |                  |                  |              |
| 2027                         |                  |                  |              |
| 2028                         |                  |                  |              |
| 2029                         |                  |                  |              |
| 2030                         |                  |                  |              |
| 2031                         |                  |                  |              |
| 2032                         |                  |                  |              |
| 2033                         |                  |                  |              |
| 2034                         |                  |                  |              |
| 2035                         |                  |                  |              |
| 2036                         |                  |                  |              |
| 2037                         |                  |                  |              |
| 2038                         |                  |                  |              |
| 2039                         |                  |                  |              |
| 2040                         |                  |                  |              |
| 2041                         |                  |                  |              |
| 2042                         |                  |                  |              |
| 2043                         |                  |                  |              |
| 2044                         |                  |                  |              |
| 2045                         |                  |                  |              |
| 2046                         |                  |                  |              |
| 2047                         |                  |                  |              |
| 2048                         |                  |                  |              |
| 2049**                       |                  |                  |              |
| <b>Total</b>                 | \$               | \$               | \$           |

\* Includes capitalized interest.

\*\* Final Maturity November 1, 2049.

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## **SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2022 BONDS**

### **General**

THE SERIES 2022 BONDS ARE A LIMITED OBLIGATION OF THE DISTRICT PAYABLE SOLELY OUT OF THE SERIES 2022 TRUST ESTATE PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THIS SERIES 2022 BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF ALABAMA. THIS SERIES 2022 BOND AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT, CITY, THE STATE OF ALABAMA ("STATE"), NOR ANY OTHER POLITICAL SUBDIVISION THEREOF, OTHER THAN AS PROVIDED IN THE INDENTURE. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE SERIES 2022 BONDS.

The principal of, premium, if any, and interest on the Series 2022 Bonds are equally and ratably secured under the Indenture by a first lien upon and pledge of the Series 2022 Trust Estate, which consists of the Series 2022 Pledged Revenues and Series 2022 Pledged Funds (which excludes amounts in the Series 2022 Rebate Account) established by the Indenture.

The primary source of payment for the Series 2022 Bonds are the revenues derived by the District from the Series 2022 Assessments imposed pursuant to Resolutions 19-1005 and 21-[\_\_\_\_] adopted by the City Council on October 24, 2019, and December 16, 2021, respectively (the "City Assessment Resolutions," together with resolutions adopted by the Board on October 24, 2019, and November 23, 2021, approving petitions to the City for the levy of special assessments, the "District Assessment Resolutions, the "Assessment Resolutions"), on each assessable parcel of land within the Series 2022 Assessment Area (hereinafter defined) that will be specially benefited by the Series 2022 Project (hereinafter defined) as provided in the Assessment Report (hereinafter defined) attached hereto as APPENDIX D. The Series 2022 Assessments represent an allocation of a portion of the costs of the Series 2022 Project, including bond financing costs, to lands within the District in accordance with the Assessment Reports.

### **Series 2022 Pledged Revenues**

The Series 2022 Pledged Revenues consist of all revenues derived by the District from the Series 2022 Assessments, including Delinquent 2022 Assessments, proceeds from any foreclosure of the lien of Delinquent 2022 Assessments and any statutory interest on the Delinquent 2022 Assessments collected by the District in excess of the rate of interest on the Series 2022 Bonds.

The Indenture provides that the pledge of the Series 2022 Pledged Revenues shall be valid and binding from and after the date of delivery of the Series 2022 Bonds and shall immediately be subject to such pledge without any physical delivery thereof or further act.

The Series 2022 Assessments consists of all Series 2022 Assessments levied by the City, following the written petition for the same from the District, and collected by or on behalf of the District pursuant to State law, as amended from time to time, together with the applicable interest specified by resolution adopted by the City, if any such interest is collected by or on behalf of the District, and any applicable penalties collected by or on behalf of the District, together with any and all amounts received by the District from the collection of Delinquent 2022 Assessments. Series 2022 Assessments do not include assessments levied by the City and collected by the District under the Act for operations and maintenance purposes.

The Series 2022 Assessments have been levied upon land within the District specially benefited by certain infrastructure improvements that are being acquired, constructed or equipped by the District. See "THE CAPITAL IMPROVEMENT PLAN AND SERIES 2022 PROJECT," "THE SERIES 2022 ASSESSMENTS – Assessment Methodology; Projected Series 2022 Assessments" herein and "APPENDIX C – ENGINEER'S REPORT" and "APPENDIX D – ASSESSMENT REPORT" attached hereto for a brief summary of such improvements.

Pursuant to the Act, the Series 2022 Assessments constitute a lien on the property against which assessed until paid in full, with all interest and penalties and costs of collection, if any, and shall have priority over all other liens, other than liens for ad valorem taxes.

## **Funds and Accounts**

The Indenture establishes with the Trustee the following Funds and Accounts: (1) within the Acquisition and Construction Fund, (i) a Series 2022 Acquisition and Construction Account and (ii) a Series 2022 Costs of Issuance Account; (2) within the Debt Service Fund, (i) a Series 2022 Debt Service Account and therein a Series 2022 Sinking Fund Account, a Series 2022 Interest Account and a Series 2022 Capitalized Interest Account; and (ii) a Series 2022 Redemption Account, and, therein a Series 2022 Prepayment Subaccount and a Series 2022 Optional Redemption Subaccount; (3) within the Revenue Fund, a Series 2022 Revenue Account; (4) within the Reserve Fund, a Series 2022 Reserve Account, which account shall be held for the benefit of all of the Series 2022 Bonds, without distinction as to Series 2022 Bonds and without privilege or priority of one Series 2022 Bond over another; and (5) within the Rebate Fund, a Series 2022 Rebate Account.

## **Series 2022 Acquisition and Construction Account**

Amounts on deposit in the Series 2022 Acquisition and Construction Account shall be applied to pay Costs of the Series 2022 Project upon compliance with the requisition provisions set forth in Section 503(b) of the Master Indenture and on the form attached as an exhibit to the First Supplement Indenture. Anything in the Master Indenture to the contrary notwithstanding, the District Engineer shall establish a Date of Completion for the Series 2022 Project, and any balance remaining in the Series 2022 Acquisition and Construction Account after such Date of Completion (taking into account the moneys currently on deposit therein to pay any accrued but unpaid Costs of the Series 2022 Project which are required to be reserved in the Series 2022 Acquisition and Construction Account in accordance with the certificate of the District Engineer delivered to the District and the Trustee establishing such Date of Completion), shall be deposited

to the Series 2022 Prepayment Subaccount and applied to the extraordinary mandatory redemption of the Series 2022 Bonds in accordance with Section 301 of the First Supplemental Indenture and in the manner prescribed in the form of Series 2022 Bond attached to the First Supplemental Indenture, whereupon the Series 2022 Acquisition and Construction Account shall be closed.

### **Series 2022 Cost of Issuance Account**

The amount deposited in the Series 2022 Costs of Issuance Account shall, at the written direction of an Authorized Officer to the Trustee, be used to pay the costs of issuance relating to the Series 2022 Bonds. On the earlier to occur of: (x) the written direction of an Authorized Officer or (y) ninety (90) days from the date of issuance of the Series 2022 Bonds, any amounts deposited in the Series 2022 Costs of Issuance Account for which the Trustee has not received a requisition to pay such costs shall be transferred over and deposited into the Series 2022 Acquisition and Construction Account and used for the purposes permitted therefor. Any deficiency in the amount allocated to pay the costs of issuance relating to the Series 2022 Bonds shall be paid from excess moneys on deposit in the Series 2022 Revenue Account pursuant the First Supplemental Indenture. When such deficiency has been satisfied and no moneys remain therein, the Series 2022 Costs of Issuance Account shall be closed.

### **Series 2022 Capitalized Interest Account**

Amounts on deposit in the Series 2022 Capitalized Interest Account shall, until and including [November 1, 2023], be transferred into the Series 2022 Interest Account and applied to the payment of interest first coming due on the Series 2022 Bonds in accordance with Section 409(d) of the First Supplemental Indenture, and thereafter transferred into the Series 2022 Acquisition and Construction Account, whereupon the Series 2022 Capitalized Interest Account shall be closed

### **Revenue Fund; Flow of Funds**

Within the Revenue Fund held by the Trustee is the Series 2022 Revenue Account. The Trustee is authorized and directed under the First Supplemental Indenture to deposit any and all amounts required to be deposited in the Series 2022 Revenue Account by Section 409 of the First Supplemental Indenture or by any other provision of the Master Indenture or the First Supplemental Indenture, and any other amounts or payments specifically designated by the District pursuant to a written direction or by a Supplemental Indenture for said purpose. The Series 2022 Revenue Account shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee.

The Trustee shall deposit into the Series 2022 Revenue Account (i) Series 2022 Pledged Revenues other than Series 2022 Prepayments (which Series 2022 Prepayments shall be identified by the District to the Trustee as such in writing upon deposit and which shall be deposited into the Series 2022 Prepayment Subaccount) and (ii) any other revenues required by other provisions of the Indenture to be deposited into the Series 2022 Revenue Account, including but not limited to Series 2022 Prepayment Interest.

On the 45th day preceding each Redemption Date (or if such 45th day is not a Business Day, on the Business Day next preceding such 45th day), the Trustee shall determine the amount

on deposit in the Series 2022 Prepayment Subaccount and, if the balance therein is greater than zero, shall transfer from the Series 2022 Revenue Account for deposit into the Series 2022 Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to an integral multiple of \$5,000 (provided that there are sufficient funds remaining in the Series 2022 Revenue Account to pay Debt Service coming due on the Series 2022 Bonds on the next succeeding Interest Payment Date), and shall thereupon give notice and cause the extraordinary mandatory redemption of the Series 2022 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in the Series 2022 Prepayment Subaccount in accordance with the provisions for extraordinary mandatory redemption of the Series 2022 Bonds set forth in the form of Series 2022 Bonds attached to the First Supplemental Indenture, Section 301 of the First Supplemental Indenture, and Article III of the Master Indenture.

On May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall first transfer from the Series 2022 Capitalized Interest Account to the Series 2022 Interest Account the lesser of (x) the amount of interest coming due on the Series 2022 Bonds on such May 1 or November 1, less the amount already on deposit in the Series 2022 Interest Account, or (y) the amount remaining in the Series 2022 Capitalized Interest Account. Following the foregoing transfer, on such May 1 or November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall then transfer amounts on deposit in the Series 2022 Revenue Account to the Funds and Accounts designated below in the following amounts and in the following order of priority:

**FIRST**, to the Series 2022 Interest Account, the amount, if any, equal to the difference between the amount of interest payable on all Series 2022 Bonds then Outstanding on such May 1 or November 1, and (i) the amount transferred from the Series 2022 Capitalized Interest Account in accordance with Section 409(d) of the First Supplemental Indenture and (ii) the amount already on deposit in the Series 2022 Interest Account not previously credited;

**SECOND**, on [November 1, 20\_\_] and on each May 1 thereafter, to the Series 2022 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all Series 2022 Bonds subject to mandatory sinking fund redemption on such May 1 and the amount already on deposit in the Series 2022 Sinking Fund Account not previously credited;

**THIRD**, to the Series 2022 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2022 Reserve Account Requirement with respect to the Series 2022 Bonds; and

**FOURTH**, the balance shall first be deposited into the Series 2022 Costs of Issuance Account to fund any deficiencies in the amount allocated to pay the costs of issuance relating to the Series 2022 Bonds, and then the balance shall be retained in the Series 2022 Revenue Account.

On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction to, and the Trustee shall, transfer from the Series 2022 Revenue Account to the Series 2022 Rebate Account established for the Series 2022 Bonds in the Rebate Fund in accordance with the Master Indenture, the amount due and owing to the United States, which amount shall be paid to the United States when due in accordance with such Tax Regulatory Covenants.

Anything in the First Supplemental Indenture or in the Master Indenture to the contrary notwithstanding, moneys on deposit in all of the Funds and Accounts held as security for the Series 2022 Bonds shall be invested only in Series 2022 Investment Obligations. Earnings on investments in the Series 2022 Acquisition and Construction Account, the Series 2022 Interest Account and the Series 2022 Capitalized Interest Account shall be retained, as realized, in such Accounts and used for the purpose of such Accounts. Earnings on investments in the Funds and Accounts other than the Series 2022 Reserve Account, and other than as set forth above, shall be deposited, as realized, to the credit of the Series 2022 Revenue Account and used for the purpose of such Account.

Earnings on investments in the Series 2022 Reserve Account shall be disposed of as follows:

(i) if there was no deficiency (as defined in Section 509 of the Master Indenture) in the Series 2022 Reserve Account as of the most recent date on which amounts on deposit in the Series 2022 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series 2022 Reserve Account since such date which have created a deficiency, then earnings on investments in the Series 2022 Reserve Account shall be deposited into the Series 2022 Capitalized Interest Account through [November 1, 2023], and thereafter shall be deposited into the Series 2022 Revenue Account and used for the purpose of such Account; and

(ii) if there was a deficiency (as defined in Section 509 of the Master Indenture) in the Series 2022 Reserve Account as of the most recent date on which amounts on deposit in the Series 2022 Reserve Account were valued by the Trustee, or if after such date withdrawals have been made from the Series 2022 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2022 Reserve Account shall be retained in the Series 2022 Reserve Account until the amount on deposit therein is equal to the Series 2022 Reserve Account Requirement, and then earnings on investments in the Series 2022 Reserve Account shall be deposited into the Series 2022 Capitalized Interest Account through [November 1, 2023], and thereafter shall be deposited into the Series 2022 Revenue Account and used for the purpose of such Account.

The foregoing determination and disbursement shall be made prior to any recalculation and transfer of excess amounts on deposit in the Series 2022 Reserve Account made pursuant to Section 405 of the First Supplement.

## **Reserve Fund**

Within the Reserve Fund held by the Trustee is the Series 2022 Reserve Account, which shall be held for the benefit of all of the Series 2022 Bonds without distinction as to Series 2022 Bonds and without privilege or priority of one Series 2022 Bond over another.

The Series 2022 Reserve Account Requirement is an amount equal to 100% of the Maximum Annual Debt Service Requirement for the Series 2022 Bonds, as of the time of any such calculation, which on the date of initial issuance is \$[\_\_\_\_\_].

The Series 2022 Reserve Account shall be funded and maintained at all times in an amount equal to the Series 2022 Reserve Account Requirement. Except as otherwise provided in the First Supplemental Indenture or in the Master Indenture, amounts on deposit in the Series 2022 Reserve Account shall be used only for the purpose of making payments into the Series 2022 Interest Account and the [Series 2022 Principal Account/Series 2022 Sinking Fund Account] to pay Debt Service on the Series 2022 Bonds, when due, without distinction as to Series 2022 Bonds and without privilege or priority of one Series 2022 Bond over another, to the extent the moneys on deposit in such Accounts available therefor are insufficient and for no other purpose. The Series 2022 Reserve Account shall consist only of cash and Series 2022 Investment Obligations.

Anything in the First Supplemental Indenture or in the Master Indenture to the contrary notwithstanding, on the 45th day preceding each Interest Payment Date (or, if such 45th day is not a Business Day, on the first Business Day preceding such 45th day), the Trustee is authorized and directed to recalculate the Series 2022 Reserve Account Requirement and to transfer any excess on deposit in the Series 2022 Reserve Account (other than excess resulting from earnings on investments, which shall be governed by Section 409(f) of the First Supplemental Indenture) into the Series 2022 Prepayment Subaccount and applied to the extraordinary mandatory redemption of the Series 2022 Bonds.

On the earliest date on which there is on deposit in the Series 2022 Reserve Account sufficient monies, after taking into account other monies available therefor, to pay and redeem all of the Outstanding Series 2022 Bonds, together with accrued interest and redemption premium, if any, on such Series 2022 Bonds to the earliest Redemption Date permitted therein and in the First Supplemental Indenture, then the Trustee shall transfer the amount on deposit in the Series 2022 Reserve Account into the Series 2022 Prepayment Subaccount to pay and redeem all of the Outstanding Series 2022 Bonds on the earliest Redemption Date permitted for redemption therein and in the First Supplemental Indenture.

Anything in the First Supplemental Indenture or in the Master Indenture to the contrary notwithstanding, amounts on deposit in the Series 2022 Reserve Account shall, upon the occurrence and continuance of an Event of Default, be subject to a first charge by the Trustee for its fees and expenses, including fees and expenses of collection of Delinquent 2022 Assessments.

## **Additional Bonds**

Other than Refunding Bonds issued to refund the then Outstanding Series 2022 Bonds, the issuance of which results in net present value Debt Service savings, the District shall not, while any Series 2022 Bonds are Outstanding, issue or incur any debt payable in whole or in part from

the Series 2022 Trust Estate. Pursuant to the Indenture, the District further covenants and agrees that so long as the Series 2022 Assessments have not been Substantially Absorbed, it will not impose Assessments for capital projects on any lands subject to the Series 2022 Assessments without the written consent of the Majority Owners. Notwithstanding the preceding sentence, the District may impose Assessments on property subject to the Series 2022 Assessments which are necessary for health, safety, or welfare reasons, or to remediate a natural disaster, or to effect repairs to or replacement of property, facilities, or equipment of the District without the consent of the Majority Owners.

The First Supplemental Indenture defines "Substantially Absorbed" as meaning the date when at least 90% of the principal portion of the Series 2022 Assessments have been assigned to lots within the District that have each received a certificate of occupancy. The Trustee and the Issuer may rely on a certificate from the District Manager regarding such status of the lots and the Series 2022 Assessments, and in the absence of such certification, may assume the Series 2022 Assessments have not been Substantially Absorbed.

### **Acknowledgment Regarding Series 2022 Acquisition and Construction Account Moneys Following an Event of Default**

In accordance with the provisions of the Indenture, the Series 2022 Bonds are payable solely from the Series 2022 Trust Estate, which includes the Series 2022 Pledged Revenues and the Series 2022 Pledged Funds. Anything in the Indenture to the contrary notwithstanding, the District acknowledges that (i) the Series 2022 Pledged Funds includes, without limitation, all amounts on deposit in the Series 2022 Acquisition and Construction Account then held by the Trustee, (ii) upon the occurrence of an Event of Default with respect to the Series 2022 Bonds, the Series 2022 Pledged Funds may not be used by the District (whether to pay Costs of the Series 2022 Project or otherwise) without the consent of the Majority Owners, except to the extent that prior to the Trustee notifying the District of such declared Event of Default the District had incurred a binding obligation with third parties for work on the Series 2022 Project and payment is for such work, and (iii) upon the occurrence of an Event of Default with respect to the Series 2022 Bonds, the Series 2022 Pledged Funds may be used by the Trustee, at the direction or with the approval of the Majority Owners, to pay the reasonable costs and expenses incurred in connection with the pursuit of remedies under the Indenture. The District shall not enter into any binding agreement with respect to the Series 2022 Project that will cause the expenditure of additional funds from the Series 2022 Trust Estate after the occurrence and during the continuance of an Event of Default unless authorized in writing by the Majority Owners.

### **Investments**

With respect to the Series 2022 Bonds, moneys on deposit in all of the Funds and Accounts held as security for the Series 2022 Bonds shall be invested only in Series 2022 Investment Obligations. Earnings on investments in the Series 2022 Acquisition and Construction Account, the Series 2022 Interest Account and the Series 2022 Capitalized Interest Account shall be retained, as realized, in such Accounts and used for the purpose of such Accounts. Earnings on investments in the Funds and Accounts other than the Series 2022 Reserve Account, and other than as set forth above, shall be deposited, as realized, to the credit of the Series 2022 Revenue Account and used for the purpose of such Account.

Earnings on investments in the Series 2022 Reserve Account shall be disposed of as follows: (i) if there was no deficiency (as defined in Section 509 of the Master Indenture) in the Series 2022 Reserve Account as of the most recent date on which amounts on deposit in the Series 2022 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series 2022 Reserve Account since such date which have created a deficiency, then earnings on investments in the Series 2022 Reserve Account shall be deposited into the Series 2022 Capitalized Interest Account through [\_\_\_\_\_ 1, 2022], and thereafter shall be deposited into the Series 2022 Revenue Account and used for the purpose of such Account; and (ii) if there was a deficiency (as defined in Section 509 of the Master Indenture) in the Series 2022 Reserve Account as of the most recent date on which amounts on deposit in the Series 2022 Reserve Account were valued by the Trustee, or if after such date withdrawals have been made from the Series 2022 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2022 Reserve Account shall be retained in the Series 2022 Reserve Account until the amount on deposit therein is equal to the Series 2022 Reserve Account Requirement, and then earnings on investments in the Series 2022 Reserve Account shall be deposited into the Series 2022 Capitalized Interest Account through [\_\_\_\_\_ 1, 2022], and thereafter shall be deposited into the Series 2022 Revenue Account and used for the purpose of such Account. The foregoing determination and disbursement shall be made prior to any recalculation and transfer of excess amounts on deposit in the Series 2022 Reserve Account made pursuant to Section 405 for the First Supplemental Indenture.

### **Covenant to Levy the Series 2022 Assessments**

Pursuant to the Master Indenture, the District will assess, levy, collect or cause to be collected and enforce the payment of Series 2022 Assessments and/or any other sources which constitute Series 2022 Pledged Revenues for the payment of the Series 2022 Bonds in the manner prescribed by the Indenture and all resolutions, ordinances or laws thereunto appertaining at times and in amounts as shall be necessary in order to pay, when due, the principal of and interest on the Series 2022 Bonds to which such Series 2022 Pledged Revenues are pledged; and to pay or cause to be paid the proceeds of such Series 2022 Assessments as received to the Trustee in accordance with the provisions of the Master Indenture.

Pursuant to the First Supplemental Indenture, the District additionally covenants to comply with the terms of the Assessment Proceedings adopted with respect to the Series 2022 Assessments, including the Assessment Report, and to levy the Series 2022 Assessments and any required true-up payments as set forth in the Assessment Report, in such manner as will generate funds sufficient to pay the principal of and interest on the Series 2022 Bonds, when due. The Issuer also agrees that it shall not amend the Assessment Report in any material manner without the written consent of the Majority Owners, except as may be required by law.

### **Re-Assessment**

If any Series 2022 Assessments shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or the City shall be satisfied that any such Assessments is so irregular or defective that it cannot be enforced or collected, or if the District shall have omitted to make such Series 2022 Assessments when it might have done so, the District shall either: (i) take all necessary steps to cause a new Series 2022 Assessment to be made for the whole or any part of

such improvement or against any property benefited by such improvement; or (ii) in its sole discretion, make up the amount of such Series 2022 Assessment from legally available moneys, which moneys shall be deposited into the Series 2022 Revenue Account. In case any such subsequent Series 2022 Assessment shall also be annulled, the District shall obtain and make other Assessments until a valid Series 2022 Assessment shall be made.

### **Indenture Provisions Relating to Bankruptcy or Insolvency of Landowner**

The Indenture contains the following provisions which, pursuant to the Indenture, shall be applicable both before and after the commencement, whether voluntary or involuntary, of any case, proceeding or other action by or against any owner of any tax parcel subject to at least five (5%) percent of the Series 2022 Assessments pledged to the Series 2022 Bonds Outstanding (an "Insolvent Taxpayer") under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, assignment for the benefit of creditors, or relief of debtors (a "Proceeding").

The District acknowledges and agrees that, although the Series 2022 Bonds were issued by the District, the Owners of the Series 2022 Bonds are categorically the party with the ultimate financial stake in the transaction and, consequently, the party with a vested and pecuniary interest in a Proceeding. In the event of any Proceeding involving an Insolvent Taxpayer: (i) the District will agree that it shall seek to secure the written consent of the Trustee, acting at the direction of the Majority of Owners of the Series 2022 Bonds Outstanding, prior to making any election, giving any consent, commencing any action or filing any motion, claim, obligation, notice or application or in taking any other action or position in any Proceeding or in any action related to a Proceedings that affects, either directly or indirectly, the Series 2022 Assessments, relating to the Series 2022 Bonds Outstanding, the Outstanding Series 2022 Bonds or any rights of the Trustee under the Indenture (provided, however, Trustee shall be deemed to have consented, on behalf of the Majority of Owners of the Series 2022 Bonds Outstanding, to the proposed action if the District does not receive a written response from the Trustee within thirty (30) days following receipt by the Trustee of the written request for consent); (ii) the District agrees that it shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice or application or take any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Series 2022 Assessments relating to the Series 2022 Bonds Outstanding, the Series 2022 Bonds Outstanding or any rights of the Trustee under the Indenture that are inconsistent with any written consent received (or deemed received) from the Trustee; (iii) the District agrees that it shall seek the written consent of the Trustee prior to filing and voting in any such Proceeding (provided, however, Trustee shall be deemed to have consented, on behalf of the Majority of Owners of the Series 2022 Bonds Outstanding, to the proposed action if the District does not receive a written response from the Trustee within thirty (30) days following receipt by the Trustee of the written request for consent); (iv) the Trustee shall have the right, by interpleader or otherwise, to seek or oppose any relief in any such Proceeding that the District, as claimant with respect to the Series 2022 Assessments relating to the Series 2022 Bonds Outstanding would have the right to pursue, and if the Trustee chooses to exercise any such rights, the District shall not oppose the Trustee in seeking to exercise any and all rights and taking any and all actions available to the District in connection with any Proceeding of any Insolvent Taxpayer, including without limitation, the right to file and/or prosecute and/or defend any claims and proofs of claims, to vote to accept or reject a plan to seek dismissal of the

Proceeding, to seek stay relief to commence or continue or pursue any other available remedies as to the Series 2022 Assessments relating the Series 2022 Bonds Outstanding, to seek substantive consolidation, to seek to shorten the Insolvent Taxpayer's exclusivity periods or to oppose any motion to extend such exclusivity periods, to oppose any motion for use of cash collateral or for authority to obtain financing, to oppose any sale procedures motion or any sale motion, to propose a competing plan of reorganization or liquidation, or to make any election under Section 1111(b) of the Bankruptcy Code; (v) the District shall not challenge the validity or amount of any claim submitted in good faith in such Proceeding by the Trustee in good faith or any valuations of the lands owned by any Insolvent Taxpayer submitted by the Trustee in such Proceedings or take any other action in such Proceedings, which is adverse to Trustee's enforcement or the District's claim and rights with respect to the Series 2022 Assessments relating to the Series 2022 Bonds Outstanding or receipt of adequate protection (as that term is defined in the Bankruptcy Code). Without limiting the generality of the foregoing, the District will agree that the Trustee shall have the right (a) to file a proof of claim with respect to the Series 2022 Assessments pledged to the Series 2022 Bonds Outstanding, (b) to deliver to the District a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (c) to defend any objection filed to said proof of claim.

### **Events of Default**

Each of the following shall be an "Event of Default" under the Indenture, with respect to the Series 2022 Bonds:

- (a) Any payment of Debt Service on the Series 2022 Bonds is not made when due;
- (b) The District shall for any reason be rendered incapable of fulfilling its obligations under the Indenture relating to the Series 2022 Bonds;
- (c) The District admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself or for the whole or any part of the Series 2022 Project;
- (d) The District is adjudged insolvent by a court of competent jurisdiction, or is adjudged bankrupt on a petition in bankruptcy filed against the District, or an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the District, a receiver or trustee of the District or of the whole or any part of its property and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof;
- (e) The District shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;
- (f) Under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District's assets or any part thereof, and such custody or control shall not be terminated within ninety (90) days from the date of assumption of such custody or control;

(g) The Trustee is authorized under the Indenture to withdraw funds from the Series 2022 Reserve Account in an amount greater than twenty-five percent (25%) of the Series 2022 Reserve Account Requirement to pay Debt Service on the Series 2022 Bonds (regardless of whether the Trustee does or does not, per the direction of the Majority Owners, actually withdraw such funds from the Series 2022 Reserve Account to pay Debt Service on the Series 2022 Bonds) (the foregoing being referred to as a "Reserve Account Event") unless within sixty (60) days from the Reserve Account Event the District has either (i) replenished the amounts, if any, withdrawn from the Series 2022 Reserve Account or (ii) the portion of the delinquent Series 2022 Assessments giving rise to the Reserve Account Event are paid and are no longer delinquent Series 2022 Assessments;

(h) Material breach by the District of any material covenant made by it in the Indenture securing the Series 2022 Bonds, whether or not notice of such breach has been given;

(i) The District shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Series 2022 Bonds or the Indenture on the part of the District to be performed (other than a default in the payment of Debt Service on the Series 2022 Bonds when due, which is an Event of Default under subsection (a) above) and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the District by the Trustee or, if the Trustee is unwilling or unable to act, by Owners of not less than ten percent (10%) in aggregate principal amount of the Series 2022 Bonds then Outstanding and affected by such default; or

(j) An Event of Default occurs under the Development Agreement.

### **Application of Moneys in Event of Default**

As further provided in the Master Indenture, if at any time the moneys in the Series 2022 Funds and Accounts shall not be sufficient to pay Debt Service on the Series 2022 Bonds when due, such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in the Indenture or otherwise, shall be applied as follows:

(a) Unless the aggregate principal amount of all the Series 2022 Bonds shall have become due and payable or shall have been declared due and payable pursuant to the provisions of Section 903 of the Master Indenture, all such moneys shall be applied:

**FIRST:** to the payment of any then-due fees and expenses of the Trustee, including reasonable counsel fees and expenses, to the extent not otherwise paid;

**SECOND:** to payment to the persons entitled thereto of all installments of interest then due and payable on the Series 2022 Bonds, in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the rates of interest specified in the Series 2022 Bonds; and

**THIRD:** to the payment to the persons entitled thereto of the unpaid principal of any of the Series 2022 Bonds which shall have become due (other than Series 2022 Bonds called for redemption for the payment of which sufficient moneys are held pursuant to the Master Indenture), in the order of their due dates, with interest upon the Series 2022 Bonds at the rates specified therein from the dates upon which they become due to their payment date, and, if the amount available shall not be sufficient to pay in full the principal of Series 2022 Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Owners of the Series 2022 Bonds entitled thereto without any discrimination or preference except as to any difference in the foregoing rates of interest.

(b) If the aggregate principal amount of all the Series 2022 Bonds shall have become due and payable in accordance with their terms or shall have been declared due and payable pursuant to the provisions of Section 903 of the Master Indenture, all such moneys shall be applied first to the payment of any fees and expenses of the Trustee, including reasonable counsel fees and expenses, to the extent not otherwise paid, and, then the payment of the whole amount of principal and interest then due and unpaid upon the Series 2022 Bonds, without preference or priority of principal or of interest or of any installment of interest over any other, or of any Series 2022 Bond over any other Series 2022 Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Series 2022 Bonds.

### **Agreement for Assignment of Development Rights**

Contemporaneously with the issuance of the Series 2022 Bonds, the Developer and certain entities affiliated with the Developer (collectively, the "Development Entities") and the District will enter into a Collateral Assignment and Assumption of Development and Contract Rights (the "Assignment Agreement"). The following is a description of the Assignment Agreement but is qualified in its entirety by reference to the Assignment Agreement.

Pursuant to the Assignment Agreement, the Development Entities will collaterally assign to the District certain of such Development Entities' development rights and contract rights relating to the Development (the "Development and Contract Rights") as security for the Development Entities' payment and performance and discharge of their respective obligation to pay the Series 2022 Assessments levied against the Lands (as defined in the Assignment Agreement). The assignment will become effective and absolute upon failure of the Development Entities to pay the Series 2022 Assessments levied against the Lands respectively owned thereby. The Development and Contract Rights specifically excludes any such portion of the Development and Contract Rights which relate to any property which has been conveyed to an independent third-party resulting from the sale of any portion of the Lands in the ordinary course of business, the City, Madison County (the "County"), the District, any applicable property owner's association or other governing entity or association for the benefit of the MidCity Development, all as provided in the Assignment Agreement. Pursuant to the Indenture, the District assigns its rights under the Assignment Agreement to the Trustee for the benefit of the Owners, from time to time, of the Series 2022 Bonds and any other Bonds issued under the Master Indenture.

Notwithstanding the above provisions to the contrary, in the event the District forecloses on lands subject to the Series 2022 Assessments as a result of one or more of the Development Entities' failure to pay such Series 2022 Assessments, there is a risk that the District will not have all permits and entitlements necessary to complete the Series 2022 Project or the remaining Capital Improvement Program.

### **True-Up Agreement**

In connection with the issuance of the Series 2022 Bonds, the District and Development Entities will enter into an agreement (the "True-Up Agreement") pursuant to which the Development Entities agree that at the time a vertical construction project is completed within the Series 2022 Assessment Area (hereinafter defined), final as-built plans shall be presented to the District for purposes of confirming the debt absorbed by development on the parcel of land is greater than the debt allocated to such land at the initial time of imposition of the Series 2022 Assessment. If it is, no debt reduction payment in the amount of such excess shall become due and payable by the appropriate Development Entities; however, if it is not, a debt reduction payment in the amount of the shortfall shall become due and payable by the appropriate Development Entity in addition to the regular assessment installment payable for lands owned by the Developer for that tax year.

### **Completion Agreement**

In connection with the issuance of the Series 2022 Bonds, the District and the Developer will enter into an agreement which generally requires that the Developer complete any unfinished portions of the Series 2022 Project not funded with the net proceeds of the Series 2022 Bonds or a future series of bonds (the "Completion Agreement"). Nothing in the Completion Agreement shall cause or be construed to require the District to issue additional bonds or indebtedness to provide funds for any portion of the remaining improvements. Any obligations of the Developer under the Completion Agreement are unsecured.

### **Enforcement of True-Up Agreement and Completion Agreement**

The District, either through its own actions, or actions caused to be taken through the Trustee, covenants in the Indenture that it shall strictly enforce all of the provisions of the Completion Agreement and the True-Up Agreement, and, upon the occurrence and continuance of a default under either or both of such agreements, the District covenants and agrees in the Indenture that the Trustee, at the direction of the Majority Owners shall act on behalf of, and in the District's stead, to enforce the provisions of such agreements and to pursue all available remedies under applicable law or in equity. The Indenture provides that failure of the District to enforce, or permit the Trustee to enforce in its stead, all of the provisions of the Completion Agreement and the True-Up Agreement upon demand of the Majority Owners, or the Trustee at the direction of the Majority Owners, shall constitute an Event of Default under the Indenture provided, however, that the District shall have a reasonable opportunity to cure.

## **THE SERIES 2022 ASSESSMENTS**

### **General**

The primary source of payment for the Series 2022 Bonds is the collection of Series 2022 Assessments levied, following the written petition for the same from the District, by the City Council pursuant to Section 11-99A-11 of the Act and the Assessment Proceedings of the District and City Council, as amended and supplemented from time to time, on lands in the District benefited specifically and peculiarly by the Series 2022 Project or any portion thereof. See "- Assessment Methodology; Projected Series 2022 Assessments" below and "APPENDIX D – ASSESSMENT REPORT."

Pursuant to the Assessment Report, the Series 2022 Assessments meet the two following requirements: (1) the benefit from the Series 2022 Project to the lands subject to the Series 2022 Assessments exceeds and/or equals the amount of the Series 2022 Assessments; and (2) the Series 2022 Assessments is fairly and reasonably allocated across all such benefitted properties. The Certificate of the Assessment Consultant, to be delivered at closing of the Series 2022 Bonds, will certify that these requirements have been met with respect to the Series 2022 Assessments. If the Series 2022 Assessments are levied based on the assumptions that future contributions will be made, or that future assessments may be levied to secure future bond issuances, the Series 2022 Assessments may need to be reallocated in the event such contributions are not made and/or future assessments and bonds are not levied and issued.

The imposition, levy, and collection of Series 2022 Assessments must be done in compliance with the provisions of Alabama law. Failure by the District, to comply with such requirements could result in delay in the collection of, or the complete inability to collect, Series 2022 Assessments during any year. Such delays in the collection of Series 2022 Assessments, or complete inability to collect the Series 2022 Assessments, would have a material adverse effect on the ability of the District to make full or punctual payment of the Debt Service requirements on the Series 2022 Bonds. See "BONDOWNERS' RISKS." To the extent that landowners fail to pay the Series 2022 Assessments, delay payments, or are unable to pay the same, the successful pursuance of collection procedures available to the District is essential to continued payment of principal of and interest on the Series 2022 Bonds.

The Act provides that the Series 2022 Assessments constitute a lien on each lot or tract of land in the District, and shall have priority over all other liens, other than liens for ad valorem taxes. Pursuant to the Indenture, the District covenants it will or will petition the City to cause the Series 2022 Assessments to be assessed, levied, collected, and enforced in amounts as shall be necessary to pay, when due, the principal of and interest on the Series 2022 Bonds. **ALTHOUGH THE LIEN AND THE PROCEEDS OF THE SERIES 2022 ASSESSMENTS WILL SECURE THE SERIES 2022 BONDS, AND SAID LIEN AND PROCEEDS OF THE SERIES 2022 ASSESSMENTS ARE PLEDGED TO THE SERIES 2022 BONDS, THE LIEN OF THE SERIES 2022 ASSESSMENTS MAY BE ON THE SAME PROPERTY AS, AND THEREFOR OVERLAP AND BE CO-EQUAL WITH, THE LIENS IN FAVOR OF OTHER ASSESSMENTS AND/OR TAXES WHICH HAVE BEEN OR MAY BE IMPOSED BY THE DISTRICT, THE COUNTY, THE CITY OR OTHER UNITS OF LOCAL GOVERNMENT HAVING ASSESSMENT OR TAXING POWERS WITHIN THE DISTRICT.**

## **Structure and Prepayment of Series 2022 Assessments**

The Series 2022 Assessments are payable in substantially equal annual installments of principal and interest over an approximately 30-year period. A property owner may prepay the Series 2022 Assessments, in whole, at any time or any portion of the remaining balance of the Series 2022 Assessments if there is also paid in addition to the prepaid principal balance of the Series 2022 Assessment an amount equal to the interest that would otherwise be due on such balance on the next succeeding Redemption Date for the Series 2022 Bonds, or, if prepaid during the forty-five (45) day period preceding the Redemption Date, to the next succeeding Interest Payment Date.

The Series 2022 Bonds are subject to extraordinary mandatory redemption as indicated under "Description of the Series 2022 Bonds – Redemption Provisions," from such Prepayments at the redemption price of par plus accrued interest to the date of such redemption. The prepayment of Series 2022 Assessments does not entitle the owner of the property to a discount for early payment.

## **Assessment Methodology; Projected Series 2022 Assessments**

The Revised Master Special Assessment Methodology Report, dated December 7, 2021 (the "Master Assessment Report"), as supplemented by the First Supplemental Special Assessment Methodology Report dated January 14, 2022 (the "Supplemental Assessment Report," and together with the Master Assessment Report, the "Assessment Report") have been prepared by Wrathell Hunt & Associates, LLC, the Assessment Consultant to the District, with respect to the issuance and delivery of the Series 2022 Bonds and such Assessment Report has been attached hereto as APPENDIX D with the consent of the Assessment Consultant.

The Assessment Report sets forth an overall method for allocating the Series 2022 Assessments to be levied against certain lands in the District benefitted by the Series 2022 Project. Pursuant to the Assessment Report and assessment roll attached thereto, the Series 2022 Assessments have been initially levied over all District lands, which currently consists of the partially developed parcels identified as being subject to the "Bond Assessment" in Exhibit "A" to the Supplemental Assessment Report in APPENDIX D (the "Series 2022 Assessment Area").

*Additional special assessments have been levied on the parcels identified as being subject to the "Promissory Note Assessments" in Exhibit "A" to the Supplemental Assessment Report in Appendix D (the "Promissory Note Assessment Area"). The Promissory Note Assessments are pledged to repay a note by and between the District and [\_\_\_\_\_], which may be refunded at such time as the District issues a second series of bonds after the additional bonds test in the First Supplemental Indenture has been met, and, therefore, are not Series 2022 Pledged Revenue securing the Series 2022 Bonds.*

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At the time the undeveloped parcels within the Series 2022 Assessment Area are developed, the Series 2022 Assessments allocated to such parcel will be confirmed in accordance with the True-Up Agreement and Assessment Report, as shown by the chart below. See "APPENDIX D – ASSESSMENT REPORT" herein. The District is currently planned for a total of 892,034 square feet of commercial, 382 hotel rooms, and 1,650 residential multi-family units. Of the units planned for the District, 399,771 square feet of commercial, 232 hotel rooms, and 1,176 residential multi-family units are planned to fully absorb the Series 2022 Assessments. Also set forth below is the estimated total Series 2022 Bonds par amount allocated per platted unit in the Series 2022 Assessment Area:

#### Assessment Apportionment - Detail - Phase 1 Units Financed with Bonds

| Land Use                    | Parcel | Main Tenant Name | Total Number of Units | Total Bond Assessment Apportionment | Total Annual Bond Assessment Debt Service |
|-----------------------------|--------|------------------|-----------------------|-------------------------------------|---|
| Commercial                  | 1      | The Camp         | 5,800                 | \$ 76,445.87                        | \$ 5,581.42                               |
| Commercial - Parcel 2 *     | 2      | Trader Joe's     | 12,500                | 148,278.62                          | 10,826.02                                 |
| Commercial                  | 3      | MCO              | 5,600                 | 73,809.80                           | 5,388.95                                  |
| Commercial                  | 5      | Dave & Buster's  | 26,569                | 350,187.97                          | 25,567.69                                 |
| Commercial                  | 6      | REI & High Point | 52,620                | 693,548.53                          | 50,636.91                                 |
| Commercial                  | 7      | Blue Oak         | 31,452                | 414,547.48                          | 30,266.67                                 |
| Hotel                       | 7      | Aloft            | 120                   | 948,983.16                          | 69,286.53                                 |
| Commercial                  | 8      | The Wellory      | 15,000                | 197,704.82                          | 14,434.69                                 |
| Multi-Family                | 8      | The Wellory      | 325                   | 3,641,063.86                        | 265,838.95                                |
| Hotel                       | 9      | Indigo           | 112                   | 885,717.62                          | 64,667.43                                 |
| Multi-Family                | 9      | Anthem           | 320                   | 3,585,047.49                        | 261,749.12                                |
| Commercial                  | 10     | Metronome        | 30,230                | 398,441.12                          | 29,090.72                                 |
| Multi-Family                | 10     | Metronome        | 297                   | 3,327,372.20                        | 242,935.91                                |
| Commercial - Parcel 17 **   | 17     | Compass          | 10,000                | 65,901.61                           | 4,811.56                                  |
| Multi-Family - Parcel 17 ** | 17     | Compass          | 234                   | 2,042,949.86                        | 149,158.51                                |
| <b>Total</b>                |        |                  |                       | <b><u>\$16,850,000.00</u></b>       | <b><u>\$1,230,241.09</u></b>              |

\* Lease agreement for the Commercial - Parcel 2 included a limitation on the amount of District annual assessments to not exceed \$0.90 per sq ft.

\*\* Sale agreement for the Commercial - Parcel 17 and Multi-Family - Parcel 17 included a limitation on the amount of District annual assessments to not exceed \$0.50 per sq ft for all uses, which equals \$0.50 per sq ft for commercial uses and \$662.39 per dwelling unit for residential uses based on 234 dwelling units occupying 310,000 sq ft.

In addition to the Series 2022 Assessment, included within the "Total Annual Bond Assessment Debt Service" in the preceding table is \$100,000 for District annual operations and maintenance expenses including, but not limited to, management, dissemination agent, and special assessment collection services, which assessments will be collected in the same manner as the Series 2022 Assessments.

#### Enforcement of Assessment Collections

The Indenture provides that Series 2022 Assessments shall be billed and collected directly by the District pursuant to the Act and applicable Alabama law, in each case unless the District is directed otherwise by the Trustee, acting at the direction of the Majority Owners of the Series 2022

Bonds Outstanding, upon the occurrence and continuance of an Event of Default. A proportionate amount of the annual installments of the Series 2022 Assessments shall be due and payable by each landowner no later than thirty (30) days prior to each respective Interest Payment Date; provided, however, that such Series 2022 Assessments shall not be deemed to be a Delinquent 2022 Assessment unless and until the same are not paid by the applicable Interest Payment Date with respect to which they have been billed.

The Series 2022 Assessments are a type of non-ad valorem assessments which are imposed against the lands within the District subject thereto upon the basis of a special and peculiar benefit to such lands determined to result from the implementation of the Series 2022 Project. As stated above, such Series 2022 Assessments constitute a lien against the property subject thereto as specified in 11-99A-14(a) of the Act, and shall have priority over all other liens, other than liens for ad valorem taxes. To the extent that landowners fail to pay the Series 2022 Assessments, delay payments, or are unable to pay the same, the successful pursuance of collection procedures available to the District is essential to continued payment of principal of and interest on the Series 2022 Bonds.

Pursuant to the Act and the Series 2022 Assessment Proceedings, the District shall enforce collection of delinquent Series 2022 Assessments through foreclosure proceedings. See "Assessment Methodology; Projected Series 2022 Assessments" and "APPENDIX B – ASSESSMENT REPORT." The following is a description of certain statutory provisions relating to this collection method. Such description is not intended to be exhaustive and is qualified in its entirety by reference to such statutes.

The imposition, levy, and collection of Series 2022 Assessments must be done in compliance with the provisions of Alabama law and Section 11-99A-21 of the Act provides the actions that may be taken by the District to collect the Series 2022 Assessments where the owner of the land subject to the Series 2022 Assessments fails to pay such assessment.

The Board must first send a letter, certified mail, return receipt requested, to the last known address of the said owner. The address of the owner as shown on the tax assessment records of the County Tax Collector will be sufficient. The letter must specify that if payment is not received within a 10-day period of the date of the letter, the District may commence foreclosure proceedings. Any late payment received within the 10-day period will accrue a late payment fee of the greater of five percent (5%) of the payment or fifty dollars (\$50).

If the payment is not made within the 10-day period, the entire Series 2022 Assessments shall become immediately due and payable, and the Board may do either of the following:

- (1) File a complaint in the Circuit Court for the County requesting that the property be foreclosed. Thirty (30) days following service of process, unless the entire Series 2022 Assessments is paid in the meantime, the Circuit Court shall enter a decree declaring that the property shall be sold to the highest bidder; or

- (2) Proceed to sell the property against which the Series 2022 Assessments is made to the highest bidder for cash.

The foregoing sale cannot be made without first giving public notice of the date, time and purpose of the sale together with a description of the property to be sold. The notice shall also state that the proceeds from the sale shall first be applied to the amount of the Series 2022 Assessment and all accrued interest thereon, plus the penalty specified above plus attorneys' fees and expenses incurred by the Board in the foreclosure.

If the Board's agent conducting the sale concludes that no bidders are present or that all bids are insufficient, the agent may announce that the sale will be continued to a later date to be announced by public notice.

Upon declaring the highest bidder and receipt of the purchase price, the Board's agent conducting the sale shall make out a foreclosure deed to the highest bidder. The owner of the foreclosed property shall have no right of redemption unless otherwise provided in the Board's proceedings with respect to the Series 2022 Assessment. The proceedings in the present case do not provide for any such right of redemption.

The purchase price shall be used first for the payment of the Series 2022 Assessment, then for the cost of collection, suit, foreclosure, and deed preparation, then for penalties, then for accrued interest and interest until the next principal payment date of Series 2022 Bonds as provided in the Indenture with respect to prepayments of assessments, and then for the unpaid principal amount of the Series 2022 Assessment, and any remaining portion shall be paid to the owner of the land at the owner's last known address as shown in the records of the County Tax Assessor with respect to such tract of land.

The Board may bid on any sale the same as any other person, and may credit any portion of the Series 2022 Assessment and other costs as part of its bid.

If the highest amount bid and accepted is insufficient to pay the entire Series 2022 Assessment, the Board and Owners of the Series 2022 Bonds shall have no further claim against the owner of the land assessed by virtue of the Series 2022 Assessment.

Any foreclosure deed shall make no warranty with respect to the title to the land other than as expressly stated therein.

At any point in the foreclosure proceedings until a bid is accepted, the Board may waive the default on terms as it may consider proper and reinstitute the Series 2022 Assessment, subject to any contrary terms of the Board's proceedings with respect to the Series 2022 Bonds.

**THERE CAN BE NO ASSURANCE THAT ANY SALE, PARTICULARLY A BULK SALE, OF LAND SUBJECT TO DELINQUENT 2022 ASSESSMENTS WILL PRODUCE PROCEEDS SUFFICIENT TO PAY THE FULL AMOUNT OF SUCH DELINQUENT 2022 ASSESSMENTS PLUS OTHER DELINQUENT TAXES AND ASSESSMENTS APPLICABLE THERETO. ANY SUCH DEFICIENCY COULD RESULT IN THE INABILITY OF THE DISTRICT TO REPAY, IN FULL, THE PRINCIPAL OF AND INTEREST ON THE SERIES 2022 BONDS.**

## **Delinquent Series 2022 Assessments**

Pursuant to the Indenture, if the owner of any lot or parcel of land shall be delinquent in the payment of Series 2022 Assessments, then the District either on its own behalf or through the actions of the Trustee may, and, if so directed in writing by the Majority Owners, shall enforce such Series 2022 Assessments pursuant to applicable Alabama law, which may include but not be limited to declaring the entire unpaid balance of such Series 2022 Assessments to be in default and, at the District's own expense, cause such delinquent property to be foreclosed as provided by law.

Failure by the District, to comply with such requirements could result in delay in the collection of, or the complete inability to collect, Series 2022 Assessments during any year. Such delays in the collection of Series 2022 Assessments, or complete inability to collect the Series 2022 Assessments, would have a material adverse effect on the ability of the District to make full or punctual payment of the Debt Service requirements on the Series 2022 Bonds. Further, no assurances can be given that an enforcement proceeding, once commenced, will be completed or that it will be completed in a timely manner. If the Reserve Fund is depleted and delinquencies in the payment of the Series 2022 Assessment exist, there could be a default or delay in payments to the Series 2022 Bondholders pending prosecution of enforcement proceedings and receipt by the District of proceeds, if any. See "BONDHOLDERS' RISKS" herein.

## **THE DISTRICT**

### **General Information**

The District is an Alabama public corporation organized as an improvement district under the Act pursuant to the Establishment Resolution adopted by the City Council on August 9, 2018, and the Articles of Incorporation filed, as amended, in the office of the Judge to Probate of the County on August 13, 2018, and recorded as Document No. 2018-00052026, as amended by Document No. 2019-00020435 (the "Articles of Incorporation"). The District encompasses approximately 78.98 acres in the City. For a description of the development within the District, see "THE DEVELOPER AND RELATED LANDOWNERS" and "THE MIDCITY DEVELOPMENT" herein. A district location map showing the location of the District in the City is included in the Engineer's Report attached as APPENDIX C to this Limited Offering Memorandum.

### **Legal Powers and Authority**

The Act was enacted in 1999 to provide for the establishment of independent improvement districts to manage and finance basic public infrastructure throughout the State of Alabama. The Act provides legal authority for the District to finance the acquisition, construction, operation and maintenance of the infrastructure pursuant to the Act.

Among other provisions, the Act gives the District the authority to (a) acquire and construct improvements as described in Section 11-99A-2(6) of the Act, including, without limitation, water systems, sanitary sewer systems, storm sewer systems, utilities, street, bridges, curbs, gutters, on or off-street parking, sidewalk, street lighting, public recreational facilities, landscaping signs and

the like, (b) borrow money and issue bonds of the District, (c) foreclose Series 2022 Assessments liens as provided in the Act, and (d) exercise all other powers, necessary, convenient, incidental or proper in connection with any of the powers or duties of the District stated in the Act. The District may not itself levy any Series 2022 Assessments, but it may petition the City Council to levy such assessments for its benefit.

**Board of Directors**

Pursuant to the Act, an improvement district's governing body shall be its board of directors, whose membership shall be as specified in the district's articles of incorporation, but not less than three (3) nor more than eleven (11). As provided in the Articles of Incorporation, the District's Board of Directors (the "Governing Body") shall be comprised of three (3) directors (the "Directors"). The Directors shall be appointed by the City Council as provided in Section 11-99A-9 of the Act. The Directors serve staggered terms with one Director coming up for appointment each year. The Director's initial terms shall be four (4) years, five (5) years, and six (6) years, respectively, with successor Directors all serving six (6) year terms thereafter. Directors need not be owners, residents, electors, or taxpayers of the City or State.

The current members of the Governing Body and the expiration of the term of each member are set forth below:

| <u>Name</u>  | <u>Title</u>                      | <u>Term Expires</u> |
|--------------|-----------------------------------|---------------------|
| Dane Block   | Chairman                          | August 13, 2023     |
| Rob Robinson | Vice Chairman/Assistant Secretary | August 13, 2022     |
| Kevin Moore  | Secretary/Treasurer               | August 13, 2024     |

A majority of the Directors of the Governing Body constitutes a quorum for the purposes of conducting the District's business and exercising its powers and for all other purposes. Action taken by the District shall be upon a vote of a majority of the Directors present unless the Bylaws of the District requires a greater number. All meetings of the Governing Body are open to the public under Alabama's open meeting law, except for those instances where an exception set forth thereunder may apply (*e.g.*, sessions in which litigation matters are discussed).

**The District Manager and Other Consultants**

The Board has hired Wrathell Hunt & Associates, LLC (the "District Manager") to manage the business and affairs of the District on a day-to-day basis. The District Manager will have charge and supervision of the works of the District and will be responsible for billing and collecting the Series 2022 Assessments, for preserving and maintaining any improvement or facility constructed or erected by the District, for maintaining and operating the equipment owned by the District, and for performing such other duties as may be prescribed by the Board.

Wrathell Hunt & Associates, LLC was created to provide management and consulting services to local governments and special districts throughout the southeastern United States. The District Manager was established as a Florida limited liability company in 2005 and qualified to do business in the State of Alabama in 2007. It currently manages over 110 improvement districts, community development districts and special act districts throughout the southeastern United

States. The District Manager's partners and senior associates have served in their professional experiences over 200 improvement districts, community development districts and special act districts throughout the southeastern United States and have developed financing programs and administered in excess of \$2 billion in bonds. The District Manager's corporate offices are located at 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431, and its telephone number is (561) 571-0010.

The Board has also employed the services of Butler Snow LLP, Birmingham, Alabama, as Bond Counsel and District Counsel; Garver Engineering, Huntsville, Alabama, as District Engineer; and Wrathell Hunt & Associates, LLC, Boca Raton, Florida, as Assessment Consultant. The Assessment Consultant has prepared the Assessment Report.

### **No Prior Indebtedness**

This is the District's first bond issuance.

## **CITY OF HUNTSVILLE**

The City is the county seat of and largest city in Madison County, Alabama. Approximately 216 square miles, the City is centrally located in the Tennessee River Valley of north Alabama, approximately 95 miles north of Birmingham, 103 miles south of Nashville, Tennessee, and 180 miles northwest of Atlanta, Georgia. The third largest municipality in the State, the City had a population of 215,006 according to the 2020 Census.

## **THE CAPITAL IMPROVEMENT PLAN AND THE SERIES 2022 PROJECT**

Detailed information concerning the District's Capital Improvement Program (hereinafter defined) is contained in the District Improvement Plan dated December 8, 2021 (the "Engineer's Report"), which is attached hereto as "APPENDIX C -- ENGINEER'S REPORT." The information in this section is qualified in its entirety by reference to the Engineer's Report, which should be read in its entirety.

In the Engineer's Report, the Capital Improvement Program to be funded by the District and Developer is estimated to cost approximately \$27.4 million, which includes the acquisition of public land and public infrastructure necessary to develop the lands within the District including water and sanitary sewer utilities; public roadways and parking; street lighting and electrical; pedestrian facilities, parks and landscaping; public art; and associated professional fees for engineering, surveying, permitting and design (collectively, the "Capital Improvement Plan" or "CIP"). A summary of the estimated costs of the CIP is set forth in the Engineer's Report attached hereto as APPENDIX C.

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The capital improvements described in the CIP are expected to be completed in multiple phases. Proceeds from the sale of the Series 2022 Bonds will be utilized to acquire, construct, install, and/or equip the first \$13.3 million of the CIP (the "Series 2022 Project"). A summary of the estimated costs of the total CIP is set forth in the following table:

| <u>Improvement</u>                                | <u>Developer's/District's Investment</u> |
|---|--|
| <u>Current Investment</u>                         |  |
| Land Acquisition                                  | \$2,342,700                              |
| Utilities (Water and Sewer)                       | 178,686                                  |
| Public Roadways/Parking (including Storm Sewer)   | 593,110                                  |
| Street Lighting and Electrical                    | 32,237                                   |
| Pedestrian Facilities/Public Parks/Landscaping    | 989,041                                  |
| Public Art  | 89,088                                   |
| West Huntsville Park (Amphitheater)               | 353,398                                  |
| Open Space (South Park)                           | 0  |
| Design, Engineering, Survey, Permitting, Planning | 243,116                                  |
| <b>Total</b>                                      | <b>\$4,821,376</b>                       |
| <u>Future Investment</u>                          |  |
| Land Acquisition                                  | \$ 0                                     |
| Utilities (Water and Sewer)                       | 0  |
| Public Roadways/Parking (including Storm Sewer)   | 0  |
| Street Lighting and Electrical                    | 0  |
| Pedestrian Facilities/Public Parks/Landscaping    | 13,000,000                               |
| Public Art  | 5,000,000                                |
| West Huntsville Park (Amphitheater)               | 2,500,000                                |
| Open Space (South Park)                           | 0  |
| Design, Engineering, Survey, Permitting, Planning | 2,000,000                                |
| <b>Total</b>                                      | <b>\$22,500,000</b>                      |

An additional \$2.2 million in CIP costs, to be memorialized with a promissory note and secured through the levy of special assessments on lands comprising the Promissory Note Assessment Area. The Developer anticipates that the Promissory Note will be repaid either by special assessments levied and collected against lands within the Promissory Note Area and/or a future series of bonds.

The status of construction and permitting for the CIP, inclusive of the Series 2022 Project, is outlined in the Engineer's Reports attached hereto as APPENDIX C. The District Engineer has indicated that all permits necessary to construct the CIP have either been obtained or are expected to be obtained in the ordinary course. In addition to the Engineer's Reports, please refer to "THE DEVELOPMENT – Development Agreement, Approvals and Permits" for a more detailed description of the entitlement, zoning and permitting status of the Development.

## **THE DEVELOPER AND RELATED LANDOWNERS**

*The following information appearing below under this caption "THE DEVELOPER AND RELATED LANDOWNERS" has been furnished by the Developer and Related Landowners for inclusion in this Limited Offering Memorandum and, although believed to be reliable, such information has not been independently verified by the District or its counsel, including Bond Counsel, or the Underwriter or its counsel, and no person other than the Developer and Related Landowners make any representation or warranty as to the accuracy or completeness of such information supplied by them. As of the time of issuance of the Series 2022 Bonds, the Developer and Related Landowners will represent in writing that the information herein under the captions "THE DEVELOPER AND RELATED LANDOWNERS," "THE MIDCITY DEVELOPMENT," "LITIGATION – The Developer and Related Landowners," and "CONTINUING DISCLOSURE – The Developer and Related Landowners" does not contain any untrue statement of material fact and does not omit to state any material fact necessary in order to make the statements made herein, in light of the circumstances under which they are made, not misleading.*

*Neither the Developer nor the Related Landowners are guaranteeing the payment of the Series 2022 Assessments or the Series 2022 Bonds.*

### **General**

In general, the activities of a developer in a development such as the MidCity Development include purchasing the land, designing the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities, as well as telephone and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of revenue bonds, such as the Series 2022 Bonds, issued by an improvement district. A developer is generally under no obligation to an improvement district, such as the District, to develop the property which it owns in a development. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a development. Finally, a developer is ordinarily the major tax and assessment payer within a district during its development.

### **Description of the Developer**

The developer of and property manager for MidCity Development is Rex Commercial Properties, Inc. (the "Developer"), a Delaware corporation, in which Max Grelier and Remy Gross hold an equal interest and have a combined 45 years of development experience. The Developer, headquartered in Huntsville, Alabama, develops, owns, and operates real estate employing a layered, holistic approach to creating unique spaces that inspire social engagement and memorable experiences – well built, culture-forward environments where the community defines the place. The Developer's team of professionals include specialists in business development; marketing and property activation; and construction, landscape, property, and facilities management. Further, the Developer has developed and utilizes, as necessary, strategic partnerships with various consultants

including Urban Design Associates ([www.urbandesignassociates.com](http://www.urbandesignassociates.com)); Sound Diplomacy ([www.sounddiplomacy.com](http://www.sounddiplomacy.com)); CBRE (leasing advisor); and Octo Hospitality ([www.octohospitality.com/](http://www.octohospitality.com/)).

To date, the Developer and its Key Principals (see "THE DEVELOPER AND RELATED LANDOWNERS – Key Principals" below) have combined to complete approximately \$620 million of industrial, mixed-use, office, residential, retail and hospitality properties; currently have under construction another \$238 million in multi-family and retail projects; and are in pre-development on an additional \$264 million in mixed-use, multi-family, office, retail and hospitality projects around the southeastern United States.

### **Description of the Related Landowners**

As the Development progresses, the Developer has and will continue to establish various affiliated entities that will vertically develop, own, and maintain various properties (collectively, the "Related Landowners"). To date, they include the following:

| <u>Related Landowner Name</u>         | <u>Description of Purpose/Interest in Project</u>   |
|---------------------------------------|---|
| Mid-City Owner, LLC                   | Owner of most of the undeveloped land within the District; developer of horizontal infrastructure.  |
| MidCity Placemakers, LLC              | Vertical developer of Phase I retail; currently owns Blocks 6, 7H-K, and 5A/5C, which include REI, Salt Factory, High Point (ground lease), Wahlburgers, Kamado Ramen, and Dave & Busters.  |
| MidCity South, LLC                    | Owns Block 18 (currently undeveloped land) which is expected to ultimately be sold land to a vertical developer.  |
| MidCity Hospitality, LLC <sup>3</sup> | Owner and vertical developer of Block 7E, the Aloft Hotel.  |
| MidCity Residential, LLC              | Owner and vertical developer of most of Block 10, the Metronome multi-family apartments.  |
| Madison Plaza Associates, LLC         | Owner of the Madison Plaza shopping center.   |
| Blue Oak HSV, LLC                     | Vertical developer of "Building 7G" on the SW corner of Block 7; ~20K sf of retail space that will be occupied by restaurant tenants such as Blue Oak BBQ, as well as retail shop space, and the future location of the RCP/MidCity Accelerator Foundation offices. |
| Anthem House, LLC <sup>4</sup>        | Vertical developer of most of Block 9, , the Anthem House multi-family apartment building.  |

<sup>3</sup> Not currently a Related Landowner. MidCity Hospitality, LLC, is an affiliate of the Developer and is expected to acquire Block 7E no later than June 30, 2022, and develop the site thereafter as described.

<sup>4</sup> Not currently a Related Landowner; however, Anthem House, LLC, is an affiliate of the Developer and is expected to acquire Block 9F no later than June 30, 2020, and develop the site thereafter as described.

## Key Principals

*Max Grelier:* A second-generation developer, Max Grelier began his career in 1990 at a regional real estate consulting firm based in New Orleans. He performed valuations and consulting assignments for a broad range of commercial properties, including multi-family, retail, office, industrial, hospitality, mixed-use and golf course properties. In 1996 Mr. Grelier joined the family business, NAI Chase Commercial, to lead its development and asset management divisions. Over a 15-year period, he supervised over 3 million square feet and over \$500 million in real estate development and acquisition activities. Assets included retail, mixed-use, and suburban office buildings in Alabama, Florida, and Tennessee. Between 1996 and 2001, he served as a managing partner of the Ledges of Huntsville, a 750-acre master planned development which included a private country club, an 18-hole championship golf course, and a premier 250-unit residential community. Mr. Grelier co-founded the Developer in 2013 to pursue mixed-use development opportunities in tertiary markets. As master developer, he has procured over \$650 million in mixed-use development opportunities for the Developer and its partners.

Mr. Grelier graduated from Loyola University with a BS-BA, Finance & Economics. He is a member of the Urban Land Institute and the International Council of Shopping Centers.

*Remy Gross:* Remy Gross is a real estate investor, biotech executive and entrepreneur. Mr. Gross has partnered with Max Grelier in real estate activities for over 20 years and has successfully participated as both developer and investor in properties in New Orleans, Florida, Tennessee, and Alabama. His current portfolio includes 10 properties valued at over \$100 million. In addition to his real estate endeavors, he is actively engaged in company start-ups, licensing, and consulting in the biotech industry. Mr. Gross is Vice President, Business Development, at the Buck Institute for Age Research in Novato, California. Joining Buck in 2008, he achieved the first open technology license in the institute's history and continues to grow its portfolio through procurement of biotech licensing partnerships worldwide. During this same period, Mr. Gross has founded several companies, including Laysan Bio, Inc., an angel-backed start-up that provides research and clinical-grade public domain and proprietary polymers to the pharmaceutical and biotech industries. As one of the principals of Shearwater Polymers, Mr. Gross was instrumental in the \$192 million sale of the company to Inhale Therapeutic Systems, Inc., in June 2001. After the sale, Nektar Therapeutics appointed him Vice President, Business Development and Corporate Business Planning for the Huntsville Division. Mr. Gross has served on numerous boards and performed community roles throughout his career, beginning at Loyola when he and others incorporated Project New Start, a non-profit corporation to house transitionally homeless families.

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A snapshot of some of the development projects on which Mr. Grelier and Mr. Gross have been involved follows:

| <b>PROPERTY NAME</b>                       | <b>STATUS</b>   | <b>VALUE*</b>          |
|--|-----------------|------------------------|
| Flint Crossing Market Center I             | Completed       | \$ 6,000,000           |
| Corporate Park I & II                      | Completed       | 18,000,000             |
| Executive Park                             | Completed       | 5,000,000              |
| Bailey Cove Shopping Center                | Completed       | 10,000,000             |
| Bi-Lo Grocery                              | Completed       | 6,000,000              |
| Jones Valley Patio Homes - Assisted Living | Completed       | 7,150,000              |
| Ledges of Huntsville - Townhomes           | Completed       | 4,200,000              |
| Ledges of Huntsville - Homes               | Completed       | 8,800,000              |
| The Ledges of Huntsville Mountain          | Completed       | 225,000,000            |
| Nektar Therapeutics Huntsville             | Completed       | 25,000,000             |
| Rite Aid                                   | Completed       | 3,400,000              |
| Park Place                                 | Completed       | 10,000,000             |
| Bradford Office Building I                 | Completed       | 8,500,000              |
| Bradford Office Building II                | Completed       | 7,000,000              |
| Madison Festival                           | Completed       | 3,500,000              |
| Ledges Live-Work District Units            | Completed       | 10,000,000             |
| TVA Building                               | Completed       | 3,000,000              |
| Village on Whitesburg                      | Completed       | 32,000,000             |
| The Falls at Grants Mill                   | Completed       | 10,000,000             |
| 7800 Tower Building                        | Completed       | 6,500,000              |
| Flint Crossing Market Center II            | Completed       | 10,000,000             |
| Sulligent Industrial Building              | Completed       | 5,500,000              |
| The Pointe @ Rosemary Beach                | Completed       | 8,000,000              |
| 200 Westside                               | Completed       | 16,000,000             |
| The Fountain Shopping Center               | Completed       | 10,000,000             |
| Madison Square Mall                        | Completed       | 30,000,000             |
| The Shops at Merchants Walk                | Completed       | 33,000,000             |
| AC Marriott                                | Completed       | 35,000,000             |
| Merchants Square                           | Completed       | 22,000,000             |
| Madison Plaza                              | Completed       | 15,000,000             |
| MidCity Placemakers                        | Completed       | 25,000,000             |
| Mid-City District                          | Construction    | 150,000,000            |
| Mid-City South                             | Construction    | 6,000,000              |
| Eclipse Residential                        | Construction    | 75,000,000             |
| Trader Joe's Grocery                       | Construction    | 7,000,000              |
| Metronome at MidCity                       | Construction    | 84,000,000             |
| The Nola Building                          | Construction    | 8,100,000              |
| Anthem House                               | Pre-Development | 97,000,000             |
| The Camp District                          | Pre-Development | 10,000,000             |
| The Wellory                                | Pre-Development | 91,500,000             |
| Aloft Hotel MidCity                        | Pre-Development | 30,000,000             |
| CityCentre Residential (Phase III)         | Pre-Development | 80,000,000             |
| <b>GRAND TOTAL</b>                         |                 | <b>\$1,257,150,000</b> |

\* Estimated Cost or Value.

## THE MIDCITY DEVELOPMENT

*The following information appearing below under this caption "THE MIDCITY DEVELOPMENT" has been furnished by the Developer and Related Landowners for inclusion in this Limited Offering Memorandum and, although believed to be reliable, such information has not been independently verified by the District or its counsel, including Bond Counsel, or the Underwriter or its counsel, and no person other than the Developer and Related Landowners makes any representation or warranty as to the accuracy or completeness of such information supplied by them.*

### General Overview

The MidCity project is a +/-140-acre (+/-76-acres of which are developable) mixed-use residential, shopping, arts and entertainment district (the "MidCity Development") in the City of Huntsville, Alabama (the "City"), the heart of the Tennessee Valley's high-tech employment center and 13-county regional trade area with a population of more the 1.1 million. Specifically, MidCity Development is located at the southwest corner of the interchange for two major roadways, University Drive (Highway 72) and Research Park Boulevard (Alabama 255), and two (2) miles north of I-565.

Located on land formerly occupied by the Madison Square Mall, the MidCity Development will offer mixed uses connected by urban plazas, green spaces, and walkable streets adjacent to a new City-built 38-acre public park and 8,000+ seat amphitheater modeled after the classic Roman-style forum. When completed, the MidCity Development is expected to net approximately \$1.36 billion in private and public investment.

As of November 2021, constructed and open in the MidCity Development are Topgolf (not located with the Series 2022 Assessment Area or Promissory Note Assessment Area and not expected to be subject to District special assessments); Dave & Buster's; High Point Climbing and Fitness; The Camp (<https://www.explorethecamp.com/>); REI Coop; Wahlburgers (<https://wahlburgers.com/>); Kung Fu Tea (a bubble tea store); and Kamado Ramen (<https://www.kamadoramen.com/>), Trader Joe's and Color Me Mine studio (a pottery studio). Construction of an additional 21,332 square feet of retail is currently underway and will include a Blue Oak BBQ (<https://blueoakbbq.com/>), Google, and MidCity Accelerator Foundation/gener8tor ([www.gener8tor.com](http://www.gener8tor.com)). Salt Factory Pub (<https://www.saltfactorypub.com/>) is currently completing the buildout of 4,300. The apportionment of Series 2022 Assessments on the forgoing is described in "THE SERIES 2022 ASSESSMENTS – Assessment Methodology; Projected Series 2022 Assessments" and Tables 1 and 9 of the Supplemental Assessment Report in "APPENDIX – D" hereto.

Additional projects under development include the Aloft Hotel (130-room hotel to be developed by Yedla Management with completion expected in 2023); the Hotel Indigo (112-room hotel to be developed by ViaNova Development with completion expected in 2023); Metronome at MidCity (296 multi-family units over retail and restaurants, which pre-leasing to being in late-2022); and Encore (232 luxury apartments with a wellness-focus).

The MidCity Development will be developed in +/-5 phases, which the Developer anticipates will be completed by the end of 2030.

## Land Acquisition

Land comprising the MidCity Development was acquired via multiple closings generally described below:

| <u>Parcel Name</u>                          | <u>Acreage (est.)</u> | <u>Closing</u> | <u>Purchase Price</u> |
|---|-----------------------|----------------|-----------------------|
| Madison Square Mall<br>(less parcels below) | 48.46                 | April 2015     | \$ 5,000,000          |
| Dillard's Parcel                            | 7.3                   | October 2015   | 3,000,000             |
| Pizitz Parcel                               | 6.47                  | August 2016    | 1,750,000             |
| Parisian Parcel                             | 5.92                  | August 2016    | 1,750,000             |
| Lonestar Parcel                             | 1.58                  | April 2017     | 1,825,000             |
| Madison Plaza                               | 14.43                 | January 2018   | 14,150,000            |
| MidCity South                               | 17.18                 | December 2018  | 1,290,750             |

No other land is expected to be purchased by the Developer and/or Related Landowners to complete the MidCity Development as currently planned.

## Plan of Finance

### Private Financing.

- *Acquisition Loan (Bank Independent):* Initial acquisition of property comprising the Development was purchased by Mid-City Owner using Developer equity and monies borrowed from Bank Independent (the "Acquisition Loan"). The Acquisition Loan, initially in the amount of \$6,500,000 has since been repaid in full.
- *Line-of-Credit (Bank Independent):* In April 2017, Mid-City Owner secured additional financing from Bank Independent in the initial principal amount of \$2.5 million, the note for which has a maturity date of April 22, 2023. As of the date hereof, principal outstanding under the note is \$1,843,597, which has been guaranteed by Max Grelier and Remy Gross.
- *Construction Loan (Bank Independent):* In November 2018, MidCity Placemakers secured financing from Bank Independent in the initial principal amount of \$18.75 million to finance the construction of approximately 101,000 square feet of mixed-retail on Blocks 5A and 6 and the northwest portion of Block 7 (see "SUMMARY OF OWNERSHIP AND LEASES – Leases") and is secured by mortgage recorded therein. As of the date hereof, principal outstanding under the note is \$18,750,000, which has been guaranteed by the Max Grelier, Remy Gross and Bill Morris.
- *Acquisition Loan (Bank Independent):* In January 2018, Madison Plaza Associates secured financing from Bank Independent in the initial principal amount of \$10

million. As of the date hereof, principal outstanding under the note is \$9,378,619, which has been guaranteed by Max Grelier and Remy Gross.

- *Construction Loan (Bank Independent):* In November 2021, Blue Oak HSV, LLC, secured financing from Bank Independent in the initial principal amount of \$5.3 million to finance the construction of approximately 21,000 square feet of retail, Building 7G, on the southwest corner of Block 7 which will be occupied by Blue Oak BBQ, other retail, and the RCP/MidCity Accelerator Foundation offices (see "SUMMARY OF OWNERSHIP AND LEASES – Leases") and is secured by mortgage recorded therein. As of the date hereof, principal outstanding under the note has not yet been drawn upon, which has been guaranteed by Max Grelier and Remy Gross.
- *Construction Loan (Bank Independent):* In February 2021, MidCity Residential secured financing from Renasant Bank in the initial principal amount of \$37,353,985 to finance the construction of the Metronome at MidCity Apartments being developed in Block 10 (see "SUMMARY OF OWNERSHIP AND LEASES – Leases") and is secured by mortgage recorded therein. As of the date hereof, the principal outstanding has not yet been accessed as the project is currently funding through equity investment funding. The loan has been guaranteed by Max Grelier and Remy Gross.

As additional parcels are transferred or sold by Mid-City Owner, the successor owners of such parcels are expected to obtain financing for the initial acquisition of the land and vertical construction, the nature and extent of which is unknown to the Developer and Related Landowners at the present time.

*City Funding of Improvements.* The City's total investment in the Development is estimated to exceed \$100 million, with approximately \$60 million completed or underway. The City's investment in the Development to date includes utilities (water and sewer); roadways and parking (including associated stormwater); street lighting; underground electrical, and the new City-built 38-acre public park and 8,000+ seat amphitheater modeled after the classic Roman-style forum.

*District Funded Improvements.* The District's total investment in the Development is expected to exceed \$27 million, with funding to be provided *via* proceeds from the Series 2022 Bonds (approximately \$13.3 million) and a second series of bonds to be issued by the District in 2023/2024. Issuance of the second series of bonds will be subject to an additional bonds test set forth in the First Supplemental Indenture. Immediately upon the sale of the Series 2022 Bonds, it is expected the District will immediately acquire land (approx. \$2.3 million) and improvements (approx. \$2.5 million) consisting of: utilities (water and sewer); roadways and parking (including associated stormwater); pedestrian facilities, parks and landscaping; and public art. The remainder of the project funds generated from the sale of the Series 2022 Bonds will be used to acquire additional pedestrian facilities, parks and landscaping (approx. \$13 million); public art (approx. \$5 million); and improvements serving the amphitheater (approx. \$2.5 million).

Prior to issuance of the Series 2022 Bonds, it is anticipated that the Mid-City Owner will fund an additional \$2.2 million in project related expenses that will be secured by an Advanced Funding Agreement and Promissory Note between the District and Mid-City Owner. Repayment of the Promissory Note under the Advanced Funding Agreement will be secured by special assessments allocated on Parcel 9 (60,000 square feet of commercial) and the Madison Plaza parcel (150,000 square feet of commercial), with any unpaid amounts to be paid using proceeds from the sale of the District's second series of bonds.

## Development Plan

It is presently anticipated the Development will be developed in five (5) phases with expected build-out to occur in 2030. The following table illustrates the Developer's current development plan for Phase 1 lands in the District, which is subject to change:

### Development Plan for Phase 1 – Summary

| Land Use               | Unit of Measurement | Phase 1 Units Financed with Bonds | Phase 1 Units Financed with Promissory Note | Total Phase 1 Units | Future Phases Units | Total Number of Units |
|------------------------|---------------------|-----------------------------------|---|---------------------|---------------------|-----------------------|
| <u>Non-Residential</u> |                     |                                   |   |                     |                     |                       |
| Commercial             | Square Foot         | 189,771                           | 210,000                                     | 399,771             | 492,263             | 892,034               |
| Hotel                  | Hotel Room          | 232                               | 0   | 232                 | 150                 | 382                   |
| <u>Residential</u>     |                     |                                   |   |                     |                     |                       |
| Multi-Family           | Dwelling Unit       | 1,176                             | 0   | 1,176               | 474                 | 1,650                 |

### Development Plan – Phase 1 Detail

| Parcel   | Main Tenant Name | Land Use     | Unit of Measurement | Number of Square Feet | Number of Hotel Rooms | Number of Dwelling Units |
|--|------------------|--------------|---------------------|-----------------------|-----------------------|--------------------------|
| <b>Phase 1 Units Financed with Bonds</b>           |                  |              |                     |                       |                       |                          |
| 1  | The Camp         | Commercial   | Square Foot         | 5,800                 | -                     | -                        |
| 2  | Trader Joe's     | Commercial   | Square Foot         | 12,500                | -                     | -                        |
| 3  | MCO              | Commercial   | Square Foot         | 5,600                 | -                     | -                        |
| 5  | Dave & Buster's  | Commercial   | Square Foot         | 26,569                | -                     | -                        |
| 6  | REI & High Point | Commercial   | Square Foot         | 52,620                | -                     | -                        |
| 7  | Blue Oak         | Commercial   | Square Foot         | 31,452                | -                     | -                        |
| 7  | Aloft            | Hotel        | Hotel Room          | -                     | 120                   | -                        |
| 8  | The Wellory      | Commercial   | Square Foot         | 15,000                | -                     | -                        |
| 8  | The Wellory      | Multi-Family | Dwelling Unit       | -                     | -                     | 325                      |
| 9  | Indigo           | Hotel        | Hotel Room          | -                     | 112                   | -                        |
| 9  | Anthem           | Multi-Family | Dwelling Unit       | -                     | -                     | 320                      |
| 10   | Metronome        | Commercial   | Square Foot         | 30,230                | -                     | -                        |
| 10   | Metronome        | Multi-Family | Dwelling Unit       | -                     | -                     | 297                      |
| 17   | Compass          | Commercial   | Square Foot         | 10,000                | -                     | -                        |
| 17   | Compass          | Multi-Family | Dwelling Unit       | -                     | -                     | 234                      |
| Sub-Total  |                  |              |                     | 189,771               | 232                   | 1,176                    |
| <b>Phase 1 Units Financed with Promissory Note</b> |                  |              |                     |                       |                       |                          |
| 9  |                  | Commercial   | Square Foot         | 60,000                |                       |                          |
| Plaza  |                  | Commercial   | Square Foot         | 150,000               |                       |                          |
| Sub-Total  |                  |              |                     | 210,000               | 0                     | 0                        |
| <b>TOTAL</b>                                       |                  |              |                     | <b>399,771</b>        | <b>232</b>            | <b>1,176</b>             |



**ILLUSTRATIVE PLAN | OPEN SPACE**

HIGITY / HUNTSVILLE, AL / 23 JUNE 2021 / RCP COMPANIES



## **Marketing**

At present, sales and leasing is managed within the Developer's office located at 920 Bob Wallace Avenue SW and The Camp (<https://www.explorethecamp.com/>) is used as the public facing facility for purposes of marketing the MidCity Development to prospective purchasers and lessees.

Additional marketing for the MidCity Development by the Developer includes an online marketing presence (<https://www.midcitydistrict.com/>); various social media including Facebook (MidCity District), Instagram (midcitydistrict) and Twitter (@midcitydistrict), as well as community sponsorships, print advertisements, weekly events, and company speaker events.

## **Development Agreement, Approvals and Permits**

On February 11, 2016, the City Council of the City authorized and adopted, *via* Resolution No. 16-87, the Research Park East Urban Renewal and Urban Development Plan (the "February 2016 Plan") providing for the City's acquisition of certain properties and negotiation of agreements with developers or redevelopers in order to remove existing blight and blighting conditions and transform the Plan area into a more economically viable, physically attractive, people desirable, fully developed and functional part of the Huntsville community in and around the Cummings Research Park area. Thereafter, the City Council and Mid-City Owner entered into that certain Amended and Restated Urban Renewal/Redevelopment Agreement – Project I (Mid-City), By and Between the City of Huntsville and Mid-City Owner, LLC, effective December 29, 2016, see "APPENDIX F - AMENDED AND RESTATED URBAN RENEWAL/REDEVELOPMENT AGREEMENT" attached hereto.

## **Mineral Rights, Easements and Other Third-Party Property Rights**

The Developer and Related Landowners are unaware of any third-party mineral rights relating to or under the lands comprising the Development. Further, although various easements have been granted to third parties, the easements are generally consistent with those granted during the course of developing a project similar to the MidCity Development (e.g., for public access and utilities).

## **Environmental Conditions**

*Environmental Site Assessments.* Since 2017, the Developer and Related Landowners have caused to be conducted numerous Phase I Environmental Site Assessment ("*Phase I ESA*") to identify recognized environmental conditions in connection with property comprising the Development in conformance with the procedures set forth in ASTM Practice E1527-13, *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*. The following is a summary of the resultant environmental reports:

*Initial Phase I ESA for 63.81-Acres:* On behalf of the Developer, bhate Environmental & Infrastructure ("bhate") conducted a Phase I ESA of approximately 63.81-acres of primarily cleared land – formerly the Madison Square Mall – in anticipation of mixed-use development. The subject site was listed on the Underground Storage Tank ("UST") and Leaking Underground Storage Tank databases under the name Sears Roebuck

and Company. Former USTs at the site included a 10,000-gallon UST of unleaded gasoline, a 500-gallon UST of used oil, and a 40-gallon tank of diesel. All three tanks were installed in 1984 and removed in December 1993. According to a report dated January 28, 1994, and prepared by Groundwater Technology, elevated concentrations of petroleum hydrocarbons were detected in the soil upon removal of the three tanks. Approximately 2 cubic yards of impacted soil were removed from the site. In November 1995, at the request of the Alabama Department of Environmental Management, soil samples were collected from 12 sampling locations surrounding the UST excavations. The samples were analyzed for the presence of petroleum hydrocarbons. All the samples were below detection limits. Additionally, groundwater was sampled for the presence of Volatile Organic Compounds and all samples were clean. A No Further Action letter was issued for the tank closures and incidents in a letter dated June 23, 1997. Bhate did not recommend any further action at the site at that time.

*Phase I (Lots 1 – 5):* On behalf of MidCity Placemakers, Geo Solutions, L.L.C., conducted a Phase I ESA of approximately 4.9-acres to be developed as the initial phase of MidCity retail space and prepared a report dated July 20, 2018, in which the environmental consultant did not identify any on-site or off-site Recognized Environmental Conditions ("RECs") or vapor encroachment conditions ("VECs") in connection with the referenced Phase I lots.

*Phase II (Lots 1, 2, 8 – 13):* On behalf of MidCity Placemakers, Geo Solutions, L.L.C., conducted a Phase I ESA of approximately 10.3-acres to be developed as the initial phase of MidCity retail space and prepared a report dated July 20, 2018, in which the environmental consultant did not identify any on-site or off-site RECs or VECs in connection with the referenced Phase II lots.

*Aloft 12A:* On behalf of MidCity Hospitality, Geo Solutions, L.L.C., conducted a Phase I ESA of approximately 1.88-acres to be developed as the Aloft Hotel and prepared a report dated May 27, 2019, in which the environmental consultant did not identify any on-site or off-site RECs or VECs in connection with the Aloft 12A parcel.

*Lots 2, 4, and Tract 1 of Block 10:* On behalf of MidCity Residential, Geo Solutions, L.L.C., conducted a Phase I ESA of approximately 6.11-acres to be developed as The Metronome and prepared a report dated December 3, 2020, in which the environmental consultant did not identify any on-site or off-site RECs or VECs in connection with Lots 2, 4, and Tract 1 of Block 10.

*Block 8, Phase 7:* On behalf of New Island Capital, Geo Solutions, L.L.C., conducted a Phase I ESA of Block 8, Phase 7, to be developed as The Wellory and prepared a report dated July 26, 2021, in which the environmental consultant did not identify any on-site or off-site RECs or VECs in connection with Lots 2, 4, and Tract 1 of Block 10.

*Endangered Species.* According to the website for the United States Fish and Wildlife Service, there are several endangered species in Madison County; however, the Developer and Related Landowners are not aware of any endangered species located on property in the District.

## **Utility Service**

In a letter dated January 21, 2020, Huntsville Utilities confirmed that electric, water, sewer and gas can be provided to the Development in accordance with Huntsville Utilities standard rules, regulations, and main extension policies. Any relocation, extension, or upgrade to existing facilities will be at the Developer and/or Related Landowners' expense; regulators for lots/units will be required; SDC fees apply; and if electric demand is more 250kw or more, a Power Contract is required. Huntsville Utilities' electric, water, and gas distribution system and wastewater collection and treatment system currently have sufficient capacity to provide water and wastewater service to the Development.

The Developer expects additional utilities to be provided by: (1) Phone/Data – AT&T, Google Fiber; (2) Cable – AT&T, Comcast; and (3) Waste and Recycling – Republic Services, Waste Management.

## **Amenities**

The recreational centerpiece for the development includes a 38-acre park funded and constructed by the City that features climbing walls, a lake with kayak center, several multi-purpose lawns for organized events and spontaneous sports, and a 1-mile loop around the lake for active recreation for runners, bikers, and walkers. Construction of the park, lake and related improvements commenced in February 2019 and is ongoing as complementary phases of the District are completed.

The City has also commenced construction +8,000-seat outdoor amphitheater, costs to complete presently estimated to be approximately \$40 million, which construction is scheduled to be completed in April 2022. For purposes of programming, the City has strategically partnered with Venue Group (<https://www.venuegroup.com/>). Venue Group is a multi-national entertainment and hospitality operator, founded by Ben Lovett, with experience developing the "third-space" concepts of Flat Iron Square and Goods Way in London which incorporate the Omeara and Lafayette music venues, respectively.

## **Schools**

The MidCity Development is in the Huntsville City School District, which enrolls approximately 24,000 students in thirty-seven (37) schools with a focus on Science Technology Engineering and Mathematics (STEM)-based projects and curriculum consistent with the City's concentration of missile defense, aerospace, biotechnology, cybersecurity and advanced manufacturing employers.

Children in the District will attend Morris Elementary School and Morris Middle School, co-located on a 20-acre campus approximately 3.7 miles from the MidCity Development and in newly constructed 142,000-square foot building that opened in advance of the 2017-2018 school year. For the 2018-2019 reporting year, the schools received a grade of "C" from the Alabama Department of Education ("ADOE"). For high school, the MidCity Development is zoned for Columbia High School, located approximately 3.6 miles from the development, which also received a grade of "C" from ADOE for the 2018-2019 reporting year.

DUE TO THE IMPACT OF COVID-19, THE U.S. DEPARTMENT OF EDUCATION (USDOE) ISSUED A WAIVER TO THE STATE OF ALABAMA ON MARCH 27, 2020, WAIVING THE REQUIREMENT OF REPORTING ASSESSMENT RESULTS FOR THE 2019-2020 SCHOOL YEAR.

### Other Property Taxes

In addition to the District assessments described above, the land within the District has been and is expected to be subject to taxes and assessments imposed by taxing authorities other than the District. These taxes and assessments would be payable to the Madison County Tax Collector in addition to the Series 2022 Assessments and other assessments levied by the District. The District has no control over the level of *ad valorem taxes* and/or special assessments levied by other taxing authorities. It is possible that in future years taxes levied by these other entities could be substantially higher than in the current year.

#### Overlapping Taxes <sup>(1)\*</sup>

| <b>Taxing Entity</b>                                       | <b>Rate in Mills (Dollars per<br/>\$1,000 of Assessed Value)</b> |
|--|--|
| State of Alabama   | \$ 6.500   |
| <hr/>  |  |
| Madison County   |  |
| General  | \$ 7.000   |
| Road & Bridge  | 4.000  |
| County-wide School   | 4.000  |
| District School  | 1.500  |
| District School  | 10.500   |
| <hr/>  |  |
| City of Huntsville   |  |
| General  | \$ 6.500   |
| Bond Tax   | 6.500  |
| School Tax   | 6.500  |
| <hr/>  |  |
| <b>Total Overlapping Tax Rate</b>                          | <b>\$ 53.000</b>   |
| <hr/>  |  |
| Total Buildout Value of Phase 1 Properties: <sup>(2)</sup> | \$456,059,952  |
| Assessed Value of Phase 1 Properties: <sup>(3)</sup>       | 91,211,990   |
| Annual Bond Assessment Debt Service: <sup>(4)*</sup>       | 1,200,941  |
| <hr/>  |  |
| <b>Annual District Tax Rate: *</b>                         | <b>\$ 13.166</b>   |
| <hr/>  |  |
| <b>Total Direct and Overlapping Tax Rate: *</b>            | <b>\$ 66.166</b>   |

\* Preliminary, subject to change.

<sup>(1)</sup> Source: Madison County Tax Assessor

<sup>(2)</sup> Per the Developer.

<sup>(3)</sup> Commercial property in Alabama is assessed at 20% of Fair Market Value.

<sup>(4)</sup> Per the District's Supplemental Assessment Methodology dated December 9, 2021; also includes annual O&M Assessments.

In Alabama, property taxes are due on or before October 1<sup>st</sup> and are delinquent if not paid on or before December 31<sup>st</sup>; delinquent tax notices are issued thereafter. As of the date hereof, property taxes levied on lands within the Series 2022 Assessment Area are current.

For additional information regarding non-ad valorem special assessments imposed by the District see "THE SERIES 2022 ASSESSMENTS – Assessment Methodology; Projected Series 2022 Assessments."

### **Community Association**

All lands within the Development will lie within the boundary of the MidCity Association, Inc. (the "Community Association"), also be subject to annual assessments for architectural review, property activation and events, declaration compliance enforcement, common area maintenance, operation/maintenance of any MCID owned facilities, and more. The Developer estimates that the annual Community Association assessment for will be based on use and varied between approximately \$0.50 – 2.00 per Square Foot of leasable area.

### **Competition**

While there are no direct competitors for the overall mixed-use development that the MidCity Development entails, there are elements of other developments in the north Alabama region such as location that may result in competition for retail and restaurant leasing, as well as their being other entertainment options in the region.

*Town Madison:* Often compared to the MidCity Development in size and nature, Town Madison is a 563-acre mixed-use development in Madison, Alabama, between Wall Triana Highway and the intersection of Madison Boulevard at Zierdt Road, which is anchored by Toyota Field, a minor league baseball stadium – home to the Double-A affiliate of the Los Angeles Angels – that opened in April 2021.

*Bridge Street Town Centre:* A lifestyle outdoor shopping center that opened in 2007 in Cummings Research Park West at the intersection of Old Madison Pike, I-565, and Research Park Boulevard. Notable tenants include Belk, Apple, Anthropologie, PF Chang's and Cinemark.

*Village of Providence:* Due to its similarity to multi-family projects to be developed within the Development and proximity to Cummings Research Park and Redstone Arsenal, Village of Providence is likely to be a competitor in residential occupancy.

*Downtown Huntsville:* Due to recent activity with mixed-use development including retail office, hotel, and multifamily. The general walkability, central location, and amenities available.

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## SUMMARY OF OWNERSHIP AND LEASES

As previously described under the section captioned "THE MIDCITY DEVELOPMENT," the Developer has sold and is under contract to sell certain parcels to its affiliates, *i.e.*, the Related Landowners (who, in turn, have leased portions of the assessable property to third parties), and unaffiliated third parties. The following information was provided by the Developer and Related Landowners and is, to the best of the Developer and Related Landowners' knowledge, accurate:

### Leases

| Owner                                | Parcel/Unit | Gross SF | Par Debt     | Summary  |
|--------------------------------------|-------------|----------|--------------|--|
| Mid-City Owner                       | 1A          | 5,800    | \$ 76,445.87 | Leased to The Camp<br>(opened August 2017)                     |
| TJ's of Alabama,<br>LLC <sup>5</sup> | 2A          | 12,500   | 148,278.62   | Leased to Trader Joe's<br>(opened August 2021)                 |
| MidCity Placemakers                  | 5A          | 26,569   | 350,187.97   | Leased to Dave & Buster's<br>(opened August 2019)              |
| MidCity Placemakers                  | 6A          | 20,300   | 267,560.53   | Leased to REI<br>(opened November 2019)                        |
| MidCity Placemakers                  | 6B          | 20,530   | 270,592.00   | Leased to High Point Climbing<br>(opened April 2019)           |
| MidCity Placemakers                  | 6C          | 4,290    | 56,543.58    | Leased to Salt Factory<br>(opening March 2022)                 |
| MidCity Placemakers                  | 7H          | 3,437    | 45,300.77    | Leased to Kamado<br>Ramen/Kung Fu Tea (opened<br>January 2021) |
| MidCity Placemakers                  | 7I.01       | 1,099    | 14,485.17    | Leased to Color Me Mine<br>(opened March 2021)                 |
| MidCity Placemakers                  | 7I.02       | 2,399    | 31,619.59    | Leased to Encore Nail Salon<br>(opened June 2021)              |
| MidCity Placemakers                  | 7I.03       | 797      | 10,504.72    | Leased to Baron Weather<br>(opened March 2021)                 |
| MidCity Placemakers                  | 7K          | 3,720    | 49,030.80    | Leased to Wahlburgers<br>(opened December 2020)                |

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<sup>5</sup> Unrelated to the Developer and Related Landowners.

The lease terms associated with the forgoing vary and the lease agreements with the national retailers identified above, i.e., Trader Joe's, Dave & Busters, and REI, are based on the form of lease dictated by them, respectively. Leases with the other lessees are in a form dictated by the Related Landowners, as applicable, on terms negotiated by and among the parties thereto.

## Parcel Sales

| <u>Purchaser/Parcel</u>  | <u>Gross SF/Units</u> | <u>Par Debt</u> | <u>Summary</u>  |
|--------------------------|-----------------------|-----------------|---|
| 3A                       | 5,600sf               | \$ 73,809.80    | Under contract with Three Eights, LLC<br>(est. open date 2022)                                  |
| 5C                       | 6,511sf               | 0.00            | Sold to MidCity Placemakers<br>(est. open December 2022)  |
| 6D                       | 7,500sf               | 98,852.41       | Sold to MidCity Placemakers<br>(est. open August 2022)  |
| 7E                       | 120 rooms             | 948,983.16      | Under contract negotiation for Aloft Hotel<br>(estimated open Q2 2023)                          |
| 7G                       | 20,000sf              | 263,606.43      | Sold to Blue Oak HSV, LLC<br>(estimated open Q3 2022)<br>(Retail Strip – 85% leased/LOI)        |
| 8A (Retail)              | 15,000sf              | 197,704.82      | Under contract negotiation with The Wellory, LLC<br>(Ground Floor Retail (5 stories))           |
| 8A (MF)                  | 325 units             | 3,641,063.86    | Under contract negotiation with The Wellory, LLC<br>(MF Apartments East Side)                   |
| 9B & 9C<br>Retail/Office | 60,000sf              | 0.00            | Under contract negotiation with Anthem House, LLC<br>(Ground Floor Retail 9B/9C (5 -7 stories)) |
| 9B & 9C                  | 320 units             | 3,585,047.49    | Under contract negotiation with Anthem House, LLC<br>(MF Apartments West Side)                  |
| 9F                       | 112 rooms             | 885,717.62      | Sold to Indigo Hotel<br>(estimated open date 2022)  |
| 10A<br>(Retail)          | 30,230sf              | 398,441.12      | Sold to MidCity Residential, LLC<br>(estimated open date 2023)                                  |
| 10A                      | 297 units             | 3,327,372.20    | Sold to MidCity Residential, LLC<br>(estimated open date 2023)                                  |
| 12A&J                    | 150 rooms             | 0.00            | Under contract negotiation for a boutique hotel   |
| 16F                      | 50,000sf              | 0.00            | Sold to Touchstar Luxury Cinemas<br>(estimated open date 2023)                                  |
| 17A                      | 234 units             | 2,042,949.86    | Sold to Encore Living by Compass<br>(estimated open date 2022)                                  |
| Madison Plaza            | 150,000 sf            | 0.00            | Owned by a Landowner Affiliate  |

## **BROKER'S OPINION OF VALUATION OF THE MIDCITY DEVELOPMENT**

Colliers International ("Colliers") has prepared an "Updated Broker's Opinion of Value" relating to the land in the MidCity Development which evaluated the property based on the value of the mixed-use land assemblage with infrastructure improvements (the "Broker's Opinion of Valuation"). The Broker's Opinion of Valuation is attached hereto as APPENDIX G and should be read in its entirety. The conclusions reached in the Broker's Opinion of Valuation are subject to certain assumptions, hypothetical conditions, and qualifications, which are set forth therein. See "APPENDIX G – UPDATED BROKER'S OPINION OF VALUATION." Based on the assumptions and analysis contained therein, the following table sets forth the estimated buildout value to par debt and average broker opinion of value to par debt of development plan parcels within Phase 1:

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**Estimated Buildout Value to Par Debt and Average Broker Opinion of Value to Par Debt of Development Plan Parcels within Phase 1<sup>(1)</sup>**

| County Tax Parcel Values <sup>(2)</sup>   |       | Expected Buildout and Estimated Par Debt to Buildout Value <sup>(3)</sup> |               |                   |           |                       |                                 | Average Broker Opinion of Value to Par Debt <sup>(4)</sup> |                   |                                    |                                |                          |
|---|-------|---|---------------|-------------------|-----------|-----------------------|---------------------------------|--|-------------------|------------------------------------|--------------------------------|--------------------------|
| PIN <sup>(5)</sup>  | Acres | Square Foot   | Parcel / Unit | Expected Land Use | Unit Type | Buildout SqFt / Units | Phase 1 Par Debt <sup>(6)</sup> | Buildout Value <sup>(7)</sup>                              | Value to Par Debt | Value per Land SqFt <sup>(8)</sup> | Value of Parcel <sup>(9)</sup> | Parcel Value to Par Debt |
| 43533   | 1.06  | 46,174  | 1A            | Commercial        | SqFt      | 5,800                 | \$76,446                        | \$3,314,286  | 43.4 : 1          | \$32.00                            | \$1,477,555                    | 19.3 : 1                 |
| 551535  | 0.80  | 34,848  | 2A            | Commercial        | SqFt      | 12,500                | \$148,279                       | \$7,000,000  | 47.2 : 1          | \$32.00                            | \$1,115,136                    | 7.5 : 1                  |
| 551540  | 1.06  | 46,174  | 3A            | Commercial        | SqFt      | 5,600                 | \$73,810                        | \$3,200,000  | 43.4 : 1          | \$32.00                            | \$1,477,555                    | 20.0 : 1                 |
| 551537  | 1.10  | 47,916  | 5A            | Commercial        | SqFt      | 26,569                | \$350,188                       | \$8,175,077  | 23.3 : 1          | \$16.75                            | \$802,593                      | 2.3 : 1                  |
| 552514  | 0.82  | 35,719  | 6A            | Commercial        | SqFt      | 20,300                | \$267,561                       | \$8,700,000  | 32.5 : 1          | \$24.50                            | \$875,120                      | 3.3 : 1                  |
| 552515  | 0.73  | 31,799  | 6B            | Commercial        | SqFt      | 20,530                | \$270,592                       | \$8,798,571  | 32.5 : 1          | \$24.50                            | \$779,071                      | 2.9 : 1                  |
| 552516  | 0.53  | 23,087  | 6C            | Commercial        | SqFt      | 4,290                 |                                 | \$1,838,571  |                   |                                    |                                |                          |
|   |       |   | 6D            | Commercial        | SqFt      | 7,500                 |                                 | \$3,750,000  |                   |                                    |                                |                          |
| Total / Avg. of County Tax Parcel PIN 552516  |       |   |               |                   |           |                       | \$155,396                       | \$5,588,571  | 36.0 : 1          | \$24.50                            | \$565,627                      | 3.6 : 1                  |
| 551538  | 0.44  | 19,166  | 7H            | Commercial        | SqFt      | 3,437                 |                                 | \$1,473,000  |                   |                                    |                                |                          |
|   |       |   | 7I - 1        | Commercial        | SqFt      | 1,099                 |                                 | \$471,000  |                   |                                    |                                |                          |
|   |       |   | 7I - 2        | Commercial        | SqFt      | 2,399                 |                                 | \$1,028,143  |                   |                                    |                                |                          |
|   |       |   | 7I - 3        | Commercial        | SqFt      | 797                   |                                 | \$341,571  |                   |                                    |                                |                          |
|   |       |   | 7K            | Commercial        | SqFt      | 3,720                 |                                 | \$1,594,286  |                   |                                    |                                |                          |
| Total / Avg. of County Tax Parcel PIN 551538  |       |   |               |                   |           |                       | \$150,941                       | \$4,908,000  | 32.5 : 1          | \$23.00                            | \$440,827                      | 2.9 : 1                  |
| 570940  | 1.90  | 82,764  | 7E            | Hotel             | Rooms     | 120                   | \$948,983                       | \$30,000,000   | 31.6 : 1          | \$17.25                            | \$1,427,679                    | 1.5 : 1                  |
| 552520  | 2.56  | 111,514   | 7G            | Commercial        | SqFt      | 20,000                | \$263,606                       | \$8,571,429  | 32.5 : 1          | \$17.25                            | \$1,923,610                    | 7.3 : 1                  |
| 552523  | 4.18  | 182,081   | 8A            | Commercial        | SqFt      | 15,000                |                                 | \$5,357,143  |                   |                                    |                                |                          |
|   |       |   | 8A            | Multi-Family      | Units     | 325                   |                                 | \$85,000,000   |                   |                                    |                                |                          |
| Total / Avg. of County Tax Parcel PIN 552523  |       |   |               |                   |           |                       | \$3,838,769                     | \$90,357,143   | 23.5 : 1          | \$16.75                            | \$3,049,853                    | 0.8 : 1                  |
| 556538  | 0.54  | 23,522  | 9F            | Hotel             | Rooms     | 112                   | \$885,718                       | \$28,000,000   | 31.6 : 1          | \$19.50                            | \$458,687                      | 0.5 : 1                  |
| 556533  |       |   |               |                   |           |                       | \$786,090                       |  |                   |                                    |                                |                          |
| 556534  | 3.55  | 154,638   | 9B            | Multi-Family      | Units     | 320                   | \$786,090                       |  |                   |                                    |                                |                          |
| 556535  |       |   |               |                   |           |                       | \$2,012,867                     |  |                   |                                    |                                |                          |
| 551542  |       |   |               |                   |           |                       | \$-                             |  |                   |                                    |                                |                          |
| Total / Avg. of County Tax Parcels 556533, 556534, 556535 Which Has been Replated as one Parcel <sup>(10)</sup> |       |   |               |                   |           |                       | \$3,585,048                     | \$85,000,000   | 23.7 : 1          | \$18.50                            | \$2,860,803                    | 0.8 : 1                  |
| 552539  | 4.03  | 175,547   | 10A           | Commercial        | SqFt      | 30,230                |                                 | \$9,446,875  |                   |                                    |                                |                          |
|   |       |   | 10A           | Multi-Family      | Units     | 297                   |                                 | \$80,000,000   |                   |                                    |                                |                          |
| Total / Avg. of County Tax Parcel PIN 552539  |       |   |               |                   |           |                       | \$3,725,813                     | \$89,446,875   | 24.0 : 1          | \$17.50                            | \$3,072,069                    | 0.8 : 1                  |
| 109062  | 10.49 | 456,944   | 17A           | Commercial        | SqFt      | 10,000                |                                 | \$5,000,000  |                   |                                    |                                |                          |
|   |       |   | 17A           | Multi-Family      | Units     | 234                   |                                 | \$70,000,000   |                   |                                    |                                |                          |
| Total / Avg. of County Tax Parcel PIN 159076  |       |   |               |                   |           |                       | \$2,108,851                     | \$75,000,000   | 35.6 : 1          | \$12.00                            | \$2,106,562                    | 1.0 : 1                  |
| <b>Total / Average</b>  |       |   |               |                   |           |                       | <b>\$16,850,000</b>             | <b>\$456,059,952</b>                                       | <b>27.1 : 1</b>   |                                    | <b>\$22,432,747</b>            | <b>1.3 : 1</b>           |

<sup>1</sup> Derived from information contained in the MidCity Improvement District First Supplemental Methodology Report, the Updated Broker Opinion of Value and information provided by the Developer.  
<sup>2</sup> Per the Madison County, Alabama Tax Assessor Tax Map Parcel Viewer.  
<sup>3</sup> Land use, unit type, number of units and estimated buildout values provided by the Developer.  
<sup>4</sup> Values derived from the Updated Broker Opinion of Value, dated September 30, 2021. Values represent the average value per square foot of land within each taxable parcel. Average value is calculated  
<sup>5</sup> Madison County, Alabama assigned Parcel PIN.  
<sup>6</sup> As provided in the MidCity Improvement District First Supplemental Methodology Report.  
<sup>7</sup> As provided by the Developer. Actual buildout values may vary.  
<sup>8</sup> Represents the midpoint value between the range of values provided in the Updated Broker Opinion of Value, dated September 30, 2021.  
<sup>9</sup> Value calculated as the total square feet of each taxable parcel multiplied by the midpoint value between the range of values provided in the Updated Broker Opinion of Value.  
<sup>10</sup> Original County Tax Parcels 556533, 556534, 556535 and 551542 have been replated into one parcel to be referenced as \_\_\_\_\_ effective as of \_\_\_\_\_. While the table above provides the par debt as shown in the Supplemental Methodology Report, the value to par debt as related to one parcel is shown in the total column for that parcel.

None of the District, the Developer, the Related Landowners, or the Underwriter makes any representation as to the accuracy, completeness assumptions or information contained in the Broker's Opinion of Valuation. The assumptions and qualifications with respect to the Broker's Opinion of Valuation are contained therein. There can be no assurance that any such assumptions will be realized and the District, the Developer, the Related Landowners, and the Underwriter make no representation as to the reasonableness of such assumptions.

## **BONDHOLDERS' RISKS**

*Certain risks are inherent in an investment in obligations secured by assessments issued by a public authority or governmental body in the State. Certain of these risks are described in the preceding section entitled "THE SERIES 2022 ASSESSMENTS – Enforcement of Collections," however, certain additional risks are associated with the Series 2022 Bonds offered hereby. This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2022 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety, including the appendices hereto, for a more complete description of investment considerations relating to the Series 2022 Bonds.*

*Each prospective investor is urged to consult with its own legal, tax and financial advisors to determine whether an investment in the Series 2022 Bonds is appropriate given its individual legal, tax and financial situation.*

### **Limited Obligations**

The Series 2022 Bonds are limited obligations of the District payable solely from, and secured by a pledge of, the Series 2022 Trust Estate (including, without limitation, the Series 2022 Pledged Revenues). The Series 2022 Bonds shall not constitute an indebtedness of the State or any political subdivision therein or thereof within the meaning of any constitutional provision or statutory limitation and shall not constitute or give rise to a pecuniary liability of the State, or any political subdivision therein or thereof, or a charge against the general credit or taxing powers of any thereof. The District shall not be obligated to pay the principal of, premium (if any) or interest on the Series 2022 Bonds except from the Series 2022 Trust Estate, and neither the faith and credit nor the taxing power of the District, the State or any political subdivision therein or thereof is pledged to the payment of the principal of, premium (if any) or interest on the Series 2022 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS" herein.

### **No Recourse, Mortgage or Deed of Trust**

The Series 2022 Bonds are not secured by a mortgage or any other lien on the Bond-Financed Facilities or any other property, except the lien of the Series 2022 Assessments, within the boundaries of the District. Neither the District, the Developer, nor the Landowners or any affiliate of such entities, or any employee, officer, member, agent, or representative of such entities has pledged its credit or assets or has provided any guaranty, surety, or undertaking of any kind, moral or otherwise, to pay the principal of, premium, if any, and interest on the Series 2022 Bonds. As described herein, the Series 2022 Assessments are an imposition against the land only and the recourse for the failure of a landowner to pay the Series 2022 Assessments is limited to the enforcement proceedings against the land as described herein.

The Indenture provides that no recourse under or upon any covenant or agreement of the Indenture or of the Series 2022 Bonds, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future incorporator, officer, employee or member of the Governing Body, 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 incorporator, officer, employee or member of the Governing Body as such, are expressly waived and released as a condition of, and as a consideration for, the execution of the Indenture and the issuance of the Series 2022 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS" herein.

### **Enforcement Proceedings**

Should the District commence enforcement proceedings against a landowner for nonpayment of the Series 2022 Assessments, such landowners may raise affirmative defenses to such proceedings, which although such affirmative defenses would likely be proven to be without merit, could result in delays in completing such proceedings. Additionally, it is possible that the District will not have enough funds and will be compelled to request the Bondholders to allow funds on deposit under the Indenture to be used to pay the costs of the enforcement proceedings. Under the Code, there are limitations on the amounts of Series 2022 Bond proceeds that can be used for such purpose.

### **Concentration of Ownership**

Series 2022 Assessments generated in the Development are expected to be derived from a limited number of property owners, see "THE MIDCITY DEVELOPMENT" and "SUMMARY OF OWNERSHIP AND LEASES" herein. If one or more retailers closes during the term of the Series 2022 Bonds and Landowners or then-current landowner(s) in the Development cannot replace such retail entities, or if one or more property owners in the Development fail to pay or are delinquent in paying the Series 2022 Assessments allocated to their property, there may not be sufficient Series 2022 Assessments generated to pay Debt Service on the Series 2022 Bonds.

### **Debt Service Substantially Dependent on Timely Payment**

Until further development takes place on the benefited land within the District and assessable properties are sold to end users, payment of the Series 2022 Assessments is substantially dependent upon their timely payment by the Developer, the Landowners or affiliates thereof. See "THE MIDCITY DEVELOPMENT" and "THE DEVELOPER AND LANDOWNERS" herein. In the event of the institution of bankruptcy or similar proceedings with respect to the Developer, a Landowner or any subsequent owner of property within the District, delays and impairment will most likely occur in the payment of Debt Service on the Series 2022 Bonds as such bankruptcy could negatively impact the ability of (i) the Developer, Landowners and any other landowner being able to pay the Series 2022 Assessments; (ii) the District to enforce the lien on the Series 2022 Assessments, and (iii) the District to conduct a tax sale of the property for nonpayment of the Series 2022 Assessments. In addition, the remedies available to the Beneficial Owners of the Series 2022 Bonds, the Trustee and the District upon an Event of Default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including during a

bankruptcy of the Developer and/or one or more Landowners, the remedies specified by federal, state and local law and in the Indenture and the Series 2022 Bonds, including, without limitation, enforcement of the obligation to pay the Series 2022 Assessments and the ability of the District to enforce the lien of the Series 2022 Assessments, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2022 Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. The inability, either partially or fully, to enforce remedies available respecting the Series 2022 Bonds could have a material adverse impact on the interest of the Beneficial Owners thereof. The failure of a landowner to pay the required Series 2022 Assessments on its property will not result in an increase in the amount of Series 2022 Assessments other landowners are or would be required to pay.

### **Series 2022 Assessments**

The principal security for the payment of the principal of and interest on the Series 2022 Bonds is the timely collection of the Series 2022 Assessments. The Series 2022 Assessments do not constitute a personal indebtedness of the owners of the land subject thereto but are secured only by a lien on such land. There is no assurance that the current and subsequent owners of this land will be able to pay the Series 2022 Assessments or that they will pay such Series 2022 Assessments even though financially able to do so. Beyond legal delays that could result from bankruptcy, the ability of the District to enforce the collection of Series 2022 Assessments on delinquent properties will be dependent upon various factors, including, but not limited to, the existence of a market for the delinquent properties. The determination of the benefits to be received by the land within the District as a result of implementation and development of the Series 2022 Project is not indicative of the realizable or market value of the land, which value may actually be higher or lower than the assessment of benefits. In other words, the value of the land could potentially be ultimately less than the debt secured by the Series 2022 Assessments associated with it. To the extent that the realizable or market value of the land is lower than the assessment of benefits, the ability of the District to enforce the Series 2022 Assessments and sell the delinquent parcels may be adversely affected. Such adverse effect could render the District unable to collect Delinquent Assessments, if any, and could negatively impact the ability of the District to make the full or punctual payment of Debt Service on the Series 2022 Bonds. The payment of the annual Series 2022 Assessments and the ability of the District to enforce the lien of the unpaid taxes, including the Series 2022 Assessments, by tax sale as provided by law may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State. Bankruptcy of a property owner will most likely also result in a delay by the District to enforce the lien of the Delinquent Assessments, including the Series 2022 Assessments, by sale as provided by law. Such delay would increase the likelihood of a delay or default in payment of and interest on the Series 2022 Bonds.

### **District Compliance with Procedures**

The District is required to comply with statutory procedures in levying the Series 2022 Assessments. Failure of the District to follow these procedures could result in the Series 2022

Assessments not being levied or potential future challenges to such levy. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2022 BONDS" herein.

### **Other Conditions Affecting the Development**

The development of the Development may be affected by changes in general economic conditions, fluctuations in the real estate market, catastrophic weather, increases in lending rates and other factors beyond the control of the Developer. Although the Developer expects to develop the property as described herein, there can be no assurance that such development will occur or be realized in the manner or schedule currently anticipated. In addition, the development of the Development is subject to comprehensive federal, state, and local regulations and future changes to such regulations. Approval is required from various public agencies in connection with, among other things, the design, nature and extent of required improvements, both public and private, and construction of the Development, including the Series 2022 Project, must be in accordance with applicable zoning, land use and environmental regulations for the Development. Although no delays are anticipated, failure to obtain any such approvals in a timely manner could delay or adversely affect the development of the Development, which may negatively impact the Developer's desire or ability to develop the Development as contemplated. See "THE DEVELOPER AND LANDOWNERS" and "THE MIDCITY DEVELOPMENT" and "APPENDIX C – ENGINEER'S REPORT" attached hereto for a discussion of permits and approvals. No assurance can be given that unknown hazardous materials, protected animals, etc., do not currently exist or may develop in the future whether originating within the Development or from surrounding property, and what effect such may have on the development of the Development.

### **Other Taxes and Assessments**

The willingness and/or ability of an owner of land within the Development to pay the Series 2022 Assessments could be affected by the existence of other taxes and assessments imposed upon the property by the District, the County, the City, or other governmental entities with jurisdiction over the District. Public entities whose boundaries overlap those of the District, such as the Madison County, and other taxing authorities, could, without the consent of the owners of the land within the District, impose additional taxes or assessments on the property within the Development. The District has no control over the amount of taxes or assessments levied by governmental entities other than the District. The lien of the Series 2022 Assessments is, however, of equal dignity with the lien of State, County, municipal, and school board taxes.

### **Series 2022 Bonds as Illiquid Investment**

The Series 2022 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2022 Bonds in the event a Beneficial Owner thereof determines to solicit purchasers of the Series 2022 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2022 Bonds may be sold. Such price may be lower than that paid by the current Beneficial Owners of the Series 2022 Bonds, depending on the progress of the development of the Development, existing real estate and financial market conditions and other factors.

## **Delays in Enforcement of Collection**

In addition to legal delays that could result from bankruptcy, the ability of the District to enforce collection of delinquent Series 2022 Assessments will be dependent upon various factors, including the delay inherent in any proceeding to enforce the lien of the Series 2022 Assessments and the value of the land which is the subject of such proceedings and which may be subject to sale. See "THE SERIES 2022 ASSESSMENTS – Enforcement of Assessment Collections" herein. If the District has difficulty in collecting the Series 2022 Assessments, the Series 2022 Reserve Account could be rapidly depleted and the ability of the District to pay Debt Service could be materially adversely affected.

## **Land Values**

A slowdown of the process of development of the land within the Development could adversely affect land values. There can be no assurance that land development operations within the Development will not be adversely affected by competition, a deterioration of the real estate market and economic conditions or future local, state and federal governmental policies relating to real estate development, the income tax treatment of real property ownership or the national or global economies.

## **Government Regulation**

Land development operations, including development of the Development, are subject to comprehensive federal, State and local regulations. Approval for development within the Development is required from various agencies. Failure to obtain any such approval or to satisfy any applicable governmental requirements could adversely affect development within the Development. Approvals that have been obtained for development within the Development are subject to conditions that must be satisfied at various points in time. The failure to satisfy any such approval could adversely affect development within the Development. See "THE MIDCITY DEVELOPMENT" and "THE DEVELOPER AND LANDOWNERS" herein.

## **Environmental Factors**

The value of the land within the Development, the success of the development of the Development and the likelihood of timely payment of principal and interest on the Series 2022 Bonds could be affected by environmental factors with respect to the land in the District. Should the land be contaminated by hazardous materials, this could materially and adversely affect the value of the land in the Development, which could materially and adversely affect the success of the Development and the likelihood of the timely payment of the Series 2022 Bonds. The District has not performed, nor has the District requested that there be performed on its behalf, any independent assessment of the environmental conditions within the Development.

## **Litigation**

Failure to complete development or substantial delays in the completion of the development of the Development due to litigation or other causes may reduce the value of the Development and increase the length of time during which Series 2022 Assessments will be

payable from undeveloped property and may affect the willingness and ability of the owners of such property to pay the Series 2022 Assessments when due.

### **Incomplete Information from Developer and Landowners**

The District may have incomplete information concerning the Development, the Developer and the Landowners. For example, the District has limited information concerning the condition of the land in the Development, its suitability for future development or its value. Except to the extent described in this Limited Offering Memorandum under the captions "THE MIDCITY DEVELOPMENT" and "THE DEVELOPER AND LANDOWNERS," the District has not been provided information regarding the Developer, the Landowners or the Development and has not undertaken to independently verify or confirm any such information.

### **Insufficient Funds to Complete the Series 2022 Project**

There can be no assurance, in the event the District does not have sufficient moneys on hand to complete the Series 2022 Project, that the District will be able to raise through the issuance of bonds, or otherwise, the moneys necessary to complete the Series 2022 Project. If such amounts are not sufficient it is unlikely that the District would have other funds to complete such Series 2022 Project. Pursuant to the Completion Agreement with the District, the Developer has agreed to complete the Series 2022 Project to the extent that net proceeds of the Series 2022 Bonds are not sufficient (by providing funds to the District to enable it to complete the Series 2022 Project or by completing such portions of the Series 2022 Project and conveying them to the District), however, such obligations by the Developer are unsecured and there can be no assurance that the Developer will have sufficient resources to do so. Further, it is possible that the cost to finish the development work will exceed the cost of the Series 2022 Project.

### **Mortgage Holders**

Owners should note that several mortgage lenders have, in the past, raised legal challenges to the primacy of the liens like those of the Series 2022 Assessments in relation to the liens of mortgages burdening the same real property. As a condition to the Underwriter's obligation to purchase the Series 2022 Bonds on the date of initial issue, all mortgagees holding liens on the subject land to the Series 2022 Assessments are required to execute documents acknowledging the superiority of the Series 2022 Assessments to their mortgage liens.

### **Available Funds in the Series 2022 Reserve Account**

Some of the risk factors described herein, which, if materialized, would result in a delay in the collection of the Series 2022 Assessments, may not affect the timely payment of Debt Service on the Series 2022 Bonds because of the Series 2022 Reserve Account established by the District for the Series 2022 Bonds. The ability of the Series 2022 Reserve Account to fund deficiencies caused by delinquent Series 2022 Assessments is dependent upon the amount, duration and frequency of such deficiencies. Moneys on deposit in the Series 2022 Reserve Account may be invested in certain obligations permitted under the Indenture. Fluctuations in interest rates and other market factors could affect the amount of moneys available in the Series 2022 Reserve Account to make up deficiencies.

## **No Other Sources of Revenue to Replenish the Series 2022 Reserve Account**

Prospective Bondholders should note that although the Indenture contains a Series 2022 Reserve Account Requirement for the Series 2022 Reserve Account, and a corresponding obligation on the part of the District to replenish such Series 2022 Reserve Account to the Series 2022 Reserve Account Requirement, if in fact that account is accessed for any purpose, the District does not have a designated revenue source for replenishing such account other than from the collection of delinquent Series 2022 Assessments. Moreover, the District will not be permitted to assess real property then burdened by the Series 2022 Assessments for the purpose of replenishing the Series 2022 Reserve Account.

## **Interest Rate**

The interest rate borne by the Series 2022 Bonds is, in general, higher than interest rates borne by other bonds of more established political subdivisions with varied revenue sources that do not involve the same degree of risk as investment in the Series 2022 Bonds. These higher interest rates are intended to compensate investors in the Series 2022 Bonds for the risk inherent in a purchase of the Series 2022 Bonds. However, such higher interest rates, in and of themselves, increase the amount of the Series 2022 Assessments that the District must levy in order to provide for payments of Debt Service on the Series 2022 Bonds, and, in turn, may increase the burden upon owners of lands within the District, thereby possibly increasing the likelihood of non-payment or delinquency in payment of such Series 2022 Assessments.

## **District Professionals**

While the District has represented to the Underwriter that it has selected its District Manager, District Counsel, Methodology Consultant, District Engineer, Trustee and other professionals with the appropriate due diligence and care, and while the foregoing parties have each represented in their respective areas as having the requisite experience to accurately and timely perform the duties assigned to them in such roles, the District does not guaranty any portion of the performance of these parties.

## **Village Center CDD (Florida) TAM**

The Internal Revenue Service (the "IRS") routinely examines bonds issued by state and local governments, including community development and improvement districts similar to the District. In 2016, the IRS concluded its lengthy examination of certain issues of bonds (for purposes of this subsection, the "Audited Bonds") issued by the Village Center Community Development District in Florida (the "Village Center CDD"). The Village Center CDD received a ruling dated May 30, 2013, in the form of a non-precedential technical advice memorandum ("TAM") concluding the Village Center CDD was not a political subdivision for purposes of Section 103(a) of the Code (hereinafter defined) because the Village Center CDD was organized and operated to perpetuate private control and avoid indefinitely responsibility to an electorate, either directly or through another elected state or local government body. Such a conclusion could lead to the further conclusion that interest on the Audited Bonds was not excludable from gross income of the owners of such bonds for federal income tax purposes. The Village Center CDD received a second TAM dated June 17, 2015, which granted relief to Village Center CDD from

retroactive application of the IRS' conclusion as to a political subdivision. The Audited Bonds have since been refunded with taxable bonds, and the IRS has since determined to close its audits of the Audited Bonds without making a final determination to include interest as income on the Audited Bonds. However, a letter the IRS sent to the Village Center CDD noted that the agency found that the Village Center CDD was not a "proper issuer of tax-exempt bonds" and that the Audited Bonds (which were issued to finance amenities) were private-activity bonds that did not fall in any of the categories that qualify for tax-exemption.

Although the TAMs are addressed to, and binding only on, the IRS and the Village Center CDD in connection with the Audited Bonds, the IRS may commence additional audits of bonds issued by other community development and improvement districts on the same basis and may take the position that similar districts are not political subdivisions for purposes of Section 103(a) of the Code on this basis. The United States Department of the Treasury in its 2015 Priority Guidance Plan, released July 31, 2015, has further stated its intention to provide future guidance on the definition of political subdivision under Code section 103 for purposes of the tax-exempt, tax credit, and direct pay bond provisions.

On February 23, 2016, the IRS issued a notice of proposed rulemaking (the "Proposed Regulations") and notice of public hearing containing proposed regulations that provided guidance regarding the definition of political subdivision for purposes of the rules for tax-exempt bonds, including determinations of entities that are valid issuers of tax-exempt bonds. On October 4, 2017, the Treasury Department ("Treasury") announced that it would withdraw the proposed regulations, stating that, "while Treasury and the IRS continue to study the legal issues relating to political subdivisions, Treasury and the IRS currently believe that these proposed regulations should be withdrawn in their entirety, and plan to publish a withdrawal of the proposed regulations shortly in the Federal Register. Treasury and the IRS may propose more targeted guidance in the future after further study of the relevant legal issues." The Proposed Regulations were officially withdrawn on October 20, 2017.

There can be no assurance that an audit by the IRS of the Series 2022 Bonds will not be commenced. The District has no reason to believe that any such audit will be commenced, or that any such audit, if commenced, would result in a conclusion of noncompliance with any applicable state or federal law.

Owners of the Series 2022 Bonds are advised that, if the IRS does audit the Series 2022 Bonds, under its current procedures, at least during the early stages of an audit, the IRS will treat the District as the taxpayer, and the owners of the Series 2022 Bonds may have limited rights to participate in those proceedings. The commencement of such an audit could adversely affect the market value and liquidity of the Series 2022 Bonds until the audit is concluded, regardless of the ultimate outcome. In addition, in the event of an adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2022 Bonds, it is unlikely the District will have available revenues to enable it to contest such determination or enter into a voluntary financial settlement with the IRS. Further, an adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2022 Bonds would adversely affect the availability of any secondary market for the Series 2022 Bonds. Should interest on the Series 2022 Bonds become includable in gross income for federal income tax purposes, not only will Bondholders be required to pay income taxes on the interest received on such Series 2022 Bonds and related penalties, but

because the interest rate on such Series 2022 Bonds will not be adequate to compensate Owners of the Series 2022 Bonds for the income taxes due on such interest, the value of the Series 2022 Bonds may decline.

THE INDENTURE DOES NOT PROVIDE FOR ANY ADJUSTMENT IN THE INTEREST RATE ON THE SERIES 2022 BONDS IN THE EVENT OF AN ADVERSE DETERMINATION BY THE IRS WITH RESPECT TO THE TAX-EXEMPT STATUS OF INTEREST ON THE SERIES 2022 BONDS. PROSPECTIVE PURCHASERS OF THE SERIES 2022 BONDS SHOULD EVALUATE WHETHER THEY CAN OWN THE SERIES 2022 BONDS IN THE EVENT THAT THE INTEREST ON THE SERIES 2022 BONDS BECOMES TAXABLE AND/OR THE DISTRICT IS EVER DETERMINED TO NOT BE A POLITICAL SUBDIVISION FOR PURPOSES OF THE CODE AND/OR SECURITIES ACT (AS HEREINAFTER DEFINED).

### **Bankruptcy of the District**

Chapter 9 of Title 11 of the United States Code (Bankruptcy) (the "Federal Bankruptcy Code") permits municipal corporations, political subdivisions and public agencies or instrumentalities, that are insolvent or unable to meet their debts to file petitions for relief in the Federal bankruptcy courts, but only if state law in the state where the local governmental entity is located allows the local entity to file for bankruptcy protection. Under current Alabama law, some governmental entities have the power to file bankruptcy (see, e.g., Jefferson County and the City of Prichard, Alabama); however, there is currently no legislation currently in effect in Alabama authorizing public corporations such as the District to file petitions for relief under the Federal Bankruptcy Code, nor to the knowledge of the District has any governmental officer or organization been empowered under Alabama law to authorize the filing of such a petition by such a public corporation under the Federal Bankruptcy Code. There is no assurance that legislation authorizing public corporations such as the District to file petitions under the Federal Bankruptcy Code will not be enacted in the future by the Legislature of Alabama. If so, and if the District were to file for bankruptcy protection, it is not possible to predict or determine how the Series 2022 Assessments received by the District would be treated by a bankruptcy court and, therefore, whether such revenues would continue to be available to pay Debt Service on the Series 2022 Bonds.

### **Landowner Bankruptcy; Assignment of Rights**

A recent bankruptcy court decision in Florida held that only the governing body of a community development district could vote to approve a reorganization plan submitted by the developer in the case and thus, the bondholders of such district were not able to vote for or against the plan. The governing body of that district was affiliated with the developer. As a result of the reorganization plan that was approved, the bondholders were denied payment of their bonds for two (2) years or longer. The Indenture provides that for as long as any Series 2022 Bonds remain Outstanding, in any Proceedings involving the District, any Insolvent Taxpayer, the Series 2022 Bonds or the Series 2022 Assessments, the District shall be obligated to act in accordance with direction from the Trustee with regard to all matters directly or indirectly affecting the Series 2022 Bonds or for as long as any Series 2022 Bonds remain Outstanding. Furthermore, pursuant to the Indenture, the District acknowledges and agrees that, although the Series 2022 Bonds were issued

by the District, the Bondholders are categorically the party with a financial stake in the transaction and, consequently, the party with a vested interest in a Proceeding. In the event of any Proceeding involving any Insolvent Taxpayer (a) the District agrees that it shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice or application or take any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Series 2022 Assessments, the Series 2022 Bonds or any rights of the Trustee under the Indenture that is inconsistent with any direction from the Trustee, (b) the Trustee shall have the right, but is not obligated to, vote in any such Proceeding any and all claims of the District, and, if the Trustee chooses to exercise such right, the District shall be deemed to have appointed the Trustee as its agent and granted to the Trustee an irrevocable power of attorney coupled with an interest, and its proxy, for the purpose of exercising any and all rights and taking any and all actions available to the District in connection with any Proceeding of any Insolvent Taxpayer, including without limitation, the right to file and/or prosecute any claims, to vote to accept or reject a plan, and to make any election under Section 1111(b) of the United States Bankruptcy Code; and (c) the District shall not challenge the validity or amount of any claim submitted in such Proceeding by the Trustee in good faith or any valuations of the lands owned by any Insolvent Taxpayer submitted by the Trustee in good faith in such Proceeding or take any other action in such Proceeding, which is adverse to the Trustee's enforcement of the District claim with respect to the Series 2022 Assessments or receipt of adequate protection (as that term is defined in the United States Bankruptcy Code). Further, the Indenture provides that, the District agrees that the Trustee shall have the right (i) to file a proof of claim with respect to the Series 2022 Assessments, (ii) to deliver to the District a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (iii) to defend any objection filed to said proof of claim. The District cannot express any view whether such delegation would be enforceable. See also "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS" herein and "APPENDIX A – FORMS OF MASTER TRUST INDENTURE AND FIRST SUPPLEMENTAL TRUST INDENTURE" attached hereto.

This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2022 Bonds, and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety (inclusive of Appendices) for a more complete description of investment considerations relating to the Series 2022 Bonds.

### **Infectious Disease Outbreak – COVID-19**

The spread of the coronavirus disease 2019 ("COVID-19") since the pandemic began in the first quarter of 2020 has altered the behavior of individuals and businesses in a manner that has had, and continues to have, significant negative effects on global, national, and local economies. State and local governments, including the State, announced orders, recommendations and other measures intended to slow the spread of COVID-19, including the closing of businesses and "shelter in place" orders. Most of the orders have been lifted or modified and there are currently less restrictive measures in place in the State and the City directed at preventing the spread of COVID-19. COVID-19 vaccines are currently being administered in Alabama, but it is unclear how long the vaccination process will take or what the vaccination rate will ultimately be. In addition, the Delta variant of COVID-19 is currently the predominant strain of the virus in the United States and has been determined to be more contagious than previous variants and possibly

cause more severe illness than previous strains in unvaccinated persons, thus creating uncertainty regarding the future impact of COVID-19 on the economy of the State and the City.

Due to the spread of COVID-19, a number of retailers announced store closures since the first quarter of 2020, and any future store closures resulting from the economic impact of COVID-19 would serve to the ability of tenants to pay their leases and the hotel to generate stays. In addition, the continuing economic impact of COVID-19, could result in some of the anticipated tenants in the MidCity Development cancelling their leases prior to the time that development is complete or, subsequent to opening, to cancel their lease or not pay rent. Because of the many factors that can affect spending patterns, it is not possible at this time to quantify what continuing impact COVID-19 and potential resulting reduced income and spending levels of consumers will have on retail sales, residential leases, and hotel stays.

Certain restrictions implemented during 2020 and 2021 in the State and local governmental entities have been lifted. It is unknown whether there will be increases in the number of COVID-19 cases in the State or in the City, and if so, whether restrictions will be reinstated. There can be no assurance that the continued spread of COVID-19 and the possible reinstatement of restrictions on a local, State and national level will not materially impact the local, State and national economies and, accordingly, there is no guarantee that such occurrences will not materially adversely affect the MidCity Development and revenues available to ensure the timely payment of debt service on the Series 2022 Bonds. Such actions may also affect the Developer's ability to complete the planned MidCity Development in the expected time period and within current cost estimates, which could materially delay the receipt of and/or reduce the ability to pay debt service when due on the Series 2022 Bonds.

## **TAX MATTERS**

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the District must continue to meet after the issuance of the Series 2022 Bonds in order that interest on the Series 2022 Bonds not be included in gross income for federal income tax purposes. The failure by the District to meet these requirements may cause interest on the Series 2022 Bonds to be included in gross income for federal income tax purposes retroactively to the date of their issuance. The District has covenanted to comply with the requirements of the Code in order to maintain the excludability of interest on the Series 2022 Bonds from gross income for federal income tax purposes.

### **General Matters**

In the opinion of Butler Snow LLP, Birmingham, Alabama ("Bond Counsel"), assuming continuing compliance with certain covenants by the District, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2022 Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described above assumes the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2022 Bonds. Failure to comply with such

requirements could cause interest on the Series 2022 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2022 Bonds. The District has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2022 Bonds.

The accrual or receipt of interest on the Series 2022 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2022 Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2022 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2022 Bonds.

Bond Counsel is also of the opinion that, under existing State of Alabama statutes, interest on the Series 2022 Bonds is exempt from State of Alabama income tax. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Series 2022 Bonds under the laws of the State of Alabama or any other state or jurisdiction.

### **[Original Issue Discount**

The Series 2022 Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Limited Offering Memorandum (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as federally tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser,

less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such Discount Bonds for a price that is higher or lower than the "adjusted issue price" of the Discount Bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.]

### **[Original Issue Premium**

The Series 2022 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Limited Offering Memorandum (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.]

### **Backup Withholding**

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on federally tax-exempt obligations such as the Series 2022 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds that fail to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2022 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

## **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2022 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2022 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2022 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2022 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2022 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

### **Alabama Tax Matters**

In the opinion of Bond Counsel, under existing laws, regulations, rulings, and judicial decisions, interest on the Bonds is exempt from all income taxation in the State of Alabama.

PROSPECTIVE PURCHASERS OF THE SERIES 2022 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2022 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2022 BONDS.

## **FINANCIAL STATEMENTS**

The District was created on August 9, 2018, and its first fiscal year ended on September 30, 2018. The operations of the District to date have been funded by contributions from the Developer. The District has covenanted in the District Disclosure Agreement to provide quarterly unaudited financial statements and its annual audit commencing with the audit for its current fiscal year to certain information repositories as described in the District Disclosure Agreement.

## **DISCLOSURE OF MULTIPLE ROLES**

Prospective Bondholders should note that Wrathell Hunt & Associates, LLC, serves as District Manager, Assessment Consultant and Dissemination Agent, responsible for the (i) management and administrative operations of the District; (ii) preparation of the Assessment Report and administration of the Series 2022 Assessments provided for therein; and (iii) compiling and disseminating the information required under the District Disclosure Agreement (hereinafter defined) attached hereto as APPENDIX E.

Prospective Bondholders should also note that Butler Snow LLP serves as Bond Counsel and Issuer's Counsel to the District responsible for rendering opinions that, *inter alia*, the Series 2022 Bonds are valid and binding special obligations of the District under the Constitution and laws of the State of Alabama, the Series 2022 Bonds are payable from and secured by a pledge of and lien on the Series 2022 Pledged Revenues, that interest on the Series 2022 Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, and the completeness and accuracy of certain sections of this Limited Offering Statement. After delivery of the Series 2022 Bonds, Butler Snow LLP will continue to provide legal services to the District on an "as needed" basis, unless otherwise replaced by the District.

Finally, Bondholders should note that Greenberg Traurig, P.A., serves as counsel to the Underwriter, responsible for an opinion to the Underwriter only, and counsel to the Trustee, U.S. Bank National Association, responsible for opinions directed to the District, Trustee and Underwriter regarding matters related to the Trustee and its authority to enter into the financing documents to which it is a party.

### **CONSULTANTS**

The references herein to Garver Engineering, as the District Engineer and the inclusion of "APPENDIX C – IMPROVEMENT PLAN" attached hereto, have been approved by said firm. The Improvement Plan prepared by such firm relating to the Series 2022 Project has been included as APPENDIX C attached hereto in reliance upon such firm as an expert in engineering. Such reports are an integral part of this Limited Offering Memorandum and should be read in their entirety for complete information with respect to the subjects discussed therein.

The references herein to Wrathell Hunt & Associates, LLC, as Assessment Consultant, and the inclusion of "APPENDIX D – ASSESSMENT REPORT" attached hereto, have been approved by said firm. The Assessment Report prepared by such firm relating to the Series 2022 Assessments, has been included as APPENDIX D attached hereto in reliance upon such firm as an expert in developing assessment allocation reports. Such report is an integral part of this Limited Offering Memorandum and should be read in its entirety for complete information with respect to the subjects discussed therein.

### **INFORMATION RELATING TO THE TRUSTEE**

The District has appointed U.S. Bank National Association, a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out its duties in accordance with the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Limited Offering Memorandum and assumes no responsibility for the contents, accuracy, fairness or completeness of the information set forth in this Limited Offering Memorandum or for the recitals contained in the Indenture or the Series 2022 Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the District of any of the Series 2022 Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Series 2022 Bonds

by the District. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2022 Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Series 2022 Bonds, the technical or financial feasibility of the project, or the investment quality of the Series 2022 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information about the Trustee may be found at its website at [\_\_\_\_\_]. Neither the information on the Trustee's website, nor any links from that website, is a part of this Limited Offering Memorandum, nor should any such information be relied upon to make investment decisions regarding the Series 2022 Bonds.

## **LITIGATION**

### **The District**

At the time of delivery and payment for the Series 2022 Bonds, the District will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or overtly threatened against the District affecting the its existence, or seeking to restrain or to enjoin the sale or delivery of the Series 2022 Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of Series 2022 Assessments securing the Series 2022 Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2022 Bonds, the Assessment Proceedings, the Indenture, any action of the District contemplated by any of the other financing documents, or the collection or application of the Series 2022 Pledged Revenues, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Series 2022 Bonds or any action of the District contemplated by any documents relating to the Series 2022 Bonds.

### **The Developer and Related Landowners**

The Developer and each Related Landowner, respectively, represent and will certify at the time of delivery and payment of the Series 2022 Bonds, that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best of their knowledge, threatened against or affecting them wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer, the Related Landowners or their officers or would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Series 2022 Bonds, the Indenture, and any other agreement entered into contemporaneously with the sale of the Series 2022 Bonds, or otherwise described in this Limited Offering Memorandum, or (ii) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a "Material Adverse Effect"). Additionally, to the extent any principal or affiliate of the Developer and Related Landowners have been or are parties to pending or threatened litigation related to their commercial and real estate development activities, such litigation is in the ordinary course of business and is not expected to have a Material Adverse Effect.

## VALIDATION

The District authorized the issuance of its Special Assessment Revenue Bonds, Series 2020, in a principal amount not to exceed \$17,000,000 in November 2019 in anticipation that such series of bonds would be issued in the first calendar quarter of 2020. As discussed below, those bonds and related financing documents were judicially validated in December 2019. However, due to the worldwide social and economic disruptions resulting from the COVID-19 pandemic, progress on the Project and financing of the Bond-Financed Facilities was delayed for more than a year. Development of the Project has substantially resumed in 2021, and the first phase of the Bond-Financed Facilities is now ready for permanent financing through the issuance of the previously authorized and validated bonds, which will now be designated as the "Series 2022 Bonds."

**The Series 2022 Bonds issued pursuant to the terms of the Indenture were the subject of judicial validation proceedings initiated by the District in the Circuit Court in and for Madison County, Alabama (Case No. 2019-902085. Following a hearing conducted on December 16, 2019, the Court in its *Findings of Fact, Conclusions of Law and Final Judgment*, filed December 16, 2019 (the "Final Judgement"), validated and confirmed the Series 2022 Bonds and proceedings undertaken in relation thereto and, when the Series 2022 Bonds have been executed, authenticated and delivered, the Series 2022 Bonds and certain pledges and covenants of the District shall stand as validated and confirmed by the Court. No appeal of the Final Judgment was filed. A copy of the Final Judgment is available from the District Manager or Underwriter upon request.**

## LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Series 2022 Bonds by the District are subject to approval of Butler Snow LLP, Birmingham, Alabama, Bond Counsel, whose approving opinion will be delivered with the Series 2022 Bonds. The opinion of Bond Counsel is expected to be delivered in substantially the form attached hereto as APPENDIX B-1. Butler Snow LLP, Birmingham, Alabama, also serves as counsel to the District on matters unrelated to the Bond Counsel opinion and, therefore, is expected to deliver an additional opinion in substantially the form attached hereto as APPENDIX B-2. Certain other legal matters will be passed upon for the Developer by its counsel, Hartman Simons & Wood LLP, Atlanta, Georgia; for the Underwriter by its counsel, Greenberg Traurig, P.A., Tallahassee, Florida; and for the Trustee by its counsel, Greenberg Traurig, P.A., Orlando, Florida.

The various legal opinions to be delivered concurrently with the delivery of the Series 2022 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of constitutional powers of the State of Alabama and the United States of America and bankruptcy, reorganization, insolvency, or similar laws affecting the rights of creditors generally, and by general principals of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). The various legal opinions concurrently with the delivery of the Series 2022 Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering the legal opinion, the opinion giver does not become an insurer or guarantor of that expression or

professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction. Finally, any opinions delivered concurrently with the delivery of the Series 2022 Bonds will be subject to Alabama Legal Services Liability Act, Section 6-5-571, *et seq.*, of the Alabama Code, including limitations on when an action against a legal service provider may be commenced following an omission or failure given rise to a claim.

### **LEGALITY FOR INVESTMENT**

The Act provides that the Series 2022 Bonds are legal investments for any banks, trust companies, savings and loan associations, savings banks, insurance companies, fiduciaries, trustees, guardians, and any public person and the Series 2022 Bonds may be security for deposits of public funds of any public person.

### **SUITABILITY FOR INVESTMENT**

While the Series 2022 Bonds are not subject to registration under the Securities Act of 1933, as amended (the "Securities Act"), the Underwriter will offer the Series 2022 Bonds only to "qualified institutional buyers," as defined in Rule 144A of the Securities Act, and "accredited investors," as defined in Regulation D of Rule 501 of the Securities and Exchange Commission. Investment in the Series 2022 Bonds poses significant economic risks. The limitation of the initial offering to qualified institutional buyers and accredited investors does not denote restrictions on transfer in any secondary market for the Series 2022 Bonds. Prospective investors in the Series 2022 Bonds should have knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Series 2022 Bonds and should have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment. See "BONDHOLDERS' RISKS" herein.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum. Additional information will be made available to each prospective investor, including the benefit of a site visit to the District, and the opportunity to ask questions of the Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Series 2022 Bonds. Prospective investors are encouraged to request such additional information, visit the District and ask such questions. Such requests should be directed to:

FMSbonds, Inc.  
5 Cowboys Way, Suite 300-V  
Frisco, Texas 75034  
Telephone: (214) 302-2246

## **ENFORCEABILITY OF REMEDIES**

The remedies available to Bondholders upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Series 2022 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2022 Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

## **RATING OR CREDIT ENHANCEMENT**

No application for a rating of or credit enhancement on the Series 2022 Bonds has been made to any rating agency or any other entity, nor is there any reason to believe that the District would have been successful in obtaining an investment grade rating or credit enhancement for the Series 2022 Bonds had application been made.

## **CONTINUING DISCLOSURE**

Pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC Rule"), the District, Developer, Related Landowners, and the District Manager (in such capacity, the "Dissemination Agent") have entered into a Continuing Disclosure Agreement (the "Disclosure Agreement") for the benefit of Bondholders, to provide, by certain dates prescribed in the Disclosure Agreement, certain financial information and operating data (collectively, the "Disclosure Reports"). The specific nature of the information to be contained in the Disclosure Reports is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT." Under certain circumstances, the failure of the District, Developer and/or Related Landowners to comply with its obligations under the Disclosure Agreement constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement would allow the Trustee and Bondholders to bring an action for specific performance.

### **The District**

The District has agreed to update information and to provide notices of certain specified events only as provided in the Disclosure Agreement. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Series 2022 Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement or from any statement made pursuant to the Disclosure Agreement.

## **The Developer and Related Landowners**

The Developer and Related Landowners have agreed to provide (i) certain updated information to the Dissemination Agent, which consultant will prepare and provide such updated information in report form, and (ii) notices of certain specified events, only as provided in the Developer Disclosure Agreement. The Developer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Developer Disclosure Agreement.

With respect to the Series 2022 Bonds, no parties other than the District, the Developer and the Related Landowners are obligated to provide, nor are expected to provide, any continuing disclosure information with respect to the SEC Rule.

## **UNDERWRITING**

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Series 2022 Bonds from the District at a purchase price of [PURCHASE PRICE] (the par amount of the Series 2022 Bonds, less an underwriting discount of [DISCOUNT]). The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Series 2022 Bonds the Underwriter will be obligated to purchase all the Series 2022 Bonds. The Series 2022 Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter. If the offering is oversubscribed, the Underwriter has the right to allocate subscriptions to be accepted by the Underwriter among the subscribers in its discretion.

## **REGISTRATION AND QUALIFICATION OF THE SERIES 2022 BONDS**

The sale of the Series 2022 Bonds *has not* been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder; and the Series 2022 Bonds have not been qualified under the Alabama Securities Act in reliance upon various exemptions contained therein; nor have the Series 2022 Bonds been qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for qualification of the Series 2022 Bonds under the securities laws of any jurisdiction in which the Series 2022 Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Series 2022 Bonds shall not be construed as an interpretation of any kind regarding the availability of any exemption from securities registration provisions.

## **SOURCES OF INFORMATION; MISCELLANEOUS**

### **General**

The information contained in this Limited Offering Memorandum has been obtained primarily from City and District records and the Developer, the Landowners and their

representatives and other sources believed to be reliable. In accordance with its responsibilities under the federal securities law, the Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum or any sale hereunder will create any implication that there has been no change in the financial condition or operations of the City, the District, the Developer or the Landowners described herein since the date hereof. This Limited Offering Memorandum contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized. The summaries of the statutes, resolutions, ordinances, indentures and engineering and other related reports set forth herein are included subject to all the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

### **Source of Certain Information**

The information contained in this Limited Offering Memorandum relating to the description of the Public Improvements, the District, the Development, the Developer and the Landowners generally and, in particular, the information included in the sections captioned "THE BOND-FINANCED IMPROVEMENTS," "THE MIDCITY DEVELOPMENT," "THE DEVELOPER AND RELATED LANDOWNERS," "BONDHOLDERS' RISKS" (only as it pertains to the Public Improvements, the Development, the Developer, and the Landowners) and "LEGAL MATTERS" and "LITIGATION – The Developer and Related Landowners" has been provided by the Developer and Landowners, respectively.

### **Updating of Limited Offering Memorandum**

If, subsequent to the date of the Limited Offering Memorandum, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Limited Offering Memorandum to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Limited Offering Memorandum satisfactory to the Underwriter; *provided, however*, that the obligation of the District to so amend or supplement the Limited Offering Memorandum will terminate when the District delivers the Series 2022 Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the Series 2022 Bonds have been sold to ultimate customers; in which case the District's obligations hereunder will extend for an additional period of time, but not more than ninety (90) days after the date the District delivers the Series 2022 Bonds, until all of the Series 2022 Bonds have been sold to ultimate customers.

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**AUTHORIZATION AND APPROVAL**

This Limited Offering Memorandum has been duly authorized, executed and delivered by the District to the Underwriter in connection with the marketing and sale of the Series 2022 Bonds.

**MIDCITY IMPROVEMENT DISTRICT**

By: \_\_\_\_\_  
Chairman, Board of Directors

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**APPENDIX A**

**FORMS OF MASTER TRUST INDENTURE  
AND FIRST SUPPLEMENTAL TRUST INDENTURE**

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**MASTER TRUST INDENTURE**

**by and between**

**MIDCITY IMPROVEMENT DISTRICT**

**and**

**U.S. BANK NATIONAL ASSOCIATION,  
as Trustee**

**Dated as of  
February 1, 2022**

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EXHIBIT A – FORM OF REQUISITION

## MASTER TRUST INDENTURE

THIS MASTER TRUST INDENTURE (the "*Master Indenture*") dated as of February 1, 2022, by and between MIDCITY IMPROVEMENT DISTRICT, an Alabama public corporation organized and existing under the laws of the State of Alabama (the "*District*"), and U.S. BANK NATIONAL ASSOCIATION, as trustee (the "*Trustee*"), a national banking association having the authority to exercise corporate trust powers of the type set forth herein, with its designated corporate trust office located at 500 West Cypress Road, Suite 460, Fort Lauderdale, Florida 33309, Attention: Global Corporate Trust.

WHEREAS, pursuant to Resolution No. 18-652 of the City Council of the City of Huntsville, Alabama (the "Incorporation Resolution") the District was established in the manner provided by law; and

WHEREAS, the District is authorized by the provisions of Chapter 99A of Title 11 of the Code of Alabama 1975, as amended (the "Act"), and the Incorporation Resolution and subject to the limitations set forth in the Act and in the Incorporation Resolution, to issue its bonds and other evidence of indebtedness for the purpose, among other things, of constructing and/or acquiring public improvements set forth in Section 11-99-2 of the Act (the "Series Projects");

WHEREAS, the District has found and determined and does hereby find and determine, that acquisition and construction of the Series Projects is and will be necessary and desirable in serving the District's goal of properly managing the acquisition, construction, installation and operation of infrastructure improvements within the District or, to the extent providing benefit to land within the District, outside the District; and

WHEREAS, the execution and delivery of the Bonds and of this Master Indenture have been duly authorized by the Governing Body (hereafter defined) of the District and all things necessary to make the Bonds (hereafter defined), when executed by the District and authenticated by the Trustee, valid and binding legal obligations of the District and to make this Master Indenture a valid and binding agreement and a valid and binding lien on the Trust Estate (hereinafter defined) have been done;

NOW, THEREFORE, THIS MASTER TRUST INDENTURE WITNESSETH:

### GRANTING CLAUSES

That the District, in consideration of the premises and acceptance by the Trustee of the trusts hereby created and the purchase and acceptance of the Bonds by the Owners (hereafter defined), and of the sum of ten dollars (\$10.00), lawful money of the United States of America, to its duly paid by the Trustee at or before the execution and delivery of this Master Indenture, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds of a Series (hereafter defined) issued hereunder according to their tenor and effect and to secure the performance and observance by the District of all of the covenants expressed or implied herein, in the Supplemental Indenture (hereafter defined) authorizing the issuance of such Series of Bonds and in the Bonds of such Series, does hereby assign and grant a security interest in the following (herein called the "*Trust Estate*") to the Trustee and its successors in trust, and assigns forever, for

the securing of the performance of the obligations of the District herein set forth: (i) the Pledged Revenues (hereinafter defined) and Pledged Funds (hereinafter defined); and (ii) any and all property of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, granted or delivered to, or deposited with, the Trustee as security for any Series of Bonds issued pursuant to this Master Indenture by the District or anyone on its behalf or with its consent, or which pursuant to any of the provisions hereof or of the Supplemental Indenture securing such Series of Bonds may come into the possession or control of the Trustee or of a lawfully appointed receiver, as such additional security, and the Trustee is hereby authorized to receive any and all such property as and for security for the payment of such Series of Bonds and the interest and premium, if any, thereon, and to hold and apply all such property subject to the terms hereof, it being expressly understood and agreed that except as otherwise provided herein or in a Supplemental Indenture the Trust Estate established and held hereunder for Bonds of a Series shall be held separate and in trust solely for the benefit of the Owners of the Bonds of such Series and for no other Series;

TO HAVE AND TO HOLD the Trust Estate, whether now owned or held or hereafter acquired, forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth (a) for the equal and proportionate benefit and security of all present and future Owners of the Bonds of a Series, without preference of any Bond of such Series over any other Bond of such Series, (b) for enforcement of the payment of the Bonds of a Series, in accordance with their terms and the terms of this Master Indenture and the Supplemental Indenture authorizing the issuance of such Series of Bonds, and all other sums payable hereunder, under the Supplemental Indenture authorizing such Series of Bonds or on the Bonds of such Series, and (c) for the enforcement of and compliance with the obligations, covenants and conditions of this Master Indenture except as otherwise expressly provided herein, as if all the Bonds at any time Outstanding (hereafter defined) had been authenticated, executed and delivered simultaneously with the execution and delivery of this Master Indenture, all as herein set forth.

IT IS HEREBY COVENANTED, DECLARED AND AGREED (a) that this Master Indenture creates a continuing lien equally and ratably to secure the payment in full of the principal of, premium, if any, and interest on all Bonds of a Series which may from time to time be Outstanding hereunder, except as otherwise expressly provided herein, (b) that the Trust Estate shall immediately be subject to the lien of this pledge and assignment without any physical delivery thereof or further act, (c) that the lien of this pledge and assignment shall be a first lien and shall be valid and binding against all parties having any claims of any kind in tort, contract or otherwise against the District, irrespective of whether such parties have notice thereof, and (d) that the Bonds of a Series are to be issued, authenticated and delivered, and that the Trust Estate is to be held, dealt with, and disposed of by the Trustee, upon and subject to the terms, covenants, conditions, uses, agreements and trusts set forth in this Master Indenture and the Supplemental Indenture authorizing the issuance of such Series of Bonds, and the District covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective Owners from time to time of the Bonds of each respective Series, as follows:

**ARTICLE I  
DEFINITIONS**

**SECTION 101. MEANING OF WORDS AND TERMS.** The following words and terms used in this Master Indenture shall have the following meanings, unless some other meaning is plainly intended:

**"Accountant"** shall mean the Independent certified public accountant or Independent certified public accounting firm retained by the District to perform the duties of the Accountant under this Master Indenture.

**"Accountant's Certificate"** shall mean an opinion signed by an Independent certified public accountant or firm of certified public accountants (which may be the Accountant) from time to time selected by the District.

**"Accounts"** shall mean all accounts created hereunder except amounts on deposit in the Series Rebate Account within the Rebate Fund.

**"Accreted Value"** shall mean, as of the date of computation with respect to any Capital Appreciation Bonds, an amount (truncated to three (3) decimal places) equal to the original principal amount of such Capital Appreciation Bonds at the date of issuance plus the interest accrued on such Bonds from the date of original issuance of such Capital Appreciation Bonds to the date of computation, such interest to accrue at the rate of interest per annum of the Capital Appreciation Bonds (or in accordance with a table of compound accreted values set forth in such Capital Appreciation Bonds), compounded semi-annually on each Interest Payment Date; provided, however, that if the date with respect to which any such computation is made is not an Interest Payment Date, the Accreted Value of any Bond as of such date shall be the amount determined by compounding the Accreted Value of such Bond as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) at the rate of interest per annum of the Capital Appreciation Bonds for the partial semi-annual compounding period determined by dividing (x) the number of days elapsed (determined on the basis of a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months) from the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance), by (y) one hundred eighty (180). A table of Accreted Values for the Capital Appreciation Bonds shall be incorporated in a Supplemental Indenture executed by the District upon issuance of any Capital Appreciation Bonds.

**"Acquisition and Construction Fund"** shall mean the fund so designated in, and created pursuant to Section 502 hereof.

**"Additional Bonds"** shall mean Bonds of a Series authenticated and delivered pursuant to the terms of a Supplemental Indenture providing for the issuance of *pari passu* Additional Bonds of such Series.

**"Additional Series Project"** shall mean the acquisition and/or construction of any additions, extensions, improvements and betterments to and reconstructions of a Series Project to be financed, in whole or in part, from the proceeds of any Subordinate Debt.

**"Affiliate"** of any specified person shall mean any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

**"Amortization Installments"** shall mean the moneys required to be deposited in a Series Redemption Account within the Debt Service Fund for the purpose of redeeming and paying when due any Term Bonds, the specific amounts and dates of such deposits to be set forth in a Supplemental Indenture.

**"Assessments"** shall mean all assessments levied by the City and collected by or on behalf of the District pursuant to the Act, as amended from time to time, together with the applicable interest specified by resolution adopted by the Governing Body and approved by the City, if any such interest is collected by or on behalf of the Governing Body, and any applicable penalties collected by or on behalf of the District, together with any and all amounts received by the District from the collection of Delinquent Assessments and which are referred to as such and pledged to a Series of Bonds pursuant to the Supplemental Indenture authorizing the issuance of such Series of Bonds. Assessments do not include assessments levied by the City and collected by the District under the Act for operations and maintenance purposes.

**"Authorized Denomination"** shall, except as provided in any Supplemental Indenture relating to a Series of Bonds, mean the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof.

**"Authorized Officer"** shall mean any person authorized by the District in writing directed to the Trustee to perform the act or sign the document in question.

**"Beneficial Owners"** shall have the meaning given such term by the Depository Trust Company so long as it is the registered Owner, through its nominee Cede & Co., of the Bonds as to which such reference is made to enable such Bonds to be held in book-entry only form, and, shall otherwise mean the registered Owner on the registration books of the District maintained by the Bond Registrar.

**"Bond Anticipation Notes"** shall mean the bond anticipation notes authorized in Section 211 hereof, issued by the District in anticipation of the sale of a Series of Bonds.

**"Bond Counsel"** shall mean an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the District.

**"Bond Registrar" or "Registrar"** shall mean the bank or trust company designated as such by Supplemental Indenture with respect to a Series of Bonds for the purpose of maintaining the

registry of the District reflecting the names, addresses, and other identifying information of Owners of Bonds of such Series.

**"Bond Year"** shall mean, unless otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, the period commencing on the first day of November in each year and ending on the last day of October of the following year.

**"Bonds"** shall mean the Outstanding Bonds of all Series.

**"Business Day"** shall mean any day excluding Saturday, Sunday or any other day on which banks in the cities in which the designated corporate trust office of the Trustee or the Paying Agent are located are authorized or required by law or other governmental action to close and on which the Trustee or Paying Agent, or both, is closed.

**"Capital Appreciation Bonds"** shall mean Bonds issued under this Master Indenture and any Supplemental Indenture as to which interest is compounded periodically on each of the applicable periodic dates designated for compounding and payable in an amount equal to the then-current Accreted Value only at the maturity or earlier redemption thereof, all as so designated in a Supplemental Indenture of the District providing for the issuance thereof.

**"Capitalized Interest"** shall mean, with respect to the interest due or to be due on a Series of Bonds prior to, during and for a period not exceeding one year after the completion of a Series Project to be funded by such Series, all or part of such interest which will be paid, or is expected to be paid, from the proceeds of such Series.

**"Capitalized Interest Account"** shall mean any Capitalized Interest Account to be established within a Series Debt Service Account by Supplemental Indenture with respect to any Series of Bonds issued under this Master Indenture, as authorized pursuant to this Master Indenture.

**"Chairman"** shall mean the Chairman of the Governing Body of the District or his or her designee or the person succeeding to his or her principal functions.

**"City"** shall mean the City of Huntsville, Alabama.

**"Code"** shall mean the Internal Revenue Code of 1986, as amended, or any successor provisions thereto and the regulations promulgated thereunder or under the Internal Revenue Code of 1954, as amended, if applicable, or any successor provisions thereto.

**"Completion Bonds"** shall mean Bonds issued pursuant to a Supplemental Indenture ranking on a parity with the Series of Bonds issued under such Supplemental Indenture, the proceeds of which are to be used to complete the Series Project.

**"Consulting Engineers"** shall mean the Independent engineer or engineering firm or corporation employed by the District in connection with any Series Project to perform and carry out the duties of the Consulting Engineer under this Master Indenture or any Supplemental Indenture.

**"Cost"** as applied to a Series Project or Additional Series Project, shall include the cost of acquisition and construction thereof and all obligations and expenses relating thereto including, but not limited to, those items of cost which are set forth in Section 403 hereof.

**"Credit or Liquidity Facility"** shall mean a letter of credit, a municipal bond insurance policy, a surety bond or other similar agreement issued by a banking institution or other entity satisfactory to the District and providing for the payment of the principal of, interest on or purchase price of a Series of Bonds or any alternate or substitute Credit or Liquidity Facility if then in effect.

**"Current Interest Bonds"** shall mean Bonds of a Series the interest on which is payable at least annually.

**"Date of Completion"** with respect to a Series Project or Additional Series Project shall mean: (i) the date upon which such Project and all components thereof have been acquired or constructed and are capable of performing the functions for which they were intended, as evidenced by a certificate of the Consulting Engineer filed with the Trustee and the District; or (ii) the date on which the District determines, upon the recommendation of or in consultation with the Consulting Engineer, that it cannot complete such Project in a sound and economical manner within a reasonable period of time as evidenced by a certificate of the Consulting Engineer of the District filed with the Trustee and the District; provided that in each case such certificate of the Consulting Engineer shall set forth the amount of all Costs of such Project which has theretofore been incurred, but which on the Date of Completion is or will be unpaid or unreimbursed.

**"Debt Service"** shall mean collectively the principal (including Amortization Installments), interest, and redemption premium, if any, payable with respect to the Bonds.

**"Debt Service Fund"** shall mean the fund so designated in, and created pursuant to, Section 502 hereof.

**"Delinquent Assessments"** shall mean, collectively, any and all installments of any Assessments which are not paid when due, including any applicable grace period under State law or District proceedings.

**"Depository"** shall mean any bank or trust company duly authorized by law to engage in the banking business and designated by the District as a depository of moneys subject to the provisions of this Master Indenture.

**"Developer"** shall mean Mid-City Owner, LLC, an Alabama limited liability company, and its Affiliates, successors and/or assigns.

**"Development"** shall mean the commercial and retail development known as The MidCity District and situated both within and without the boundaries of the District.

**"Direct Billed"** shall mean Assessments which are billed directly by the District.

**"District"** shall mean MidCity Improvement District, an Alabama public corporation, established pursuant to the Act or any successor thereto which succeeds to the obligations of the District hereunder.

"*Act*" shall mean Chapter 99A of Title 11 of the Code of Alabama 1975, as amended.

"*Engineers' Certificate*" shall mean a certificate of the Consulting Engineers or of such other engineer or firm of engineers having a favorable repute for skill and experience in the engineering matters with respect to which such certification is required by this Master Indenture.

"*Federal Securities*" shall mean, to the extent permitted by law for investment as contemplated in this Master Indenture and any Supplemental Indenture, (i) Government Obligations, (ii) any Tax-Exempt Obligations which are fully secured as to principal and interest by an irrevocable pledge of Government Obligations, which Government Obligations are segregated in trust and pledged for the benefit of the holders of the Tax-Exempt Obligations, (iii) certificates of ownership of the principal or interest of Government Obligations, which Government Obligations are held in trust and (iv) investment agreements at least 100% collateralized by obligations described in clauses (i), (ii) or (iii) above.

"*Financing Participants*" shall mean the District and the Developer.

"*Fiscal Year*" shall mean the fiscal year of the District in effect from time to time, which shall initially mean the period commencing on the first day of October of any year and ending on the last day of September of the following year.

"*Funds*" shall mean all funds created hereunder, except the Rebate Fund.

"*Governing Body*" shall mean the Board of Directors of the District.

"*Government Obligations*" shall mean direct obligations of, or obligations the payment of which is unconditionally guaranteed by, the United States of America.

"*Indenture*" shall mean this Master Indenture, as amended and supplemented from time to time by a Supplemental Indenture or indentures, and, shall mean when used with respect to a Series of Bonds issued hereunder, this Master Indenture, as amended and supplemented by the Supplemental Indenture relating to such Series of Bonds.

"*Independent*", when used with respect to any person or entity, shall mean a person or entity who (a) is in fact independent, (b) does not have any direct financial interest or any material indirect financial interest in any Financing Participant or any Affiliate of a Financing Participant, and (c) is not connected with any Financing Participant or any Affiliate of a Financing Participant as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

"*Insurer*" shall mean the issuer of any municipal bond insurance policy insuring the timely payment of the principal of and interest on Bonds or any Series of Bonds.

"*Interest Payment Date*" shall mean the dates specified in a Supplemental Indenture with respect to a Series of Bonds upon which the principal of and/or interest on Bonds of such Series shall be due and payable in each Bond Year.

"*Investment Obligations*" shall mean and include, except as otherwise provided in the Supplemental Indenture providing for the authorization of Bond Anticipation Notes or Bonds, mean and includes any of the following securities, if and to the extent that such securities are legal investments for funds of the District;

(i) Government Obligations;

(ii) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies or such other government - sponsored agencies which may presently exist or be hereafter created; provided that, such bonds, debentures, notes or other evidences of indebtedness are fully guaranteed as to both principal and interest by the United States of America; Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Financing Bank; Federal Home Loan Bank System; Export-Import Bank of the United States; Farmers Home Administration; Small Business Administration; Inter-American Development Bank; International Bank for Reconstruction and Development; Federal Land Banks; the Federal National Mortgage Association; the Government National Mortgage Association; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;

(iii) Direct and general obligations of any state of the United States, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, if at the time of their purchase such obligations are rated in either of the two highest rating categories without regard to gradations within any such categories by either S&P or Moody's;

(iv) Negotiable or non-negotiable certificates of deposit, Time Deposits or other similar banking arrangements issued by any bank or trust company, including the Trustee, or any federal savings and loan association, the deposits of which are insured by the Federal Deposit Insurance Corporation (including the FDIC's Savings Association Insurance Fund), which securities, to the extent that the principal thereof exceeds the maximum amount insurable by the Federal Deposit Insurance Corporation and, therefore, are not so insured, shall be fully secured to the extent permitted by law as to principal and interest by the securities listed in subsection (i), (ii) or (iii) above; provided, however, that with respect to securities used to secure securities hereunder, in addition to direct and general obligations of any political subdivision or instrumentality of any such state, to the payment of the principal of and interest on which the full faith and credit of such subdivision or instrumentality is pledged if such obligations are initially rated in one of the three highest rating categories without regard to gradations within any such categories by either S&P or Moody's;

(v) A promissory note of a bank holding company rated in either of the two highest rating categories without regard to gradations within any such categories by either S&P or Moody's;

(vi) Any short-term government fund or any money market fund whose assets consist of (i), (ii) and (iii) above;

(vii) Commercial paper which at the time of purchase is rated in the highest rating category without regard to gradations with such category by either S&P or Moody's;

(viii) (A) Certificates evidencing a direct ownership interest in non-callable Government Obligations or in future interest or principal payments thereon held in a custody account by a custodian satisfactory to the Trustee, and (B) obligations of any state of the United States of America or any political subdivision, public instrumentality or public authority of any such state which are not subject to redemption prior to the date on which the proceeds attributable to the principal of such obligations are to be used and which are fully secured by and payable solely from non-callable Government Obligations held pursuant to an escrow agreement; and

(ix) deposits, Federal funds or bankers' acceptances (with term to maturity of 270 days or less) of any bank, including the Trustee Bank, which, at the time of deposit, has an unsecured, uninsured and unguaranteed obligation rated in one of the top two rating categories by both Moody's and S&P.

The Trustee shall be entitled to rely that any investment direction by an Authorized Officer of the Issuer is permitted hereunder and is a legal investment for funds of the District.

**"Letter of Credit Agreement"** shall mean any financing agreement relating to a Credit Facility for so long as such agreement will be in effect.

**"Liquidity Agreement"** shall mean any financing agreement relating to a Liquidity Facility for so long as such agreement will be in effect.

**"Majority Owners"** shall mean the Beneficial Owners of more than fifty percent (50%) of the aggregate principal amount of a Series of Bonds then Outstanding or all of the Bonds then Outstanding, as applicable in the context within which such reference is made.

**"Master Indenture"** shall mean this Master Trust Indenture, as amended and supplemented from time to time in accordance with the provisions hereof.

**"Maturity Amount"** shall mean the amount due at maturity with respect to a Capital Appreciation Bond.

**"Maximum Annual Debt Service Requirement"** shall mean, at any given time of determination, the greatest amount of principal, interest and Amortization Installments coming due in any current or future Bond Year with regard to the Series of Bonds for which such calculation is made; provided, the amount of interest coming due in any Bond Year shall be reduced to the extent moneys derived from the proceeds of Bonds are used to pay interest in such Bond Year.

**"Moody's"** shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, Moody's will be deemed to refer to any other nationally recognized securities rating agency designated by the District by written notice to the Trustee.

**"Outstanding"** when used with reference to Bonds, shall mean, as of a particular date, all Bonds theretofore authenticated and delivered under this Master Indenture, except:

(i) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or redemption price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under this Master Indenture or Supplemental Indenture with respect to Bonds of any Series and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice as provided in Article III hereof or in the Supplemental Indenture relating to the Bonds of any Series;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to this Master Indenture and the Supplemental Indenture with respect to Bonds of a Series unless proof satisfactory to the Trustee is presented that any such Bonds are held by a bona fide purchaser in due course; and

(iv) Bonds paid or deemed to have been paid as provided in this Master Indenture or in a Supplemental Indenture with respect to Bonds of a Series, including Bonds with respect to which payment or provision for payment has been made in accordance with Article XII hereof.

In addition, Bonds actually known by the Trustee to be held by or for the District will not be deemed to be Outstanding for the purposes and within the purview of Article IX and Article XI of this Master Indenture.

**"Owner", "Owners", "Bondholder", or "Holder"** shall mean the registered owners from time to time of Bonds.

**"Paying Agent"** shall mean the bank or trust company designated by Supplemental Indenture with respect to a Series of Bonds as the place where Debt Service shall be payable with respect to such Series of Bonds and which accepts the duties of Paying Agent under this Master Indenture and under such Supplemental Indenture.

**"Pledged Funds"** shall mean all of the Series Pledged Funds.

**"Pledged Revenues"** shall mean all of the Series Pledged Revenues.

**"Prepayments"** shall mean any Assessments, or portions thereof, which shall be paid to the District prior to the time such amounts become due. Prepayments shall not include any interest paid on such Assessments.

**"Principal and Interest Requirement"** shall mean with respect to a Series of Bonds, the respective amounts which are required in each Bond Year to provide:

- (i) for paying the interest on all Bonds of such Series then Outstanding which is payable in such Bond Year;
- (ii) for paying the principal or Maturity Amount of all Serial Bonds of such Series then Outstanding which is payable in such Bond Year; and
- (iii) the Amortization Installments on the Term Bonds of such Series of Bonds, if any, payable in such Bond Year.

**"Tax Assessor"** shall mean the Tax Assessor of Madison County, Alabama, or the person succeeding to such officer's principal functions.

**"Rebate Amount"** shall mean the amount, if any, required to be rebated to the United States pursuant to Section 148(f) of the Internal Revenue Code of 1986, as amended, and the regulations and rulings thereunder.

**"Rebate Analyst"** shall mean the person or firm selected by the District to calculate the Rebate Amount, which person or firm shall have recognized expertise in the calculation of the Rebate Amount.

**"Rebate Fund"** shall mean the fund so designated in, and created pursuant to, Section 502 hereof.

**"Record Date"** shall mean the fifteenth (15th) day of the calendar month next preceding any Debt Service payment date or, in the case of any proposed redemption of Bonds, the fifth (5th) day next preceding the date of mailing of notice of such redemption, or if either of the foregoing days is not a Business Day, then the Business Day immediately preceding such day.

**"Redemption Price"** shall mean the principal of, premium, if any, and interest accrued to the date fixed for redemption of any Bond called for redemption pursuant to the provisions thereof, hereof and of the Supplemental Indenture pursuant to which such Bond is issued.

**"Refunding Bonds"** shall mean Bonds issued pursuant to provisions of this Master Indenture, the proceeds of which are used to refund one or more Series of Outstanding Bonds.

**"Repositories"** shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with Rule 15c2-12(b)(5). The Repositories currently approved by the SEC may be found by visiting the SEC's website at "<http://www.sec.gov/info/municipal/nrmsir.htm>." As of the date hereof, the Repository recognized by the SEC for such purpose is the Municipal Securities Rulemaking Board, which currently accepts continuing disclosure submissions through its Electronic Municipal Market Access ("EMMA") web portal at "<http://emma.msrb.org>."

**"Reserve Fund"** shall mean the fund so designated in, and created pursuant to, Section 502 hereof.

**"Revenue Fund"** shall mean the fund so designated in, and created pursuant to, Section 502 hereof.

**"S&P"** shall mean S&P Global Ratings, a division of McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and its assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, S&P will be deemed to refer to any other nationally recognized securities rating agency designated by the District by written notice to the Trustee.

**"Secretary"** shall mean the Secretary or any Assistant Secretary to the Governing Body, or his or her designee or the person succeeding to his or her principal functions.

**"Serial Bonds"** shall mean Bonds (other than Term Bonds) that mature in annual or semi-annual installments.

**"Series"** shall mean all of the Bonds authenticated and delivered on original issuance of a stipulated aggregate principal amount in a simultaneous transaction under and pursuant to the same Supplemental Indenture and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to this Master Indenture and such Supplemental Indenture regardless of variations in maturity, interest rate or other provisions; provided, however, two or more Series of Bonds may be issued simultaneously under the same Supplemental Indenture if designated as separate Series of Bonds by the District upon original issuance.

**"Series Acquisition and Construction Account"** shall mean the account within the Acquisition and Construction Fund with respect to each Series of Bonds so designated in, and created pursuant to, a Supplemental Indenture.

**"Series Debt Service Account"** shall mean the account with respect to a Series of Bonds established within the Debt Service Fund so designated in and created pursuant to Section 502 hereof.

**"Series Interest Account"** shall mean the account with respect to a Series of Bonds established within the Series Debt Service Account within the Debt Service Fund so designated in, and created pursuant to, Section 502 hereof.

**"Series Pledged Funds"** shall mean all amounts on deposit from time to time in the Funds and Accounts and designated in the Supplemental Indenture relating to such Series of Bonds as pledged to the payment of such Series of Bonds; provided, however, such term shall not include any amounts on deposit in a Series Rebate Account in the Rebate Fund.

**"Series Pledged Revenues"** shall mean the revenues designated as such by Supplemental Indenture and which shall constitute the security for and source of payment of a Series of Bonds and may consist of Assessments or other user fees or other revenues or combinations thereof imposed or levied by the District in accordance with the Act.

**"Series Principal Account"** shall mean the account with respect to a Series of Bonds established within the Series Debt Service Account within the Debt Service Fund so designated in, and created pursuant to, Section 502 hereof.

"**Series Project**" or "**Series Projects**" shall mean the acquisition, construction, equipping and/or improvement of capital projects to be located within or without the District for the benefit of the District to be financed with all or a part of the proceeds of a Series of Bonds as shall be described in the Supplemental Indenture authorizing such Series of Bonds.

"**Series Rebate Account**" shall mean the account in the Rebate Fund with respect to a Series of Bonds so designated in, and created pursuant to, a Supplemental Indenture.

"**Series Redemption Account**" shall mean the account so designated in, and created pursuant to, Section 502 hereof.

"**Series Reserve Account**" shall mean the Reserve Account for the Series of Bonds, if any, established in the Reserve Fund by Supplemental Indenture in an amount equal to the Series Reserve Account Requirement for such Series of Bonds.

"**Series Reserve Account Requirement**" shall mean the amount of money or other security which may be in the form of a reserve fund insurance policy or other security as may be required by the terms of a Supplemental Indenture to be deposited in or credited to a Series Reserve Account for each Series of Bonds provided, however, that unless otherwise provided in the Supplemental Indenture relating to a Series of Bonds, as of any date of calculation for a particular Series Reserve Account, the "Series Reserve Account Requirement" shall be an amount equal to the lesser of: (A) Maximum Annual Debt Service Requirement for all Outstanding Bonds of such Series, (B) 125% of the average annual debt service for all Outstanding Bonds of such Series, or (C) the aggregate of 10% of the proceeds of the Bonds of such Series calculated as of the date of original issuance thereof. In computing the Series Reserve Account Requirement in accordance with clause (C) of this definition in respect of any Capital Appreciation Bonds, the principal amount of such Bonds shall be the original principal amount thereof, not the Accreted Value. A Supplemental Indenture may provide that the Series Reserve Account Requirement for the applicable Series is zero.

"**Series Revenue Account**" shall mean the Revenue Account for a Series of Bonds established in the Revenue Fund by Supplemental Indenture for such Series of Bonds.

"**Series Sinking Fund Account**" shall mean the account with respect to a Series of Bonds established within the Series Debt Service Account within the Debt Service Fund so designated in, and created pursuant to, Section 502 hereof.

"**Series Trust Estate**" shall mean the Trust Estate for a Series of Bonds established by Supplemental Indenture for such Series of Bonds.

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

"**Subordinate Debt**" shall mean indebtedness secured hereby or by any Supplemental Indenture which is by its terms expressly subordinate and inferior hereto both in lien and right of payment.

"**Supplemental Indenture**" shall mean an indenture supplemental hereto authorizing the issuance of a Series of Bonds hereunder and establishing the terms thereof and the security therefor

and shall also mean any indenture supplementary hereto entered into for the purpose of amending the terms and provisions hereof with respect to all Bonds in accordance with Article XI hereof.

"**Taxable Bonds**" shall mean Bonds of a Series which are not Tax-Exempt Bonds.

"**Tax-Exempt Bonds**" shall mean Bonds of a Series the interest on which, in the opinion of Bond Counsel on the date of original issuance thereof, is excludable from gross income for federal income tax purposes.

"**Tax-Exempt Obligations**" shall mean any bond, note or other obligation issued by any person, the interest on which is excludable from gross income for federal income tax purposes.

"**Tax Regulatory Covenants**" shall mean the Tax Regulatory Covenants of the District contained in the Supplemental Indenture authorizing the issuance of a Series of Tax Exempt Bonds, setting forth the covenants of the District necessary for the preservation of the excludability of interest thereon from gross income for federal income tax purposes, as such covenants shall be amended from time to time upon written instructions from Bond Counsel.

"**Term Bonds**" shall mean Bonds that mature on one date and that are subject to mandatory redemption from Amortization Installments or are subject to extraordinary mandatory or mandatory redemption upon receipt of unscheduled Pledged Revenues.

"**Time Deposits**" shall mean time deposits, certificates of deposit or similar arrangements with any bank or trust company, including the Trustee or an affiliate thereof, which is a member of the Federal Deposit Insurance Corporation and any Federal or State of Alabama savings and loan association which is a member of the Federal Deposit Insurance Corporation or its successors and which are secured or insured in the manner required by Alabama law.

"**Trust Estate**" shall have the meaning ascribed to such term in the granting clauses hereof, including, but not limited to, the Pledged Revenues and Pledged Funds.

"**Trustee**" shall mean U.S. Bank National Association, with its designated office in Fort Lauderdale, Florida, and any successor trustee appointed or serving pursuant to Article VI hereof.

"**Vice Chairman**" shall mean the Vice Chairman of the Governing Body of the District or his or her designee or the person succeeding to his or her principal functions.

**SECTION 102. RULES OF CONSTRUCTION.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "Owner," "person," "Paying Agent," and "Bond Registrar" shall include the plural as well as the singular number and the word "person" shall mean any individual, corporation partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof. All references to Alabama Statutes or other provisions of Alabama law shall be deemed to include any and all amendments thereto.

**ARTICLE II**  
**FORM, EXECUTION, DELIVERY AND DESIGNATION OF BONDS**

**SECTION 201. ISSUANCE OF BONDS.** For the purpose of providing funds for paying all or part of the Cost of a Series Project, Bonds of a Series, without limitation as to aggregate principal amount, may be issued under this Master Indenture subject to the conditions hereinafter provided in Section 207 of this Article. Debt Service on each Series of Bonds shall be payable solely from the Pledged Revenues and Pledged Funds pledged to such Series of Bonds in the Supplemental Indenture authorizing the issuance of such Series of Bonds, as may be provided in such Supplemental Indenture, and all of the provisions of this Master Indenture shall be for the benefit and security of the present and future Owners of such Series of Bonds so issued, without preference, priority or distinction, as to lien or otherwise, of any one Bond of such Series over any other Bond of such Series. The District may also issue from time to time, Additional Bonds, Completion Bonds and Refunding Bonds of a Series under and pursuant to the terms of the Supplemental Indenture authorizing the issuance of such Series of Bonds.

**SECTION 202. DETAILS OF BONDS.** Bonds of a Series shall be in such denominations, numbered consecutively, shall bear interest from their date until their payment at rates not exceeding the maximum rate permitted by law, shall be dated, shall be stated to mature in such year or years in accordance with the Act, and shall be subject to redemption prior to their respective maturities, subject to the limitations hereinafter provided, as provided for in the Supplemental Indenture authorizing the issuance of such Series of Bonds. Bonds of a Series may be Current Interest Bonds, Capital Appreciation Bonds, or any combination thereof and may be secured by a Credit Facility and/or Liquidity Facility, all as shall be provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds. Bonds of a Series (or a part of a Series) may be in book-entry form at the option of the District as shall be provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Debt Service shall be payable in any coin or currency of the United States of America which, at the date of payment thereof, is legal tender for the payment of public and private debts. Interest shall be paid to the registered Owner of Bonds at the close of business on the Record Date for such interest; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (a) of Section 902 hereof, the payment of interest and principal or Redemption Price or Amortization Installments pursuant hereto shall be made by the Paying Agent to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the registered Owner of a Bond. Any payment of principal, Maturity Amount or Redemption Price shall be made only upon presentation of the Bond at the designated corporate trust office of the Paying Agent in Fort Lauderdale, Florida; provided, however there shall be no need to present if the Bonds are held under DTC's book-entry only system. Payment of interest shall be made by check or draft (or by wire transfer to the registered Owner if such Owner requests such method of payment by delivery of written notice to the Paying Agent prior to the Record Date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner owns not less than \$1,000,000, or, if less than such amount, all of the Outstanding Bonds of a Series, in aggregate principal amount of the Bonds). Unless otherwise provided in the Supplemental Indenture authorizing a Series of

Bonds, interest on a Series of Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

**SECTION 203. EXECUTION AND FORM OF BONDS.** The Bonds shall be signed by, or bear the facsimile signature of the Chairman, shall be attested and countersigned by the Secretary, and the certificate of authentication appearing on the face of the Bonds shall be signed by, or bear the facsimile signature of the Trustee; provided, however, that each Bond shall be manually signed by either the Chairman, the Secretary or the Trustee. The official seal of the District shall be imprinted or impressed on the Bonds. In case any officer whose signature or a facsimile of whose signature appears on any Bond shall cease to be such officer before the delivery of such Bond, such signature or such facsimile shall nevertheless be valid for all purposes the same as if he or she had remained in office until such delivery. Any Bond may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution of such Bond shall be proper officers to execute such Bond although at the date of such Bond such persons may not have been such officers. The Bonds, and the provisions for registration and transfer to be endorsed on such Bonds, shall be substantially in the form set forth in a Supplemental Indenture. The Trustee may appoint one or more authenticating agents.

**SECTION 204. NEGOTIABILITY, REGISTRATION AND TRANSFER OF BONDS.** The District shall cause books for the registration and for the transfer of the Bonds as provided in this Master Indenture to be kept by the Bond Registrar. All Bonds shall be registered as to both principal and interest. Any Bond may be transferred only upon an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, such transfer to be made on such books and endorsed on the Bond by the Bond Registrar. No charge shall be made to any Owner for registration and transfer as hereinabove provided, but any Owner requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto. The Bond Registrar shall not be required to transfer any Bond during the period between the Record Date and the Interest Payment Date next succeeding the Record Date of such Bond, during the period between the Record Date for the mailing of a notice of redemption and the date of such mailing, nor after such Bond has been selected for redemption. The Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Alabama, and each successive Owner, in accepting any of the Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the laws of the State of Alabama.

**SECTION 205. OWNERSHIP OF BONDS.** The person in whose name any Bond shall be registered shall be deemed the absolute owner thereof for all purposes, and payment of Debt Service shall be made only to or upon the order of the registered owner thereof or his attorney or legal representative as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The Trustee, the District, the Bond Registrar and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the Trustee, the District, the Bond Registrar nor the Paying Agent shall be affected by any notice to the contrary.

**SECTION 206. SPECIAL OBLIGATIONS.** Each Series of Bonds shall be a special and direct obligation of the District. Neither the Bonds nor the interest and premium, if any, payable thereon shall constitute a general obligation or general indebtedness of the District within the meaning of the Constitution and laws of Alabama. The Bonds and the interest and premium, if any, payable thereon do not constitute either a pledge of the full faith and credit of the District or a lien upon any property of the District other than as provided herein or in the Supplemental Indenture authorizing the issuance of such Series of Bonds. No Owner or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the District or any other public authority or governmental body to pay Debt Service or to pay any other amounts required to be paid pursuant to this Master Indenture, any Supplemental Indenture, or the Bonds. Rather, Debt Service and any other amounts required to be paid pursuant to this Master Indenture, any Supplemental Indenture, or the Bonds, shall be payable solely from, and shall be secured solely by, the Series Pledged Revenues and the Series Pledged Funds pledged to such Series of Bonds, all as provided herein and in such Supplemental Indenture.

**SECTION 207. AUTHORIZATION OF BONDS.** There shall be issued from time to time in Series, under and secured by this Master Indenture, Bonds without limitation as to aggregate principal amount for the purposes of: (i) paying all or part of the Cost of a Series Project or Series Projects or refunding an Outstanding Series of Bonds or any portion thereof; (ii) depositing the Series Reserve Account Requirement to the Series Reserve Account for such Series of Bonds; and (iii) paying the costs and expenses of issuing such Series of Bonds.

Each Series of Bonds, upon initial issuance thereof, shall be executed by the District for delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the District or upon its order, but only upon the further receipt by the Trustee of the following:

- (i) an executed and attested original or certified copy of this Master Indenture;
- (ii) an executed and attested original or certified copy of the Supplemental Indenture fixing the amount of and security for the Series of Bonds authorized to be issued thereby and establishing, among other things, the dates on which, and the amounts in which, such Series of Bonds will mature (provided that the final maturity date of such Series of Bonds shall be not later than permitted by the Act with respect to such Series of Bonds), designating the Paying Agent and Bond Registrar, fixing the Amortization Installments, if any, for the Term Bonds of such Series, awarding the Series of Bonds, specifying the interest rates or the method for calculating such interest rates with respect to such Series of Bonds, specifying the redemption provisions and prices thereupon, specifying other details of such Series of Bonds, and directing the delivery of such Series of Bonds to or upon the order of the initial purchaser thereof upon payment of the purchase price therefor set forth in such Supplemental Indenture;
- (iii) an opinion of counsel for the District substantially to the effect that the signer is of the opinion that this Master Indenture and the Supplemental Indenture relating to such Series of Bonds have been duly and validly authorized in accordance with the terms hereof and of the Act, and have been duly approved, adopted and executed by the Issuer, that the issuance of such Series of Bonds has been duly authorized, and that this Master Indenture and the Supplemental Indenture constitute valid and binding obligations of the District, enforceable against the District in

accordance with their terms except as enforcement thereof may be affected by bankruptcy and other similar laws relating to creditor's rights generally; and

- (iv) an opinion of Bond Counsel for the District substantially to the effect that the signer is of the opinion that the Bonds of such Series: (i) are valid, binding and enforceable obligations of the District; (ii) have been duly authorized, executed and delivered by the District; and (iii) are payable from the sources provided for in the Indenture; and if such Series of Bonds are not Taxable Bonds, that interest thereon is excludable from gross income of the Owners under the income tax laws of the United States and the State of Alabama in effect on the date such Series of Bonds are delivered to their initial purchasers.

The Trustee shall be provided with reliance letters with respect to the opinions required in paragraphs (iii) and (iv) above. When the documents mentioned in subsections (i) through (iv) above shall have been received, and when the Bonds of such Series shall have been executed and authenticated as required by this Master Indenture, such Series of Bonds shall be delivered to, or upon the order of, the District, but only upon payment to the Trustee of the purchase price of such Series of Bonds, together with accrued interest, if any, thereon as set forth in a certificate of delivery and payment executed by the Chairman or Vice Chairman of the District.

Payment to the Trustee of the purchase price of a Series of Bonds upon its issuance shall be conclusive evidence upon which the Trustee can rely of satisfaction of the foregoing conditions.

To the extent not set forth in the Supplemental Indenture authorizing the issuance of a Series of Bonds, the proceeds (including accrued interest and any premium) of each Series of Bonds shall be applied as soon as practicable upon delivery thereof to the Trustee as follows:

- (i) the amount received as accrued interest on the Bonds, if any, shall be deposited to the credit of the Series Interest Account, and Capitalized Interest, if any, shall be deposited to the credit of the Series Interest Account;
- (ii) an amount equal to the Series Reserve Account Requirement, if applicable, or the initial cost of satisfying the Series Reserve Account Requirement if not satisfied by the deposit of cash, shall be deposited to the credit of the Series Reserve Account; and
- (iii) the balance shall be deposited and applied as provided for in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

**SECTION 208. TEMPORARY BONDS.** Pending delivery of definitive Bonds, there may be executed, authenticated, and delivered to the Owners thereof, in lieu of definitive Bonds and subject to the same limitations and conditions except as to identifying numbers, temporary printed, engraved, lithographed or typewritten Bonds in Authorized Denominations, substantially of the tenor set forth in the Bond form to be set forth in the Supplemental Indenture authorizing such Series of Bonds. The District shall cause definitive Bonds to be prepared and to be executed, endorsed, registered and delivered to the Trustee, and the Trustee, upon presentation to it of any temporary Bond, shall cancel the same or cause the same to be canceled and cause to be authenticated and delivered, in exchange therefor, at the place designated by the Owner, without expense to the Owner, definitive Bonds of the same Series and in the same aggregate principal amount, maturing on the same date and bearing interest or yield to maturity at the same rate as the

temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits of this Master Indenture and any Supplemental Indenture as the definitive Bonds to be issued hereunder.

**SECTION 209. MUTILATED, DESTROYED OR LOST BONDS.** If any Bonds become mutilated or destroyed or lost, the District may cause to be executed, and the District may cause to be delivered, a new Bond in substitution therefor upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, and upon payment by the Owner of the reasonable expenses and charges of the District and the Trustee in connection therewith and, in the case of a Bond destroyed or lost, upon the Owner filing with the Trustee evidence satisfactory to it that such Bond was destroyed or lost and of his or her ownership thereof, and upon furnishing the District and the Trustee with indemnity satisfactory to them.

**SECTION 210. PARI PASSU OBLIGATIONS UNDER CREDIT AGREEMENTS.** As may be provided for or required in any Supplemental Indenture, the District may incur financial obligations under a Letter of Credit Agreement or a Liquidity Agreement payable *pari passu* with respect to the lien on the Trust Estate pledged to a Series of Bonds issued under this Master Indenture and a Supplemental Indenture, without meeting any financial test or requirement set forth in this Master Indenture or the corresponding Supplemental Indenture, but only if the Letter of Credit Agreement or Liquidity Agreement supports a related Series of Bonds then being issued which does meet such tests or requirements.

**SECTION 211. BOND ANTICIPATION NOTES.** Whenever the District shall authorize the issuance of a Series of Bonds, the District may by resolution authorize the issuance of Bond Anticipation Notes in anticipation of the sale of such authorized Series of Bonds in a principal amount not exceeding the principal amount of such Series. The aggregate principal amount of Bonds of such Series and all other Bonds previously authenticated and delivered to pay the Cost of the Series Project or Projects for which the proceeds of the Bond Anticipation Notes will be applied shall not exceed such Cost. The interest on such Bond Anticipation Notes may be payable out of the related Series Interest Account to the extent provided in the resolution of the District authorizing such Bond Anticipation Notes. The principal of and interest on such Bond Anticipation Notes and renewals thereof shall be payable from any moneys of the District available therefor or from the proceeds of the sale of the Series of Bonds in anticipation of which such Bond Anticipation Notes are issued. The proceeds of sale of Bond Anticipation Notes shall be applied to the purposes for which the Bonds anticipated by such Bond Anticipation Notes are authorized and shall be deposited in the appropriate Fund or Account established by the Indenture for such purposes; provided, however, that the resolution or resolutions authorizing such Bond Anticipation Notes may provide for the payment of interest on such Bond Anticipation Notes from the proceeds of sale of such Bond Anticipation Notes and for the deposit, in the related Series Interest Account. In the event that the District adopts a resolution authorizing the issuance of Bond Anticipation Notes, the District will promptly furnish to the Trustee a copy of such resolution, certified by an Authorized Officer, together with such information with respect to such Bond Anticipation Notes as the Trustee may reasonably request, including, without limitation, information as to the paying agent or agents for such Bond Anticipation Notes. The Trustee shall have no duties or obligations to the holders of such Bond Anticipation Notes unless specifically so authorized by the resolution of the District authorizing the issuance of such Bond Anticipation Notes and unless the Trustee accepts in writing such duties and obligations.

**SECTION 212. TAX STATUS OF BONDS.** Any Series of Bonds issued under this Master Indenture either (i) may be issued as Tax-Exempt Bonds, or (ii) may be issued as Taxable Bonds. The intended tax status of any Series of Bonds to be issued may be referenced in any Supplemental Indenture authorizing the issuance of such Series of Bonds.

**SECTION 213. QUALIFICATION FOR THE DEPOSITORY TRUST COMPANY.** To the extent provided in a Supplemental Indenture or authorized and directed by a Resolution of the District authorizing the issuance of a Series of Bonds, the Trustee shall be authorized to enter into agreements with The Depository Trust Company, New York, New York ("*DTC*") and other depository trust companies, including, but not limited to, agreements necessary for wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC, and other depository trust companies in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC and other depository trust companies (or any of their designees identified to the Trustee) by overnight delivery, courier service, telegram, telecopy or other similar means of communication.

So long as there shall be maintained a book-entry-only system with respect to a Series of Bonds, the following provisions shall apply:

Unless provided otherwise in a Supplemental Indenture with respect to a Series of Bonds, each Series of Bonds shall initially be registered in the name of Cede & Co. as nominee for DTC, which will act initially as securities depository for the Bonds and so long as the Bonds are held in book-entry-only form, Cede & Co. shall be considered the registered owner for all purposes hereof. On original issue, such Bonds shall be deposited with DTC, which shall be responsible for maintaining a book-entry-only system for recording the ownership interest of its participants ("*DTC Participants*") and other institutions that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("*Indirect Participants*"). The DTC Participants and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the Bonds ("*Beneficial Owners*").

Principal and interest on the Bonds registered in the name of Cede & Co. prior to and at maturity shall be payable directly to Cede & Co. in care of DTC. Disbursal of such amounts to DTC Participants shall be the responsibility of DTC. Payments by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants and not of DTC, the Trustee or the Issuer.

The Bonds registered in the name of Cede & Co. shall initially be issued in the form of one fully registered Bond for each maturity of each Series registered in the name of Cede & Co. and shall be held in such form until maturity. Individuals may purchase beneficial interests in Authorized Denominations in book-entry-only form, without certificated Bonds, through DTC Participants and Indirect Participants.

DURING THE PERIOD FOR WHICH CEDE & CO. IS REGISTERED OWNER OF THE BONDS, ANY NOTICES TO BE PROVIDED TO ANY REGISTERED OWNER WILL BE PROVIDED TO CEDE & CO. DTC SHALL BE RESPONSIBLE FOR NOTICES TO DTC PARTICIPANTS AND DTC PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICES TO

INDIRECT PARTICIPANTS, AND DTC PARTICIPANTS AND INDIRECT PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICES TO BENEFICIAL OWNERS.

The Issuer and the Trustee, if appropriate, shall enter into a blanket letter of representations with DTC providing for such book-entry-only system. Such agreement may be terminated at any time by either DTC or the Issuer. In the event of such termination, the Issuer shall select another securities depository. If the Issuer does not replace DTC, the Trustee will register and deliver to the Beneficial Owners replacement Bonds in the form of fully registered Bonds in accordance with the instructions from Cede & Co.

In the event DTC, any successor of DTC or the Issuer elects to discontinue the book-entry only system in conformity with the requirements of DTC, the Trustee shall deliver bond certificates in accordance with the instructions from DTC or its successor and after such time Bonds may be exchanged for an equal aggregate principal amount of Bonds in other Authorized Denominations and of the same maturity and Series upon surrender thereof at the corporate trust office of the Trustee.

### ARTICLE III REDEMPTION OF BONDS

**SECTION 301. REDEMPTION GENERALLY.** The Bonds of any Series shall be subject to redemption, either in whole on any date or in part on any Interest Payment Date, and at such times, in the manner and at such prices, as may be provided by the Supplemental Indenture authorizing the issuance of such Series of Bonds. The District shall provide written notice to the Trustee of any optional redemption on or before the forty-fifth (45th) day next preceding the date to be fixed for such optional redemption. Notwithstanding any other provision of this Master Indenture, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events or upon the later deposit of moneys therefor as shall be specified in such notice of optional redemption and may also be subject to rescission by the District if expressly set forth in such notice.

Unless otherwise provided in the Supplemental Indenture relating to a Series of Bonds, if less than all of the Bonds of any one maturity of a Series shall be called for redemption, the particular Bonds of a Series to be redeemed shall be selected by lot in such reasonable manner as the Bond Registrar in its discretion may determine. The portion of any Series of Bonds to be redeemed shall be in an Authorized Denomination and, in selecting the Bonds of such Series to be redeemed, the Bond Registrar shall treat each such Bond as representing that number of Bonds of such Series which is obtained by dividing the principal amount of such Bond by an Authorized Denomination (such amount being hereafter referred to as the "unit of principal amount").

If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then upon notice of intention to redeem such unit or units of principal amount as provided below, the registered Owner of such Bond, upon surrender of such Bond to the Paying Agent for payment to such registered Owner of the redemption price of the unit or units of principal amount called for redemption, shall be entitled to receive a new Bond or Bonds of such Series in the aggregate principal amount of the unredeemed balance of the

principal amount of such Bond. New Bonds of such Series representing the unredeemed balance of the principal amount shall be issued to the Owner thereof without any charge therefor. If the Owner of any Bond of a denomination greater than the unit of principal amount to be redeemed shall fail to present such Bond to the Paying Agent for payment in exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption.

Subject to the provisions of Section 506(b) hereof, the District may purchase a Bond or Bonds of a Series in the open market at a price no higher than the highest redemption price (including premium) for the Bond to be so purchased with any funds legally available therefor and any such Bonds so purchased shall be credited to the amounts otherwise required to be deposited for the payment of Bonds of such Series as provided in Section 506(b) hereof or as otherwise provided in the Supplemental Indenture relating to such Series.

**SECTION 302. NOTICE OF REDEMPTION; PROCEDURE FOR SELECTION.** The District shall establish each redemption date, other than in the case of a mandatory redemption, in which case the Trustee shall establish the redemption date, and the District or the Trustee, as the case may be, shall notify the Bond Registrar in writing of such redemption date on or before the forty-fifth (45th) day next preceding the date fixed for redemption, which notice shall set forth the terms of the redemption and the aggregate principal amount of Bonds so to be redeemed. Except as provided below, notice of redemption shall be given by the Bond Registrar not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption by first-class mail, postage prepaid, to any Paying Agent for the Bonds to be redeemed and to the registered Owner of each Bond to be redeemed, at the address of such registered Owner on the registration books maintained by the Bond Registrar (and, for any Owner of \$1,000,000 or more in the principal amount of Bonds, to one additional address if written request therefor is provided to the Bond Registrar prior to the Record Date); and a second notice of redemption shall be sent by registered or certified mail at such address to any Owner who has not submitted his Bond to the Paying Agent for payment on or before the date sixty (60) days following the date fixed for redemption of such Bond, in each case stating: (i) the numbers of the Bonds to be redeemed, by giving the individual certificate number of each Bond to be redeemed (or stating that all Bonds between two stated certificate numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption); (ii) the CUSIP numbers of all Bonds being redeemed; (iii) in the case of a partial redemption of Bonds, the principal amount of each Bond being redeemed; (iv) the date of issue of each Bond as originally issued and the complete official name of the Bonds including the S designation; (v) the rate or rates of interest borne by each Bond being redeemed; (vi) the maturity date of each Bond being redeemed; (vii) the place or places where amounts due upon such redemption will be payable; and (viii) the notice date, redemption date, and redemption price. The notice shall require that such Bonds be surrendered at the designated corporate trust office of the Paying Agent for redemption at the redemption price and shall state that further interest on such Bonds will not accrue from and after the redemption date. CUSIP number identification with appropriate dollar amounts for each CUSIP number also shall accompany all redemption payments.

Any required notice of redemption also shall be sent by registered mail, overnight delivery service, telecopy or other secure means, postage prepaid, to any Owner of \$1,000,000 or more in aggregate principal amount of Bonds to be redeemed, to certain municipal registered securities

depositories in accordance with the then-current guidelines of the Securities and Exchange Commission which are known to the Bond Registrar to be holding Bonds thirty-two (32) days prior to the redemption date, and to the then current Repositories authorized and approved by the Securities and Exchange Commission from time to time to disseminate securities redemption notices, when possible, at least thirty (30) days prior to the redemption date; provided that neither failure to send or receive any such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

Failure to give notice by mailing to the Owner of any Bond designated for redemption or to any depository or information service shall not affect the validity of the proceedings for the redemption of any other Bond.

**SECTION 303. EFFECT OF CALLING FOR REDEMPTION.** On the date designated for redemption of any Bonds, notice having been filed and mailed in the manner provided above and conditions, if any, to redemption being satisfied or waived by the Owner of any Bond subject to such redemption, the Bonds called for redemption shall be due and payable at the redemption price provided for the redemption of such Bonds on such date and, moneys for payment of the redemption price being held in a separate account by the Paying Agent in trust for the Owners of the Bonds to be redeemed, interest on the Bonds called for redemption shall cease to be entitled to any benefit under this Master Indenture, and the Owners of such Bonds shall have no rights in respect thereof, except to receive payment of the redemption price thereof, and interest, if any, accrued thereon to the redemption date, and such Bonds shall no longer be deemed to be Outstanding.

**SECTION 304. CANCELLATION.** Bonds called for redemption shall be canceled upon the surrender thereof.

#### ARTICLE IV ACQUISITION AND CONSTRUCTION FUND

**SECTION 401. ACQUISITION AND CONSTRUCTION FUND.** There is created and established by Section 502 hereof a fund designated as the "Acquisition and Construction Fund" which shall be held by the Trustee and to the credit of the Series Acquisition and Construction Accounts there shall be deposited the amounts specified in the Supplemental Indenture relating to such Series of Bonds.

**SECTION 402. PAYMENTS FROM ACQUISITION AND CONSTRUCTION FUND.** Payments of the Cost of constructing and acquiring a Series Project shall be made from the Acquisition and Construction Fund as herein provided. All such payments shall be subject to the provisions and restrictions set forth in this Article and in Article V hereof, and the District covenants that it will not request any sums to be paid from the Acquisition and Construction Fund except in accordance with such provisions and restrictions. Moneys in the Acquisition and Construction Fund shall be disbursed by check, voucher, order, draft, certificate or warrant signed by any one or more officers or employees of the Trustee legally authorized to sign such items or by wire transfer to an account specified by the payee upon satisfaction of the conditions for disbursement set forth in Section 503(b) hereof.

**SECTION 403. COST OF PROJECT.** For the purposes of this Master Indenture, the Cost of the Series Project shall include, without intending thereby to limit or to restrict or expand any proper definition of such cost under the Act, other applicable provisions of Alabama law, or this Master Indenture, the following:

(a) **Expenses of Bond Issuance.** All expenses and fees relating to the issuance of the Bonds, including, but not limited to, initial Credit Facility and Liquidity Facility fees and costs, attorneys' fees, underwriting fees and discounts, the Trustee's acceptance fees, expenses and Trustee's counsel fees and costs, rating agency fees, fees of financial advisors, engineer's fees and costs, administrative expenses of the District, the costs of preparing audits and engineering reports, the costs of preparing reports, surveys, and studies, and the costs of printing the Bonds and preliminary and final disclosure documents.

(b) **Accrued and Capitalized Interest.** Any interest accruing on the Bonds from their date through the first Interest Payment Date received from the proceeds of the Bonds (to be deposited into the related Series Interest Account) and Capitalized Interest (to be deposited into the related Series Interest Account or Capitalized Interest Account) as may be authorized or provided for by a Supplemental Indenture related to a Series of Bonds. Notwithstanding the deposit of Capitalized Interest into the related Series Capitalized Interest Account or Interest Account, Capitalized Interest shall also include any amount directed by the District to the Trustee in writing to be withdrawn from the related Series Acquisition and Construction Account and deposited into such Capitalized Interest Account or Interest Account, provided that such direction includes a certification that such amount represents earnings on amounts on deposit in the related Series Acquisition and Construction Account and that, after such deposit, the amount on deposit in such Acquisition and Construction Account, together with earnings thereon will be sufficient to complete the related Series Project which is to be funded from such Acquisition and Construction Account.

(c) **Acquisition Expenses.** The costs of acquiring, by purchase or condemnation, all of the land, structures, improvements, rights-of-way, franchises, easements, plans and specifications and similar items and other interests in property, whether real or personal, tangible or intangible, which themselves constitute the Series Project or which are necessary or convenient to acquire, install and construct the Series Project and payments, contributions, dedications, taxes, assessments or permit fees or costs and any other exactions required as a condition to receive any government approval or permit necessary to accomplish any District purpose.

(d) **Construction Expense.** All costs incurred including interest charges, for labor and materials, including equipment, machinery and fixtures, by contractors, builders, and materialmen in connection with the acquisition, installation and construction of the Series Project, and including without limitation costs incident to the award of contracts.

(e) **Other Professional Fees and Miscellaneous Expenses.** All legal, architectural, engineering survey, and consulting fees, as well as all financing charges, taxes, insurance premiums, and miscellaneous expenses, not specifically referred to in this Master Indenture that are incurred in connection with the acquisition and construction of the Series Project.

- (i) Expenses of determining the feasibility or practicality of acquisition, construction, installation, or reconstruction.
- (ii) Costs of surveys, estimates, plans and specifications.
- (iii) Costs of improvements.
- (iv) Financing charges.
- (v) Creation of initial reserve and debt service funds.
- (vi) Working capital.
- (vii) Amounts to repay temporary or bond anticipation notes or loans made to finance any costs permitted under the Act.
- (viii) Costs incurred to enforce remedies against contractors, subcontractors, any provider of labor, material, services or any other person for a default or breach under the corresponding contract, or in connection with any dispute.
- (ix) Premiums for contract bonds and insurance during construction and costs on account of personal injuries and property damage in the course of construction and insurance against the same.
- (x) Expenses of Project management and supervision.
- (xi) Costs of effecting compliance with any and all governmental permits relating to the Series Project.
- (xii) Any other "cost" or expense as provided by the Act.

(f) **Refinancing Costs.** All costs described in (a) through (e) above or otherwise permitted by the Act associated with refinancing or repaying any loan or other debt obligation, of the District.

**SECTION 404. DISPOSITION OF BALANCES IN ACQUISITION AND CONSTRUCTION FUND.** On the Date of Completion of a Series Project, the balance in the related Series Acquisition and Construction Account not reserved for the payment of any remaining part of the Cost of the Series Project shall be transferred by the Trustee to the credit of the Series Redemption Account or as otherwise provided in the Supplemental Indenture, and used for the purposes set forth for such Account in the Supplemental Indenture relating to such Series of Bonds.

**ARTICLE V  
ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF**

**SECTION 501. LIEN.** There is hereby irrevocably pledged for the payment of the Bonds of each Series issued hereunder, subject only to the provisions of this Master Indenture and any Supplemental Indenture permitting the application thereof for the purposes and on the terms and

conditions set forth in this Master Indenture and any such Supplemental Indenture with respect to each Series of Bonds, the Trust Estate; provided, however, that unless otherwise specifically provided herein or in a Supplemental Indenture relating to a Series of Bonds with respect to the Trust Estate securing such Series of Bonds, the Pledged Funds and Pledged Revenues securing a Series of Bonds shall secure only such Series of Bonds and shall not secure any other Bonds or Series of Bonds.

The foregoing pledge shall be valid and binding from and after the date of initial delivery of the Bonds and the proceeds of sale of the Bonds and all the moneys, securities and funds set forth in this Section 501 shall immediately be subject to the lien of the foregoing pledge, which lien is hereby created, without any physical delivery thereof or further act. Such lien shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District or the Trustee, irrespective of whether such parties have notice thereof. Such lien shall be prior and superior to all other liens now existing or hereafter created.

**SECTION 502. ESTABLISHMENT OF FUNDS AND ACCOUNTS.** The following funds and accounts are hereby established and shall be held by the Trustee:

(a) Acquisition and Construction Fund, and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a separate Series Acquisition and Construction Account and a Series Costs of Issuance Account for each Series of Bonds issued hereunder;

(b) Revenue Fund, and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a separate Series Revenue Account for each Series issued hereunder;

(c) Debt Service Fund, and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a separate Series Debt Service Account and within such Series Debt Service Account, (i) a Series Interest Account, (ii) a Series Principal Account, (iii) a Series Sinking Fund Account, (iv) a Series Redemption Account and therein a Series Prepayment Subaccount and a Series Optional Redemption Subaccount, and (v) a Capitalized Interest Account, for each such Series of Bonds issued hereunder;

(d) Reserve Fund, and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a separate Series Reserve Account for each such Series of Bonds issued hereunder and any Bonds issued on a parity with any such Series of Bonds hereunder; and

(e) Rebate Fund, and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a separate Series Rebate Account for each such Series of Tax-Exempt Bonds issued hereunder.

Notwithstanding the foregoing, the Supplemental Indenture authorizing any Series of Bonds may establish such other Series Accounts or dispense with the Series Accounts set forth above as shall be deemed advisable by the District in connection with such Series of Bonds.

**SECTION 503. ACQUISITION AND CONSTRUCTION FUND.**

(a) **Deposits.** The District shall pay to the Trustee, for deposit into the related Acquisition and Construction Account in the Acquisition and Construction Fund, as promptly as practicable, the following amounts received by it:

- (i) the amount set forth in the Supplemental Indenture relating to such Series of Bonds;
- (ii) subject to Section 806 hereof, payments made to the District from the sale, lease or other disposition of the Series Project or any portion thereof;
- (iii) the balance of insurance proceeds with respect to the loss or destruction of the Series Project or any portion thereof; and
- (iv) such other amounts as may be provided in a Supplemental Indenture.

Amounts in such Acquisition and Construction Account shall be applied to the Cost of the Series Project; provided, however, that if any amounts remain in the Acquisition and Construction Account after the Date of Completion, and if such amounts are not reserved for payment of any remaining part of the Cost of the Series Project, such amounts shall be applied in the manner set forth in Section 404 above.

(b) **Disbursements.** Unless otherwise provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds, payments from a Series Acquisition and Construction Account shall be paid in accordance with the provisions of this subsection (b). Before any such payment shall be made, the District shall file with the Trustee a requisition in the form of Exhibit A hereto, signed by an Authorized Officer.

Upon receipt of each such requisition and accompanying certificate the Trustee shall promptly withdraw from the Series Acquisition and Construction Account and pay to the person, firm or corporation named in such requisition the amount designated in such requisition. The Trustee shall have no duty to investigate the accuracy or validity of the items delivered pursuant to this Section 503(b).

(c) **Inspection.** All requisitions and certificates received by the Trustee pursuant to this Article shall be retained in the possession of the Trustee, subject at all reasonable times to the inspection of the District, the Consulting Engineer, the Owner of any Bonds of the related Series, and the agents and representatives thereof.

(d) **Completion of Series Project.** On the Date of Completion, the balance in the Acquisition and Construction Account not reserved by the District for the payment of any remaining part of the Cost of acquiring or constructing the Series Project shall be applied in accordance with the provisions of Section 404 hereof.

**SECTION 504. REVENUE FUND AND SERIES REVENUE ACCOUNTS.** The District hereby covenants and agrees that it will assess, impose, establish and collect the Pledged Revenues with respect to each Series of Bonds in amounts and at times sufficient to pay, when due, the principal

of, premium, if any, and interest on such Series of Bonds. The District hereby covenants and agrees to immediately deposit upon receipt of all such Pledged Revenues (except Prepayments which shall be identified as such by the District and deposited into the Prepayment Account), when received, into the related Series Revenue Account and to immediately deposit all Prepayments, when received, into the related Series Redemption Account, unless otherwise provided for in the Supplemental Indenture relating to a Series of Bonds.

**SECTION 505. DEBT SERVICE FUND AND SERIES DEBT SERVICE ACCOUNT.**

(a) **Principal, Maturity Amount, Interest and Amortization Installments.** On the Business Day preceding each Interest Payment Date on the Bonds, the Trustee shall withdraw from the Series Revenue Account and, from the amount so withdrawn, shall make the following deposits in the following order of priority:

- (i) to the credit of the related Series Interest Account, an amount which, together with other amounts, if any, then on deposit therein will equal the amount of interest payable on the Bonds of such Series on such Interest Payment Date;
- (ii) to the related Series Principal Account, an amount which, together with other amounts, if any, then on deposit therein will equal the principal amount, if any, payable with respect to Serial Bonds of such Series on such Interest Payment Date;
- (iii) in each Bond Year in which Term Bonds of such Series are subject to mandatory redemption from Amortization Installments, to the related Series Sinking Fund Account, an amount which, together with other amounts, if any, then on deposit therein, will equal the Amortization Installment payable on the Term Bonds of such Series on such Interest Payment Date;
- (iv) in each Bond Year in which Capital Appreciation Bonds of such Series mature to the related Series Principal Account, an amount which, together with other amounts, if any, then on deposit therein, will equal the Maturity Amount payable with respect to the Capital Appreciation Bonds of such Series maturing on such Interest Payment Date;
- (v) to the credit of the Series Reserve Account, an amount, if any, which, together with the amount then on deposit therein, will equal the Series Reserve Account Requirement; and
- (vi) to the credit of the Series Rebate Account the Rebate Amount, if any, required to be deposited therein pursuant to the Supplemental Indenture related to a Series of Tax-Exempt Bonds.

Notwithstanding the foregoing, so long as there are moneys on deposit in the related Series Capitalized Interest Account on the date required for any transfer into the Series Interest Account as set forth above, the Trustee shall, prior to making any transfer into the related Series Interest Account from the related Series Revenue Account, transfer to the related Series Interest Account from the related Series Capitalized Interest Account, the lesser of the interest on such Series of

Bonds coming due on the next succeeding Interest Payment Date or the amount remaining on deposit in the related Series Capitalized Interest Account.

(b) **Disposition of Remaining Amounts on Deposit in Series Revenue Account.** The District shall authorize the withdrawal, from time to time, from the Series Revenue Account an amount sufficient to pay the fees and charges of the Trustee, Bond Registrar, and Paying Agent, when due. Subject to the provisions of Section 604 hereof, if, following the foregoing transfers set forth in Section 505(a) above, (i) the amount on deposit in the Series Interest Account, Series Principal Account, and Series Redemption Account in each Bond year equals the interest payable on the Bonds of such Series in such Bond Year, the principal amount of Serial Bonds payable in such Bond Year, the Maturity Amount of all Capital Appreciation Bonds due in such Bond Year and the Amortization Installment required to be paid into the Series Redemption Account in such Bond Year, and (ii) any amounts remain in the Series Revenue Account, then, such amounts shall, at the written direction of the District, be applied to pay the commissions, fees, costs and any other charges of the Tax Collector and the Tax Assessor, or, if such commissions, fees, costs, or other charges have been paid by the District, then to reimburse the District for such payment upon written request of an Authorized Officer. If, after such amounts have been withdrawn, paid and provided for as provided above, any amounts remain in the Series Revenue Account, such amounts shall be disbursed to the District on written request of an Authorized Officer and applied to pay the operating and administrative costs and expenses of the District, unless otherwise provided in the Supplemental Indenture relating to such Series of Bonds. After making the payments provided for in this subsection (b), the balance, if any, remaining in the Series Revenue Account shall be retained therein, or, at the written direction of an Authorized Officer to the Trustee, transferred into the Series Redemption Account.

(c) **Series Reserve Account.** Moneys held for the credit of a Series Reserve Account shall be used for the purpose of paying (i) interest or principal or Amortization Installment or Maturity Amount on the Bonds of the related Series whenever amounts on deposit in the Series Debt Service Account shall be insufficient for such purpose and (ii) amounts owed under Section 604 hereof.

(d) **Series Debt Service Account.** Moneys held for the credit of a Series Principal Account and Series Interest Account in a Series Debt Service Account shall be withdrawn therefrom by the Trustee and transferred by the Trustee to the Paying Agent in amounts and at times sufficient to pay, when due, the interest on the Bonds of such Series, the principal of Serial Bonds of such Series, the Maturity Amount of Capital Appreciation Bonds of such Series and to redeem Term Bonds of such Series that are subject to mandatory redemption from Amortization Installments, as the case may be.

(e) **Series Redemption Account.** Moneys representing Prepayments on deposit in a Series Redemption Account to the full extent of a multiple of an Authorized Denomination shall unless otherwise provided in the Supplemental Indenture relating to such Series of Bonds, be used by the Trustee to redeem Bonds of such Series on the earliest date on which such Bonds are permitted to be called without payment of premium by the terms hereof (including extraordinary or extraordinary mandatory redemption) and of the Supplemental Indenture relating to such Series of Bonds. Such redemption shall be made pursuant to the provisions of Article III. The District shall pay all expenses incurred by the Trustee and Paying Agent in connection with such

redemption. Moneys other than from Prepayments shall be held and applied in a Series Redemption Account as provided in Section 506(a) hereof.

(f) **Payment to the District.** When no Bonds of a Series remain Outstanding, and after all expenses and charges herein and in the related Supplemental Indenture required to be paid have been paid as certified to the Trustee in writing by an Authorized Officer, and after all amounts due and owing to the Trustee have been paid in full, the Trustee shall pay any balance in the Series Accounts for such Series of Bonds to the District upon the written direction of an Authorized Officer, free and clear of any lien and pledge created by this Master Indenture; provided, however, that if an Event of Default has occurred and is continuing in the payment of the principal or Maturity Amount of, or interest or premium on the Bonds of any other Series, the Trustee shall pay over and apply any such excess pro rata (based upon the ratio of the aggregate principal amount of such Series to the aggregate principal amount of all Series Outstanding and for which such an Event of Default has occurred and is continuing) to each other Series of Bonds for which such an Event of Default has occurred and is continuing.

#### SECTION 506. OPTIONAL REDEMPTION.

(a) **Excess Amounts in Series Redemption Account.** The Trustee shall, but only at the written direction of an Authorized Officer on or prior to the forty-fifth (45th) day preceding the date of redemption, call for redemption on each Interest Payment Date on which Bonds are subject to optional redemption, from moneys on deposit in a Series Redemption Account such amount of Authorized Denominations of Bonds of such Series then subject to optional redemption as, with the redemption premium, if any, will exhaust such amount as nearly as may be practicable. Such redemption shall be made pursuant to the provisions of Article III. The District shall pay all expenses incurred by the Trustee and Paying Agent in connection with such redemption.

(b) **Purchase of Bonds of a Series.** The District may purchase Bonds of a Series then Outstanding at any time, whether or not such Bonds shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, having regard to maturity, option to redeem, rate and price, such price not to exceed the principal of such Bonds plus the amount of the premium, if any, which would be payable on the next redemption date to the Owners of such Bonds under the provisions of this Master Indenture and the Supplemental Indenture pursuant to which such Series of Bonds was issued if such Bonds were called for redemption on such date. Before making each such purchase, the District shall file with the Trustee a statement in writing directing the Trustee to pay the purchase price of the Bonds of such Series so purchased upon their delivery and cancellation, which statement shall set forth a description of such Bonds, the purchase price to be paid therefor, the name of the seller and the place of delivery of the Bonds. The Trustee shall pay the interest accrued on such Bonds to the date of delivery thereof from the related Series Interest Account and the principal portion of the purchase price of Serial Bonds from the related Series Principal Account, but no such purchase shall be made after the Record Date in any Bond Year in which Bonds have been called for redemption. To the extent that insufficient moneys are on deposit in a related Series Interest Account to pay the accrued interest portion of the purchase price of any Bonds or in a related Series Principal Account to pay the principal amount of the purchase price of any Serial Bond, the Trustee shall transfer into such Accounts from the related Series Revenue Account sufficient moneys to pay such respective amounts. In the event that there are insufficient moneys on deposit in the related Series Principal Account with which to pay the

principal portion of the purchase price of any Term Bonds, the Trustee may, at the written direction of the District, transfer moneys into such related Series Principal Account from the related Series Revenue Account to pay the principal amount of such purchase price, but only in an amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year calculated after giving effect to any other purchases of Term Bonds during such Bond Year. The Trustee may pay the principal portion of the purchase price of Bonds from the related Series Redemption Account, but only upon delivery of written instructions from an Authorized Officer of the District to the Trustee accompanied by a certificate of an Authorized Officer: (i) stating that sufficient moneys are on deposit in the Redemption Account to pay the purchase price of such Bonds; (ii) setting forth the amounts and maturities of Bonds of such Series which are to be redeemed from such amounts; and (iii) containing cash flows which demonstrate that, after giving effect to the purchase of Bonds in the amounts and maturities set forth in clause (ii) above, the Pledged Revenues to be received by the District in the current and each succeeding Bond Year will be sufficient to pay the principal, Maturity Amount and Amortization Installments of and interest on all Bonds of such Series. The Trustee may pay the principal portion of the purchase price of any Term Bonds from the related Series Principal Account, but only Term Bonds of a maturity having Amortization Installments in the current Bond Year and in the principal amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year (calculated after giving effect to any other purchases of Term Bonds during such Bond Year). The Trustee may pay the principal portion of the purchase price of Term Bonds having maturities different from or in amounts greater than set forth in the next preceding sentence from amounts on deposit in the related Series Principal Account and the Trustee may transfer moneys from the related Series Revenue Account to the related Series Principal Account for such purpose, but only upon delivery of written instructions from an Authorized Officer to the Trustee accompanied by a certificate of an Authorized Officer: (i) stating that sufficient moneys are on deposit in the Series Principal Account, after giving effect to any transfers from the related Series Revenue Account, to pay the principal portion of the purchase price of such Term Bonds; (ii) setting forth the amounts and maturities of Term Bonds of such Series which are to be redeemed from such amounts and the Amortization Installments against which the principal amount of such purchases are to be credited; and (iii) containing cash flow which demonstrate that, after giving effect to the purchase of Term Bonds in the amounts and having the maturities and with the credits against Amortization Installments set forth in clause (ii) above and any transfers from the related Series Revenue Account, the Pledged Revenues to be received by the District in the current and in each succeeding Bond Year will be sufficient to pay the principal, Maturity Amount and Amortization Installments of and interest on all Bonds of such Series. If any Bonds are purchased pursuant to this Subsection (b), the principal amount of the Bonds so purchased shall be credited as follows:

- (i) if the Bonds are to be purchased from amounts on deposit in the Prepayment Subaccount of a Series Redemption Account, against the principal coming due or Amortization Installments set forth in the certificate of the Authorized Officer accompanying the direction of the District to affect such purchase; or
- (ii) if the Bonds are Term Bonds of a Series, against the Amortization Installment for Bonds of such Series first coming due in the current Bond Year, or, if such Term Bonds so purchased are to be credited against Amortization Installments coming due in any succeeding Bond Year, against the Amortization Installments on Term Bonds of

such Series maturing on the same date and designated in the certificate of the Authorized Officer accompanying the direction of the District to effect such purchase; or

- (iii) against the principal or Maturity Amount of Serial Bonds coming due on the maturity date of such Serial Bond.

**SECTION 507. REBATE FUND AND SERIES REBATE ACCOUNTS.**

(a) **Creation.** There is hereby created and established a Rebate Fund, and within the Rebate Fund a Series Rebate Account for each Series of Tax-Exempt Bonds. Moneys deposited and held in the Rebate Fund shall not be subject to the pledge of this Master Indenture.

(b) **Payment to United States.** The Trustee shall pay to the District upon written request of the District, the Rebate Amount required to be paid to the United States at the times, in the manner and as calculated in accordance with the Supplemental Indenture related to a Series of Tax-Exempt Bonds. The Trustee shall have no responsibility for computation of the Rebate Amount and instead the District shall cause the Rebate Amount to be calculated by the Rebate Analyst and shall cause the Rebate Analyst to deliver such computation to the Trustee as provided in the Supplemental Indenture related to a Series of Tax-Exempt Bonds but before the date of any required payment of the Rebate Amount to the Internal Revenue Service. The fees of, and expenses incurred by, the Rebate Analyst in computing the Rebate Amount shall be paid by the District, which amount shall be treated as administrative and operating expenses of the District payable or reimbursable from the Series Revenue Account in accordance with Section 505(b) hereof.

(c) **Deficiencies.** If the Trustee does not have on deposit in the Series Rebate Account sufficient amounts to make the payments required by this Section, the District shall pay, from any legally available source, the amount of any such deficiency to the United States as in paragraph (b) above provided the Trustee shall have no obligation to pay such amounts from the Trustee's own funds.

(d) **Survival.** The covenants and agreements of the District in this Section 507 and Section 809, and, any additional covenants related to compliance with provisions necessary in order to preserve the exclusion of interest on the Bonds of a Series from gross income for Federal income tax purposes shall survive the defeasance of the Bonds of such Series in accordance with Article XII hereof.

**SECTION 508. INVESTMENT OF FUNDS AND ACCOUNTS.** Unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds, moneys held for the credit of the Series Accounts shall be invested as hereinafter in this Section 508 provided.

(a) **Series Acquisition and Construction Account, Revenue Account and Debt Service Account.** Moneys held for the credit of a Series Acquisition and Construction Account, the Series Revenue Account, and the Series Debt Service Account shall, as nearly as may be practicable, be continuously invested and reinvested by the Trustee in Investment Obligations as directed in writing by an Authorized Officer, which Investment Obligations shall mature, or shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates, as estimated by an Authorized Officer, when moneys held for the credit of each

such Series Account will be required for the purposes intended. In the absence of direction from an Authorized Officer regarding Investments, or during the continuance an Event of Default, investments shall be made in Investment Obligations described in section (vii) of that defined term.

(b) **Series Reserve Account.** Moneys held for the credit of a Series Reserve Account shall be continuously invested and reinvested by the Trustee in Investment Obligations as directed in writing by an Authorized Officer.

(c) **Investment Obligations as a Part of Funds and Accounts.** Investment Obligations purchased as an investment of moneys in any Fund or Account shall be deemed at all times to be a part of such Fund or Account, and the interest accruing thereon and profit realized from such investment shall be credited as provided in Section 510 hereof. Any loss resulting from such investment shall be charged to such Fund or Account. The foregoing notwithstanding, for purposes of investment and to the extent permitted by law, amounts on deposit in any Fund or Account may be commingled for purposes of investment, provided adequate care is taken to account for such amounts in accordance with the prior sentence. Subject to subsection (a) above. The Trustee may, upon the written direction of an Authorized Officer, transfer investments within such Funds or Accounts without being required to sell such investments. The Trustee shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment or transfer from any such Fund or Account. The Trustee shall not be liable or responsible for any loss resulting from any such investment or for failure to make an investment (except failure to make an investment in accordance with the written direction of an Authorized Officer) or for failure to achieve the maximum possible earnings on investments. The Trustee shall have no obligation to invest funds without written direction from an Authorized Officer.

(d) **Valuation.** In computing the value of the assets of any Fund or Account, investments and earnings thereon shall be deemed a part thereof. The Trustee shall value the assets in each of the Funds and Accounts established hereunder as of September 30 of each Fiscal Year, and as soon as practicable after each such valuation date (but no later than ten (10) days after each such valuation date) shall provide the District a report of the status of each Fund and Account as of the valuation date. For the purpose of determining the amount on deposit to the credit of any Fund or Account established hereunder, with the exception of a Series Reserve Account, obligations in which money in such Fund or Account shall have been invested shall be valued at the market value or the amortized cost thereof, whichever is lower, or at the redemption price thereof, to the extent that any such obligation is then redeemable at the option of the holder. For the purpose of determining the amount on deposit to the credit of a Series Reserve Account, obligations in which money in such Account shall have been invested shall be valued at par, if purchased at par, or at amortized cost, if purchased at other than par, plus, in each case, accrued interest. Amortized cost, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (1) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price,

and (2) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price.

**SECTION 509. DEFICIENCIES AND SURPLUSES IN FUNDS.** For purposes of this Section: (a) a "deficiency" shall mean, in the case of a Series Reserve Account, that the amount on deposit therein is less than the Series Reserve Account Requirement (but only after the Bond Year in which the amount on deposit therein first equals the Series Reserve Account Requirement), and (b) a "surplus" shall mean in the case of a Series Reserve Account, that the amount on deposit therein is in excess of the applicable Series Reserve Account Requirement.

At the time of any withdrawal from a Series Reserve Account that results in a deficiency therein, the Trustee shall promptly notify the District of the amount of any such deficiency and the Trustee shall withdraw the amount of such deficiency from the related Series Revenue Account, and, if amounts on deposit therein are insufficient therefor, the District shall pay the amount of such deficiency to the Trustee, for deposit in such Series Reserve Account, from the first legally available sources of the District.

The Trustee, as of the close of business on the last Business Day in each Bond Year, after taking into account all payments and transfers made as of such date, shall compute, in the manner set forth in Section 508(d), the value of the Series Reserve Account and shall promptly notify the District of the amount of any deficiency or surplus as of such date in such Series Reserve Account. The District shall immediately pay the amount of any deficiency to the Trustee, for deposit in the Series Reserve Account, from any legally available sources of the District. The Trustee, as soon as practicable after such computation, shall deposit any surplus, at the direction of an Authorized Officer, to the credit of the Series Redemption Account or the Series Principal Account.

**SECTION 510. INVESTMENT INCOME.** Unless provided otherwise in a Supplemental Indenture, earnings on Investments in a Series Acquisition and Construction Account, a Series Interest Account and a Series Revenue Account shall be deposited, as realized, to the credit of such Series Account and used for the purpose of such Account. Unless provided in a Supplemental Indenture, earnings on investments in a Series Principal Account and Redemption Account shall be deposited, as realized, to the credit of such Series Interest Account and used for the purpose of such Account.

Earnings on investments in a Series Reserve Account shall unless otherwise therein provided in a Supplemental Indenture be disposed of as follows:

(a) if there was no deficiency (as defined in Section 509 above) in the Series Reserve Account as of the most recent date on which amounts on deposit in the Series Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series Reserve Account since such date, then earnings on investments in the Series Reserve Account shall be deposited, as realized, in the Series Revenue Account.

(b) if as of the last date on which amounts on deposit in the Series Reserve Account were valued by the Trustee there was a deficiency (as defined in Section 509 above) in the Series Reserve Account, or if after such date withdrawals have been made from the Series Reserve Account and have created such a deficiency, then earnings on investments in the Series Reserve

Account shall be deposited to the credit of the Series Reserve Account until the amount on deposit therein equals the Series Reserve Account Requirement and thereafter shall be deposited to the Series Revenue Account.

**SECTION 511. CANCELLATION OF THE BONDS.** All Bonds paid, redeemed or purchased, either at or before maturity, shall be canceled upon the payment, redemption or purchase of such Bonds. All Bonds canceled under any of the provisions of this Master Indenture shall be destroyed by the Paying Agent, which shall execute a certificate in duplicate describing the Bonds so destroyed. One executed certificate shall be filed with the Trustee and the other executed certificate shall be retained by the Paying Agent.

#### **ARTICLE VI CONCERNING THE TRUSTEE**

**SECTION 601. ACCEPTANCE OF TRUST.** The Trustee accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article, to all of which the parties hereto and the Owners agree. The Trustee shall have only those duties expressly set forth herein, and no duties shall be implied against the Trustee.

**SECTION 602. NO RESPONSIBILITY FOR RECITALS.** The recitals, statements and representations in this Master Indenture, in any Supplemental Indenture or in the Bonds, save only the Trustee's authentication certificate, if any, upon the Bonds, have been made by the District and not by the Trustee; and the Trustee shall be under no responsibility for the correctness thereof.

**SECTION 603. TRUSTEE MAY ACT THROUGH AGENTS; ANSWERABLE ONLY FOR WILLFUL MISCONDUCT OR GROSS NEGLIGENCE.** The Trustee may execute any powers hereunder and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to advice of counsel concerning all questions hereunder, and the Trustee shall not be answerable for the default or misconduct of any attorney, agent or employee selected by it with reasonable care. In performance of its duties hereunder, the Trustee may rely on the advice of counsel and shall not be held liable for actions taken in reliance on the advice of counsel. The Trustee shall not be answerable for the exercise of any discretion or power under this Master Indenture or any Supplemental Indenture nor for anything whatever in connection with the trust hereunder, except only its own gross negligence or willful misconduct.

**SECTION 604. COMPENSATION AND INDEMNITY.** The District shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements, including the reasonable fees and expenses of Trustee's counsel, and to the extent permitted under Alabama law shall indemnify the Trustee and hold the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder except with respect to its own negligence or misconduct. The Trustee shall have no duty in connection with its responsibilities hereunder to advance its own funds nor shall the Trustee have any duty to take any action hereunder without first having received indemnification satisfactory to it. If the District defaults in respect of the foregoing obligations, the Trustee may deduct the amount owing to it from any moneys received or held by the Trustee under this Master Indenture or any Supplemental Indenture and payable to the District other than moneys from a

Credit Facility or a Liquidity Facility. This provision shall survive termination of this Master Indenture and any Supplemental Indenture, and as to any Trustee, its resignation or removal thereof. As security for the foregoing, the District hereby grants to the Trustee a security interest in and to the amounts of deposit in all Series Funds and Accounts (other than the Rebate Fund) thereby, in effect, granting the Trustee a first charge against these moneys following an Event of Default for its fees and expenses (including legal counsel and default administration costs and expenses).

**SECTION 605. NO DUTY TO RENEW INSURANCE.** The Trustee shall be under no duty to effect or to renew any insurance policy nor shall it incur any liability for the failure of the District to require or effect or renew insurance or to report or file claims of loss thereunder.

**SECTION 606. NOTICE OF DEFAULT; RIGHT TO INVESTIGATE.** The Trustee shall give written notice, as soon as practicable, by first-class mail to registered Owners of Bonds of all Events of Default of which the Trustee has actual knowledge, unless such defaults have been remedied or if the Trustee based upon the advice of counsel upon which the Trustee is entitled to rely, determines that the giving of such notice is not in the best interests of the Owners of the Bonds. The Trustee will be deemed to have actual knowledge of any payment default under this Master Indenture or under any Supplemental Indenture and, after receipt of written notice thereof by a Credit Facility issuer or a Liquidity Facility issuer of a default under its respective reimbursement agreement, but shall not be deemed to have actual knowledge of any other default unless notified in writing of such default by the Owners of at least 25% in aggregate principal amount of the Outstanding Bonds. The Trustee may, however, at any time require of the District full information as to the performance of any covenant hereunder; and if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the District, an investigation into the affairs of the District.

**SECTION 607. OBLIGATION TO ACT ON DEFAULT.** Before taking any action under this Master Indenture or any Supplemental Indenture in respect of an Event of Default, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability resulting from its own gross negligence or willful misconduct in connection with any such action.

**SECTION 608. RELIANCE BY TRUSTEE.** The Trustee may act on any requisition, resolution, notice, telegram, request, consent, waiver, opinion, certificate, statement, affidavit, voucher, bond, or other paper or document or telephone message which it in good faith believes to be genuine and to have been passed, signed or given by the proper persons or to have been prepared and furnished pursuant to any of the provisions of this Master Indenture or any Supplemental Indenture; and the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement.

**SECTION 609. TRUSTEE MAY DEAL IN BONDS.** The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owners may be entitled to take with like effect as if the Trustee were not a party to this Master Indenture or any Supplemental Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the District.

**SECTION 610. CONSTRUCTION OF AMBIGUOUS PROVISION.** The Trustee may construe any ambiguous or inconsistent provisions of this Master Indenture or any Supplemental Indenture and any construction by the Trustee shall be binding upon the Owners. The Trustee shall give prompt written notice to the District of any intention to make such construal.

**SECTION 611. RESIGNATION OF TRUSTEE.** The Trustee may resign and be discharged of the trusts created by this Master Indenture by written resignation filed with the Secretary of the District not less than sixty (60) days before the date when such resignation is to take effect; provided that notice of such resignation shall be sent by first-class mail to each Owner as its name and address appears on the Bond Register and to any Paying Agent, Bond Registrar, any Credit Facility issuer, and any Liquidity Facility issuer, at least sixty (60) days before the resignation is to take effect. Such resignation shall take effect on the day specified in the Trustee's notice of resignation unless a successor Trustee is previously appointed, in which event the resignation shall take effect immediately on the appointment of such successor; provided, however, that notwithstanding the foregoing such resignation shall not take effect until a successor Trustee has been appointed. If a successor Trustee has not been appointed within sixty (60) days after the Trustee has given its notice of resignation, the Trustee may petition any court of competent jurisdiction for the appointment of a temporary successor Trustee to serve as Trustee until a successor Trustee has been duly appointed.

**SECTION 612. REMOVAL OF TRUSTEE.** Any Trustee hereunder may be removed at any time by an instrument appointing a successor to the Trustee so removed, upon application of the District; *provided, however*, that Majority Owners of the applicable Series shall have consented to such removal; in addition if an Event of Default has occurred hereunder and is continuing with respect to a Series of Bonds, then the Trustee hereunder may be removed only by an instrument appointing a successor to the Trustee so removed executed by the Majority Owners of the Series as to which such Event of Default exists and filed with the Trustee and the District.

The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Master Indenture or any Supplemental Indenture with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the District; provided that no Event of Default has occurred hereunder and is continuing, or upon the application of the Owners of not less than 20% in aggregate principal amount of the Bonds then Outstanding.

**SECTION 613. APPOINTMENT OF SUCCESSOR TRUSTEE.** If the Trustee or any successor Trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the District shall appoint a successor and shall mail notice of such appointment, including the name and address of the applicable corporate trust office of the successor Trustee, by first-class mail to each Owner as its name and address appears on the Bond Register, and to the Paying Agent, Bond Registrar, any Credit Facility issuer and any Liquidity Facility issuer; provided, however, that the District shall not appoint a successor Trustee if an Event of Default has occurred and is continuing, unless the District shall have received the prior written consent, which consent shall not be unreasonably withheld, of any Credit Facility issuer, and any Liquidity Facility issuer, to the appointment of such successor Trustee. If an Event of Default has occurred hereunder and is continuing and the Trustee or any successor Trustee resigns or is removed or

dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and a successor may be appointed by any court of competent jurisdiction upon the application of the Owners of not less than twenty percent (20%) in aggregate principal amount of the Bonds then Outstanding and such successor Trustee shall mail notice of its appointment, including the name and address of the applicable corporate trust office of the successor Trustee, by first-class mail to each Owner as its name and address appears on the Bond Registrar, and to the Paying Agent, Bond Registrar, any Credit Facility issuer and any Liquidity Facility issuer.

**SECTION 614. QUALIFICATION OF SUCCESSOR TRUSTEE.** A successor Trustee shall be a national bank with trust powers or a bank or trust company with trust powers, having a combined net capital and surplus of at least \$50,000,000.

**SECTION 615. INSTRUMENTS OF SUCCESSION.** Except as provided in Section 616 hereof, any successor Trustee shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder; and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named Trustee herein. After withholding from the funds on hand any amounts owed to itself hereunder, the Trustee ceasing to act hereunder shall pay over to the successor Trustee all moneys held by it hereunder; and the Trustee ceasing to act and the District shall execute and deliver an instrument or instruments transferring to the successor Trustee all the estates, properties, rights, powers and trusts hereunder of the Trustee ceasing to act except for the rights granted under Section 604 hereof. The successor Trustee shall mail notice of its appointment, including the name and address of the applicable corporate trust office of the successor Trustee, by first-class mail to each Owner as its name and address appears on the Bond Registrar, and to the Paying Agent, Bond Registrar, any Credit Facility issuer and any Liquidity Facility issuer.

**SECTION 616. MERGER OF TRUSTEE.** Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated or into which all or substantially all of its corporate trust assets shall be sold or its operations conveyed, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, shall be the successor Trustee under this Master Indenture, without the execution or filing of any paper or any further act on the part of the parties thereto, anything herein to the contrary notwithstanding; provided, however, that any such successor corporation continuing to act as Trustee hereunder shall meet the requirements of Section 614 hereof, and if such corporation does not meet the aforesaid requirements, a successor Trustee shall be appointed pursuant to this Article VI.

**SECTION 617. RESIGNATION OF PAYING AGENT OR BOND REGISTRAR.** The Paying Agent or Bond Registrar may resign and be discharged of the duties created by this Master Indenture by executing an instrument in writing resigning such duties and specifying the date when such resignation shall take effect, and filing the same with the District and the Trustee not less than sixty (60) days before the date specified in such instrument when such resignation shall take effect, and by giving written notice of such resignation mailed not less than sixty (60) days prior to such resignation date to each Owner as its name and address appear on the registration books of the District maintained by the Bond Registrar. Such resignation shall take effect on the date specified in such notice, unless a successor Paying Agent or Bond Registrar is previously appointed in which

event such resignation shall take effect immediately upon the appointment of such successor Paying Agent or Bond Registrar. If the successor Paying Agent or Bond Registrar shall not have been appointed within a period of sixty (60) days following the giving of notice, then the Trustee may appoint a successor Paying Agent or Bond Registrar as provided in Section 619 hereof.

**SECTION 618. REMOVAL OF PAYING AGENT OR BOND REGISTRAR.** The Paying Agent or Bond Registrar may be removed at any time prior to any Event of Default by the District by filing with the Paying Agent or Bond Registrar to be removed, and with the Trustee, an instrument or instruments in writing executed by an Authorized Officer appointing a successor. Such removal shall be effective thirty (30) days (or such longer period as may be set forth in such instrument) after delivery of the instrument; provided, however, that no such removal shall be effective until the successor Paying Agent or Bond Registrar appointed hereunder shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder.

**SECTION 619. APPOINTMENT OF SUCCESSOR PAYING AGENT OR BOND REGISTRAR.** In case at any time the Paying Agent or Bond Registrar shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, then a vacancy shall forthwith and ipso facto exist in the office of the Paying Agent or Bond Registrar, as the case may be, and a successor shall be appointed by the District; and in case at any time the Paying Agent or Bond Registrar shall resign, then a successor shall be appointed by the District. Upon any such appointment, the District shall give written notice of such appointment to the predecessor Paying Agent or Bond Registrar, the successor Paying Agent or Bond Registrar, the Trustee and all Owners. Any new Paying Agent or Bond Registrar so appointed shall immediately and without further act supersede the predecessor Paying Agent or Bond Registrar.

**SECTION 620. QUALIFICATIONS OF SUCCESSOR PAYING AGENT OR BOND REGISTRAR.** Every successor Paying Agent or Bond Registrar (i) shall be a commercial bank or trust company (a) duly organized under the laws of the United States or any state or territory thereof, (b) authorized by law to perform all the duties imposed upon it by this Master Indenture, and (c) capable of meeting its obligations hereunder, and (ii) shall have a combined net capital and surplus of at least \$50,000,000.

**SECTION 621. ACCEPTANCE OF DUTIES BY SUCCESSOR PAYING AGENT OR BOND REGISTRAR.** Except as provided in Section 622 hereof, any successor Paying Agent or Bond Registrar appointed hereunder shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder, and thereupon such successor Paying Agent or Bond Registrar, without any further act, deed or conveyance, shall become duly vested with all the estates property, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named Paying Agent or Bond Registrar herein. Upon request of such Paying Agent or Bond Registrar, such predecessor Paying Agent or Bond Registrar and the District shall execute and deliver an instrument transferring to such successor Paying Agent or Bond Registrar all the estates, property, rights and powers hereunder of such predecessor Paying Agent or Bond Registrar and such predecessor Paying Agent or Bond Registrar shall pay over and deliver to the successor Paying Agent or Bond Registrar all moneys and other assets at the time held by it hereunder.

**SECTION 622. SUCCESSOR BY MERGER OR CONSOLIDATION.** Any corporation into which any Paying Agent or Bond Registrar hereunder may be merged or converted or with which it may be consolidated or into which substantially all of its corporate trust assets shall be sold or otherwise conveyed, or any corporation resulting from any merger or consolidation to which any Paying Agent or Bond Registrar hereunder shall be a party, shall be the successor Paying Agent or Bond Registrar under this Master Indenture without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Master Indenture to the contrary notwithstanding.

**SECTION 623. BROKERAGE STATEMENTS.** The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive individual confirmations of security transactions at no additional cost, as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

**SECTION 624. PATRIOT ACT REQUIREMENTS OF THE TRUSTEE.** To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Trustee will ask for documentation to verify such non-individual person's formation and existence as a legal entity. The Trustee may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

## ARTICLE VII FUNDS CONSTITUTE TRUST FUNDS

**SECTION 701. TRUST FUNDS.** Subject to the provisions of Section 604 and Section 905(a) hereof, all amounts on deposit in Series Funds or Accounts for the benefit of a Series of Bonds shall:

- (a) be used only for the purposes and in the manner herein and in the Supplemental Indenture relating to such Series of Bonds provided and, pending such application, be held by the Trustee in trust for the benefit of the Owners of such Series of Bonds;
- (b) be irrevocably pledged to the payment of such Series of Bonds, except for amounts on deposit in the Series Rebate Accounts in the Rebate Fund;
- (c) be held and accounted for separate and apart from all other Funds and Accounts, including Series Accounts of other Series of Bonds, and other funds and accounts of the Trustee and the District;
- (d) until applied for the purposes provided herein, be subject to a first lien in favor of the Owners of such Series of Bonds and any pari passu obligations to issuers of Credit or Liquidity Facilities with respect to such Series of Bonds, which lien is hereby created, prior and superior to all other liens now existing or hereafter created, and, to a second lien in favor of the Trustee, as

security for the reasonable compensation for the services of the Trustee hereunder, and also all its reasonable expenses and disbursements, including the reasonable fees and expenses of Trustee's counsel, subordinate and inferior to the security interest granted to the Owners of such Series of Bonds and any pari passu obligations to issuers of Credit or Liquidity Facilities with respect to such Series of Bonds, but nevertheless payable in the order of priority as set forth in Section 905(a) hereof upon the occurrence of an Event of Default; and

(e) shall not be subject to lien or attachment by any creditor of the Trustee or any creditor of the District or any other Series of Bonds other than the Owners of such Series of Bonds and the issuers of Credit or Liquidity Facilities with respect to such Series of Bonds.

#### **ARTICLE VIII COVENANTS AND AGREEMENTS OF THE DISTRICT**

**SECTION 801. PAYMENT OF BONDS.** The District shall duly and punctually pay or cause to be paid, but only from the Trust Estate with respect to each Series of Bonds, Debt Service on the dates, at the places, and in the amounts stated herein, in any Supplemental Indenture, and in the Bonds of such Series.

**SECTION 802. EXTENSION OF PAYMENT OF BONDS.** Except as provided in Section 901 hereof, the District shall not directly or indirectly extend the time for payment of the interest on any Bonds. The time for payment of Bonds of any Series shall be the time prescribed in the Supplemental Indenture relating to such Series of Bonds.

**SECTION 803. FURTHER ASSURANCE.** At any and all times the District shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, moneys, securities and funds hereby pledged or assigned, or intended so to be, or which the District may become bound to pledge or assign after the date of execution of this Master Indenture.

**SECTION 804. POWER TO ISSUE BONDS AND CREATE A LIEN.** The District hereby represents to the Trustee and to the Owners that it is and will be duly authorized under all applicable laws to issue the Bonds of each Series, to execute this Master Indenture, to adopt Supplemental Indentures, and to pledge its moneys, securities and funds in the manner and to the extent provided herein. Except as provided herein, the District hereby represents that such moneys, securities and funds of the District are and will be free and clear of any pledge, lien, charge or encumbrance thereon and all action on the part of the District to that end has been and will be duly and validly taken. The Bonds of each Series, this Master Indenture and any Supplemental Indenture are and will be the valid and legally enforceable obligations of the District, enforceable in accordance with their terms except to the extent that enforcement thereof may be subject to bankruptcy and other similar laws affecting creditors' rights generally. The District shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and lien created by this Master Indenture and all the rights of the Owners hereunder against all claims and demands of all other persons whomsoever.

**SECTION 805. POWER TO UNDERTAKE SERIES PROJECTS AND TO COLLECT PLEDGED REVENUE.** The District has or will have upon the date of issuance of each Series of Bonds, and will have so long as any Bonds are Outstanding, good right and lawful power: (i) to undertake the Series Projects, or it will take such action on its part required which it deems reasonable in order to obtain licenses, orders, permits or other authorizations, if any, from any agency or regulatory body having lawful jurisdiction which must be obtained in order to undertake such Series Project; and (ii) to fix, levy and collect or cause to be collected any and all Pledged Revenues.

**SECTION 806. SALE OF SERIES PROJECTS.** The District covenants that, until such time as there are no Bonds of a Series Outstanding, it will not sell, lease or otherwise dispose of or encumber the related Series Project or any part thereof other than as provided herein. The District may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments, or other movable property acquired by the District in connection with a Series Project, or any materials used in connection therewith, if the District shall determine that such articles are no longer needed or are no longer useful in connection with the acquisition, construction, operation or maintenance of a Series Project, and the proceeds thereof may be applied to the replacement of the properties so sold or disposed of and, if not so applied, shall be deposited to the credit of the related Series Acquisition and Construction Account or, after the Date of Completion of the Series Project, shall be deposited to the credit of the related Series Principal Account. The District may from time to time sell or lease such other property forming part of a Series Project which it may determine is not needed or serves no useful purpose in connection with the maintenance and operation of such Series Project, if the Consulting Engineers shall in writing approve such sale or lease; the proceeds of any such sale shall be disposed of as hereinabove provided for the proceeds of the sale or disposal of movable property. The proceeds of any lease as described above shall be deposited to the credit of the related Series Principal Account or Redemption Account.

Notwithstanding the foregoing, the District may: (i) dispose of all or any part of a Series Project, other than a Series Project the revenues to be derived from the operation of which are pledged to a Series of Bonds, by gift or dedication thereof to any unit of local government, or to the State or any agency or instrumentality of either of the foregoing or the United States Government; and/or (ii) impose, declare or grant title to or interests in the Series Project or a portion or portions thereof in order to create ingress and egress rights and public and private utility easements as the District may deem necessary or desirable for the development, use and occupancy of the property within the District; and/or (iii) impose or declare covenants, conditions and restrictions pertaining to the use, occupancy and operation of the Series Projects.

**SECTION 807. COMPLETION AND MAINTENANCE OF SERIES PROJECTS.** The District shall complete the acquisition and construction of a Series Project with all practical dispatch and in a sound and economical manner. So long as any Series Project is owned by the District, the District shall maintain, preserve and keep the same or cause the same to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted.

**SECTION 808. REPORTS.**

(a) **Annual Report.** The District shall, within thirty days of receipt and approval by the District, so long as any Bonds are Outstanding, deliver to each Requesting Owner (hereinafter defined), and otherwise as provided by law, a copy of its annual audit for such year, accompanied by an Accountant's Certificate, including: (a) statements in reasonable detail of its financial condition as of the end of such Fiscal Year and income and expenses for such Fiscal Year, and (b) statements of all receipts and disbursements of the Pledged Revenues of each Series of Bonds (unless the Pledged Revenues of such Series are remitted directly to the Trustee). The Trustee shall, within ninety (90) days after the close of each Fiscal Year so long as any Bonds are Outstanding, file with the District a summary with respect to each Fund and Account of the deposits thereto and disbursements therefrom during such Fiscal Year and the amounts held therein at the end of such Fiscal Year, or at the option of the Trustee, such summary can be made on a monthly basis. For purposes of the foregoing, the term "Requesting Owner" shall mean the Owner (or beneficial owner in the case of book-entry Bonds) of more than \$1,000,000 aggregate principal amount of any Series of Bonds who requests such information in writing to the District.

(b) **Inspection.** The reports, statements and other documents required to be furnished by the District to the Trustee and by the Trustee to the District pursuant to any provisions hereof shall be available for inspection by any Owner at the designated corporate trust office of the Trustee upon the giving of at least five (5) days advance written notice to the Trustee.

**SECTION 809. ARBITRAGE AND OTHER TAX COVENANTS.** The District hereby covenants that it will not take any action, and will not fail to take any action, which action or failure would cause the Tax-Exempt Bonds to become "arbitrage bonds" as defined in Section 148 of the Internal Revenue Code of 1986. The District further covenants that it will take all such actions after delivery of any Tax-Exempt Bonds as may be required in order for interest on such Tax-Exempt Bonds to remain excludable from gross income (as defined in Section 61 of the Internal Revenue Code of 1986) of the Owners. Without limiting the generality of the foregoing, the District hereby covenants that it will to the extent not remitted by the Trustee from funds held in the Rebate Account, remit to the United States that Rebate Amount at the time and place required by this Master Indenture and any Supplemental Indenture, including any covenants regarding the tax-exempt status of the Bonds contained therein.

**SECTION 810. ENFORCEMENT OF PAYMENT OF ASSESSMENT.** The District will assess, levy, collect or cause to be collected and enforce the payment of Assessments and/or any other sources which constitute Pledged Revenues for the payment of any Series of Bonds in the manner prescribed by this Master Indenture, any Supplemental Indenture and all resolutions, ordinances or laws thereunto appertaining at times and in amounts as shall be necessary in order to pay, when due, the principal of and interest on the Series of Bonds to which such Pledged Revenues are pledged; and to pay or cause to be paid the proceeds of such Assessments as received to the Trustee in accordance with the provisions hereof.

**SECTION 811. METHOD OF COLLECTION OF ASSESSMENTS.** The District shall levy and collect Assessments in accordance with applicable Alabama law.

**SECTION 812. DELINQUENT ASSESSMENTS.** If the owner of any lot or parcel of land shall be delinquent in the payment of any Assessment, pledged to a Series of Bonds, then the District either on its own behalf or through the actions of the Trustee may, and shall, if so directed in writing by the Majority Owners, enforce such Assessment pursuant to applicable Alabama law, which may include but not be limited to declaring the entire unpaid balance of such Assessment to be in default and, at the District's own expense, cause such delinquent property to be foreclosed in the same method now or hereafter provided by applicable Alabama law for the foreclosure of mortgages on real estate or as otherwise as provided by law. The District further covenants to furnish, at its expense, to any Owner of Bonds of the related Series so requesting, sixty (60) days after the due date of each annual installment, a list of all Delinquent Assessments together with a copy of the District's annual audit, and a list of foreclosure actions currently in progress and the current status of such Delinquent Assessments.

**SECTION 813. FORECLOSURE OF ASSESSMENT LIEN.** If any property shall be offered for sale for the nonpayment of any Assessment, which is pledged to a Series of Bonds, and no person or persons shall purchase such property for an amount less than or equal to the full amount due on the Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the property may then be purchased by the District for an amount equal to the balance due on the Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the District and the District shall receive in its corporate name or in the name of a special purpose entity title to the property for the benefit of the Owners of the Series of Bonds to which such Assessments were pledged; provided that the Trustee shall have the right, acting at the direction of the Majority Owners of the applicable Series of Bonds secured by such Assessment, but shall not be obligated, to direct the District with respect to any action taken pursuant to this paragraph. The District, either through its own actions, or actions caused to be taken through the Trustee, shall have the power to lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the related Series Revenue Account. Not less than ten (10) days prior to the filing of any foreclosure action as herein provided, the District shall cause written notice thereof to be mailed to any designated agents of the Owners of the related Series of Bonds. Not less than thirty (30) days prior to the proposed sale of any lot or tract of land acquired by foreclosure by the District, it shall give written notice thereof to such representatives. The District, either through its own actions, or actions caused to be taken through the Trustee, agrees that it shall be required to take the measures provided by law for the listing for sale of property acquired by it as trustee for the benefit of the Owners of the related Series of Bonds within sixty (60) days after the receipt of the request therefor signed by the Trustee or the Majority Owners of the Outstanding Bonds of such Series. The Trustee may, upon direction from the Majority Owners of the Outstanding Bonds of such Series, pay costs associated with any actions taken by District pursuant to this paragraph from any moneys legally available for such purpose held under the Indenture.

**SECTION 814. OTHER OBLIGATIONS PAYABLE FROM ASSESSMENTS.** The District will not issue or incur any obligations payable from the proceeds of Assessments securing a Series of Bonds nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge upon such Assessments other than the lien of any Subordinate Debt except for fees, commissions, costs, and other charges payable to the Tax Assessor or to the Tax Collector pursuant to Alabama law.

**SECTION 815. RE-ASSESSMENTS.** If any Assessments shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or the City shall be satisfied that any such Assessments is so irregular or defective that it cannot be enforced or collected, or if the District shall have omitted to make such Assessments when it might have done so, the District shall either: (i) take all necessary steps to cause a new Assessment to be made for the whole or any part of such improvement or against any property benefited by such improvement; or (ii) in its sole discretion, make up the amount of such Assessment from legally available moneys, which moneys shall be deposited into the related Series Revenue Account. In case any such subsequent Assessment shall also be annulled, the District shall obtain and make other Assessments until a valid Assessment shall be made.

**SECTION 816 GENERAL.** The District shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the District under law and this Master Indenture, in accordance with the terms of such provisions.

Upon the date of issuance of each Series of Bonds, all conditions, acts and things required by law and this Master Indenture and any Supplemental Indenture to exist, to have happened and to have been performed precedent to and in the issuance of such Series of Bonds shall exist, have happened and have been performed and upon issuance the issue of such Series of Bonds shall be within every debt and other limit prescribed by the laws of the State of Alabama applicable to the District.

The District shall not enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Master Indenture and any Supplemental Indenture. For so long as any Bonds are Outstanding hereunder, unless otherwise provided by the Act, the District shall maintain its corporate existence as a local unit of special purpose government under the Act and shall provide for or otherwise require all Series Projects, and all parts thereof owned by the District to be (a) continuously operated, repaired, improved and maintained as shall be necessary to provide adequate service to the lands benefitted thereby; and (b) in compliance with all valid and applicable laws, acts, rules, regulations, permits, orders, requirements and directions of any competent public authority.

**SECTION 817. SECONDARY MARKET DISCLOSURE.** The District covenants and agrees with the Owners, from time to time, of the Bonds issued hereunder to make best efforts to provide, or cause to be provided, on a timely basis, all appropriate information repositories such information and documents as shall be required by applicable law to enable Owners to purchase and resell the Bonds issued, from time to time, hereunder. For purposes of complying with the above-described provision, the District may rely on an opinion of counsel which is familiar with disclosure of information relating to municipal securities. Nothing herein shall, however, require the District to provide disclosure in order to enable the purchaser of a security in a "private placement transaction" within the meaning of applicable securities laws, to offer or re-sell such security in other than a "private placement transaction. All financial statements provided to a repository shall be in accordance with generally accepted governmental accounting principles and shall be provided to such repository as soon as practicable after the same becomes available. The financial statements shall contain such information as shall be customary for local governments, such as the District. Nothing in this Section 817 is intended to impose upon the District, and this Section 817

shall not be construed as imposing upon the District, any disclosure obligations beyond those imposed by applicable law. Failure to comply with the provisions of this Section 817 shall not constitute an Event of Default hereunder, but instead shall be enforceable by mandamus, injunction or any other means of specific performance.

## **ARTICLE IX EVENTS OF DEFAULT AND REMEDIES**

**SECTION 901. EXTENSION OF INTEREST PAYMENT.** If the time for payment of interest of a Bond of any Series shall be extended, whether or not such extension be by or with the consent of the District, such interest so extended shall not be entitled in case of default hereunder to the benefit or security of this Master Indenture unless the aggregate principal amount of all Bonds of such Bonds then Outstanding and of all accrued interest the time for payment of which shall not have been extended shall have previously been paid in full.

**SECTION 902. EVENTS OF DEFAULT.** Each of the following events is hereby declared an Event of Default with respect to a Series of Bonds, but no other Series of Bonds unless otherwise provided in the Supplemental Indenture relating to such Series:

- (a) Any payment of Debt Service on such Series of Bonds is not made when due;
- (b) The District shall for any reason be rendered incapable of fulfilling its obligations hereunder or under the Supplemental Indenture relating to such Series of Bonds;
- (c) The District admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself or for the whole or any part of a related Series Project;
- (d) The District is adjudged insolvent by a court of competent jurisdiction, or is adjudged bankrupt on a petition in bankruptcy filed against the District, or an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the District, a receiver or trustee of the District or of the whole or any part of its property and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof;
- (e) The District shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;
- (f) Under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District's assets or any part thereof, and such custody or control shall not be terminated within ninety (90) days from the date of assumption of such custody or control;
- (g) The Trustee is authorized under the Indenture to withdraw funds from a Series Reserve Account in an amount greater than twenty-five percent (25%) of the applicable Series

Reserve Account Requirement to pay Debt Service on such Series of Bonds (regardless of whether the Trustee does or does not, per the direction of the Majority Owners, actually withdraw such funds from such Series Reserve Account to pay Debt Service on such Series of Bonds) (the foregoing being referred to as a "Reserve Account Event") unless within sixty (60) days from the Reserve Account Event the District has either (i) replenished the amounts, if any, withdrawn from the Series Reserve Account or (ii) the portion of the delinquent Assessments giving rise to the Reserve Account Event are paid and are no longer delinquent Assessments;

(h) Material breach by the District of any material covenant made by it in the Indenture securing a Series of Bonds, whether or not notice of such breach has been given;

(i) [Reserved.]

(j) The District shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds of such Series or herein or in the Supplemental Indenture relating to such Series of Bonds on the part of the District to be performed (other than a default in the payment of Debt Service on the related Series of Bonds when due, which is an Event of Default under subsection (a) above) and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the District by the Trustee or, if the Trustee is unwilling or unable to act, by Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds of such Series then Outstanding and affected by such default; or

**SECTION 903. ACCELERATION OF MATURITIES OF BONDS OF A SERIES UNDER CERTAIN CIRCUMSTANCES.** Upon the happening and continuance of any Event of Default specified in Section 902 above with respect to a Series of Bonds, the Trustee shall, upon written direction of the Majority Owners of such Series then Outstanding, by a notice in writing to the District, declare the aggregate principal amount of all of the Bonds of such Series then Outstanding (if not then due and payable) to be due and payable immediately and, upon such declaration, the same shall become and be immediately due and payable, anything contained in the Bonds of such Series or in this Master Indenture or in the Supplemental Indenture authorizing such Series to the contrary notwithstanding; *provided, however*, that no such declaration of acceleration shall occur in the case of Bonds of a Series secured by Assessments, except to the extent that the Assessments have been accelerated and are currently due and payable in accordance with applicable law; and provided further, however, that if at any time after the aggregate principal amount of the Bonds of any Series then Outstanding shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Master Indenture or the related Supplemental Indenture, moneys shall have accumulated in the related Series Revenue Account sufficient to pay the principal of all matured Bonds of such Series and all arrears of interest, if any, upon all Bonds of such Series then Outstanding (except the aggregate principal amount of any Bonds of such Series then Outstanding that is only due because of a declaration under this Section, and except for the interest accrued on the Bonds of such Series since the last Interest Payment Date), and all amounts then payable by the District hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Paying Agent, and every other default (other than a default in the payment of the aggregate principal amount of the Bonds of such Series then Outstanding that is due only because of a declaration under this Section) shall have been

remedied, then the Trustee or, if the Trustee is unable or unwilling to act, the Majority Owners of such Series then Outstanding not then due except by virtue of a declaration under this Section, may, by written notice to the District, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

**SECTION 904. ENFORCEMENT OF REMEDIES.** Upon the happening and continuance of any Event of Default specified in Section 902 above with respect to a Series of Bonds, the Trustee may protect and enforce the rights of the Owners of the Bonds of such Series under Alabama law, and under this Master Indenture, the related Supplemental Indenture and the Bonds of such Series, by such proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein or in the related Supplemental Indenture granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights.

The Majority Owners of the Bonds of such Series then Outstanding shall, subject to the requirements of Section 607, have the right, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee hereunder, provided that such directions shall not be in conflict with any rule of law or this Master Indenture and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unduly prejudicial to the rights of the Owners of such Series of Bonds not parties to such direction or would subject the Trustee to personal liability or expense. Notwithstanding the foregoing, the Trustee shall have the right to select and retain legal counsel of its choosing to represent it in any such proceedings. The Trustee may take any other action which is not inconsistent with any direction under this second paragraph of this Section 904.

No Owner of such Series of Bonds shall have any right to pursue any other remedy under this Master Indenture or such Series of Bonds unless: (1) an Event of Default shall have occurred and is continuing; (2) the Majority Owners of such Series Outstanding have requested the Trustee, in writing, to exercise the powers granted in this first paragraph of this Section 904 or to pursue such remedy in its or their name or names; (3) the Trustee has been offered indemnity satisfactory to it against costs, expenses and liabilities reasonably anticipated to be incurred; (4) the Trustee has declined to comply with such request, or has failed to do so, within sixty (60) days after its receipt of such written request and offer of indemnity; and (5) no direction inconsistent with such request has been given to the Trustee during such 60-day period by the Majority Owners of such Series Outstanding. The provisions of this immediately preceding sentence of this Section 904 are conditions precedent to the exercise by any Owner of such Series of Bonds of any remedy hereunder. The exercise of such rights is further subject to the provisions of Sections 907, 909, 910 and the second paragraph of this Section 904. No one or more Owner of such Series of Bonds shall have any right in any manner whatever to enforce any right under this Master Indenture, except in the manner herein provided.

The District covenants and agrees that upon the occurrence and continuance of an Event of Default, it will take such actions to enforce the remedial provisions of the Indenture, the provisions for the collection of Delinquent Assessments, the provisions for the foreclosure of liens of Delinquent Assessments, and will take such other appropriate remedial actions as shall be directed

by the Trustee acting at the direction of, and on behalf of, the Majority Owners, from time to time, of the Bonds of a Series. Notwithstanding anything to the contrary herein, and unless otherwise directed by the Majority Owners of the Bonds of a Series and allowed pursuant to Federal or State law, the District acknowledges and agrees that (i) upon failure of any property owner to pay an installment of Assessments collected directly by the District when due, that the entire Assessment on the tax parcel as to which such Delinquent Assessment appertains, with interest and penalties thereon, shall immediately become due and payable as provided by applicable law and the District shall promptly, but in any event within one hundred twenty (120) days, cause to be brought the necessary legal proceedings for the foreclosure of liens of Delinquent Assessments, including interest and penalties with respect to such tax parcel and (ii) the foreclosure proceedings shall be prosecuted to a sale and conveyance of the property involved in said proceedings as now provided by law in suits to foreclose mortgages.

**SECTION 905. PRO RATA APPLICATION OF FUNDS AMONG OWNERS OF A SERIES OF BONDS.** Anything in this Master Indenture to the contrary notwithstanding, if at any time the moneys in the Series Funds and Accounts shall not be sufficient to pay Debt Service on the related Series of Bonds when due, such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) Unless the aggregate principal amount of all the Bonds of such Series shall have become due and payable or shall have been declared due and payable pursuant to the provisions of Section 903 of this Article, all such moneys shall be applied:

First: to the payment of any then-due fees and expenses of the Trustee, including reasonable counsel fees and expenses, to the extent not otherwise paid;

Second: to payment to the persons entitled thereto of all installments of interest then due and payable on the Bonds of such Series, in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the rates of interest specified in the Bonds of such Series; and

Third: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds of such Series which shall have become due (other than Bonds of such Series called for redemption for the payment of which sufficient moneys are held pursuant to this Master Indenture), in the order of their due dates, with interest upon the Bonds of such Series at the rates specified therein from the dates upon which they become due to their payment date, and, if the amount available shall not be sufficient to pay in full the principal of Bonds of such Series due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Owners of the Bonds of such Series entitled thereto without any discrimination or preference except as to any difference in the foregoing rates of interest.

(b) If the aggregate principal amount of all the Bonds of a Series shall have become due and payable in accordance with their terms or shall have been declared due and payable pursuant to the provisions of Section 903 of this Article, all such moneys shall be applied first to the payment of any fees and expenses of the Trustee, including reasonable counsel fees and expenses, to the extent not otherwise paid, and, then the payment of the whole amount of principal and interest then due and unpaid upon the Bonds of such Series, without preference or priority of principal or of interest or of any installment of interest over any other, or of any Bond over any other Bond of such Series, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds of such Series.

(c) If the principal of all the Bonds of a Series shall have been declared due and payable pursuant to the provisions of Section 903 of this Article, and if such declaration shall thereafter have been rescinded and annulled pursuant to the provisions of Section 903 of this Article, then, if the aggregate principal amount of all of the Bonds of such Series shall later become due or be declared due and payable pursuant to the provisions of Section 903 of this Article, the moneys remaining in and thereafter accruing to the related Series Revenue Fund shall be applied in accordance with subsection (b) above.

The provisions of this Section are in all respects subject to the provisions of Section 901 of this Article.

Whenever moneys are to be applied pursuant to this Section, such moneys shall be applied by the Trustee at such times as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application. The deposit of such moneys with the Paying Agent shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to any Owner or to any other person for any delay in applying any such funds, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies such moneys in accordance with such provisions of this Master Indenture as may be applicable at the time of application. Whenever the Trustee shall exercise such discretion in applying such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date and shall not be required to make payment to any Owner until such Bond shall be surrendered to him for appropriate endorsement.

**SECTION 906. EFFECT OF DISCONTINUANCE OF PROCEEDINGS.** If any proceeding taken by the Trustee or any Owner on account of any default shall have been discontinued or abandoned for any reason, then the District and the Owner shall be restored to their former positions and rights hereunder, respectively, and all rights and remedies of the Owners shall continue as though no such proceeding had been taken.

**SECTION 907. RESTRICTION ON INDIVIDUAL OWNER ACTIONS.** Except as provided in Section 910 below, no Owner of any of the Bonds shall have any right in any manner whatever to affect, disturb or prejudice the security of this Master Indenture or any Supplemental Indenture, or to enforce any right hereunder or thereunder except in the manner herein or therein provided, and

all proceedings at law or in equity shall be instituted and maintained for the benefit of all Owners of the Bonds of such Series.

**SECTION 908. NO REMEDY EXCLUSIVE.** No remedy conferred upon the Trustee or the Owners is intended to be exclusive of any other remedy herein or in any Supplemental Indenture provided, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereunder.

**SECTION 909. DELAY NOT A WAIVER.** No delay or omission of the Trustee or any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given to the Trustee and the Owners may be exercised from time to time and as often as may be deemed expedient.

**SECTION 910. RIGHT TO ENFORCE PAYMENT OF BONDS.** Nothing in this Article shall affect or impair the right of any Owner to enforce the payment of Debt Service on the Bond of which such person is the registered Owner, or the obligation of the District to pay Debt Service to the Owner at the time and place specified in such Bond.

**SECTION 911. NO CROSS DEFAULT AMONG SERIES.** The occurrence of an Event of Default hereunder or under any Supplemental Indenture with respect to any Series of Bonds shall not constitute an Event of Default with respect to any other Series of Bonds, unless the event giving rise to the Event of Default also constitutes an Event of Default hereunder or under the Supplemental Indenture with respect to such other Series of Bonds.

**SECTION 912. INDEMNIFICATION.** Other than to make proper draws under a Credit Facility, the Trustee shall be under no obligation to institute any suit or to take any remedial proceeding under this Master Indenture or any Supplemental Indenture or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to advance its own money, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. Notwithstanding the foregoing, the indemnification provided by this Section 912 shall not be applicable in cases of the Trustee's gross negligence or willful misconduct.

**SECTION 913. PROVISION RELATING TO BANKRUPTCY OR INSOLVENCY OF LANDOWNER.** (a) The provisions of this Section 913 shall be applicable both before and after the commencement, whether voluntary or involuntary, of any case, proceeding or other action by or against any owner of any tax parcel, or tax parcels which are in the aggregate, subject to at least five percent (5%) of the Assessments pledged to the Bonds of a Series Outstanding (an "Insolvent Taxpayer") under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, assignment for the benefit of creditors, or relief of debtors (a "Proceeding").

(b) The District acknowledges and agrees that, although the Bonds of a Series were issued by the District, the Owners of the Bonds of a Series are categorically the party with the ultimate financial stake in the transaction and, consequently, the party with a vested and pecuniary interest in a Proceeding. In the event of any Proceeding involving an Insolvent Taxpayer:

(i) the District hereby agrees that it shall seek to secure the written consent of the Trustee, acting at the direction of the Majority Owners of the Bonds of a Series Outstanding, prior to making any election, giving any consent, commencing any action or filing any motion, claim, obligation, notice or application or in taking any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Assessments relating to the Bonds of a Series Outstanding, the Outstanding Bonds of a Series or any rights of the Trustee under the Indenture (provided, however, Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Bonds of a Series Outstanding, to the proposed action if the District does not receive a written response from the Trustee within thirty (30) days following request for consent);

(ii) the District hereby agrees that it shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice or application or take any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Assessments relating to the Bonds of a Series Outstanding, the Bonds of a Series Outstanding or any rights of the Trustee under the Indenture that are inconsistent with any written consent received (or deemed received) from the Trustee;

(iii) the District hereby agrees that it shall seek the written consent of the Trustee prior to filing and voting in any such Proceeding (provided, however, Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Bonds of a Series Outstanding, to the proposed action if the District does not receive a written response from the Trustee within thirty (30) days following request for consent);

(iv) the Trustee shall have the right, by interpleader or otherwise, to seek or oppose any relief in any such Proceeding that the District, as claimant with respect to the Assessments relating to the Bonds of a Series, Outstanding would have the right to pursue, and, if the Trustee chooses to exercise any such rights, the District shall not oppose the Trustee in seeking to exercise any and all rights and taking any and all actions available to the District in connection with any Proceeding of any Insolvent Taxpayer, including without limitation, the right to file and/or prosecute and/or defend any claims and proofs of claims, to vote to accept or reject a plan, to seek dismissal of the Proceeding, to seek stay relief to commence or continue foreclosure or pursue any other available remedies as to the Assessments relating to the Bonds of a Series Outstanding, to seek substantive consolidation, to seek to shorten the Insolvent Taxpayer's exclusivity periods or to oppose any motion to extend such exclusivity periods, to oppose any motion for use of cash collateral or for authority to obtain financing, to oppose any sale procedures motion or any sale motion, to propose a competing plan of reorganization or liquidation, or to make any election under Section 1111(b) of the Bankruptcy Code; and

(v) the District shall not challenge the validity or amount of any claim submitted in good faith in such Proceeding by the Trustee or any valuations of the lands owned by any Insolvent Taxpayer submitted in good faith by the Trustee in such Proceeding or take any other action in such Proceeding, which is adverse to Trustee's enforcement of the District's claim and rights with respect to the Assessments relating to the Bonds of a Series Outstanding or receipt of adequate protection (as that term is defined

in the Bankruptcy Code). Without limiting the generality of the foregoing, the District agrees that the Trustee shall have the right (a) to file a proof of claim with respect to the Assessments pledged to the Bonds of a Series Outstanding, (b) to deliver to the District a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (c) to defend any objection filed to said proof of claim.

The District acknowledges and agrees that it shall not be a defense to a breach of the foregoing covenants that it has acted on advice of counsel in not complying with the foregoing covenants.

(c) [Reserved.]

**SECTION 914. RIGHT TO APPOINTMENT OF RECEIVER.** The Trustee shall be entitled and have the right to judicial appointment of a receiver to control operations and management of the District, and the Trustee, the Owners and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are contained in the Enabling Act and other applicable law of the State for purposes of carrying out the intent of this Indenture.

#### **ARTICLE X EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF BONDS**

**SECTION 1001. EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF BONDS.** Any request, direction, consent or other instrument in writing required or permitted by this Master Indenture or any Supplemental Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor and may be signed or executed by Owners or their attorneys or legal representatives. Proof of the execution of any such instrument shall be sufficient for any purpose of this Master Indenture and shall be conclusive in favor of the District with regard to any action taken by it under such instrument if verified by any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future owner of the same Bond in respect of anything done by the Trustee or the District in pursuance of such request or consent.

**SECTION 1002. DEPOSIT OF BONDS.** Notwithstanding the foregoing, neither the District nor the Trustee shall be required to recognize any person as an Owner of any Bond or to take any action at his request unless such Bond shall be deposited with the Trustee (unless such Bond is held by DTC under its book-entry only system).

#### **ARTICLE XI SUPPLEMENTAL INDENTURES**

**SECTION 1101. SUPPLEMENTAL INDENTURES WITHOUT OWNERS' CONSENT.** The Governing Body from time to time may authorize such indentures supplemental hereto or amendatory hereof as shall not be inconsistent with the terms and provisions hereof (which supplemental indenture shall thereafter form a part hereof), without the consent of the Owners, for the following purposes:

(a) to provide for the initial issuance of a Series of Bonds or refunding bonds of a Series; or

(b) to make any change whatsoever to the terms and provisions of this Master Indenture, but only as such change relates to a Series of Bonds upon the original issuance thereof (or upon the original issuance of refunding bonds of a Series which defease and discharge the Supplemental Indenture of the Series of Bonds to be refunded) under and pursuant to the terms of the Supplemental Indenture effecting such change; or

(c) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Master Indenture; or

(d) to grant to the Owners or to the Trustee on behalf of the Owners any additional rights or security that may lawfully be granted; or

(e) to add to the covenants and agreements of the District in this Master Indenture other covenants and agreements thereafter to be observed by the District to the benefit of the Owners of the Outstanding Bonds; or

(f) to make such changes as may be necessary in order to reflect amendments to the Act, or other Alabama Statutes, so long as, in the opinion of counsel to the District, such changes either: (a) do not have a material adverse effect on the Owners of each Series of Bonds to which such changes relate; or (b) if such changes do have a material adverse effect, that they nevertheless are required to be made as a result of such amendments; or

(g) to modify the provisions of this Master Indenture or any Supplemental Indenture provided that such modification does not, in the written opinion of Bond Counsel, materially adversely affect the interests of the Owners of the Bonds Outstanding, upon which opinion the Trustee may conclusively rely.

**SECTION 1102. SUPPLEMENTAL INDENTURES WITH OWNER CONSENT.** Subject to the provisions contained in this Section, and not otherwise, the Majority Owners then Outstanding shall have the right, from time to time, anything contained in this Master Indenture to the contrary notwithstanding, to consent to and approve the adoption of such indentures supplemental hereto or amendatory hereof as shall be deemed desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the provisions of this Master Indenture; provided, however, that nothing herein contained shall permit, or be construed as

permitting, without the consent of all Owners of Bonds then Outstanding and affected by such supplement or amendment,

- (a) an extension of the maturity of, or an extension of the Interest Payment Date on, any Bond;
- (b) a reduction in the principal, premium, or interest on any Bond;
- (c) a preference or priority of any Bond over any other Bond; or
- (d) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture.

In addition to the foregoing, the Majority Owners of any Series then Outstanding shall have the right, from time to time, anything contained in this Master Indenture or in the Supplemental Indenture relating to such Series of Bonds to the contrary notwithstanding, to consent to and approve the adoption of such indentures supplemental to the Supplemental Indenture relating to such Series of Bonds or amendatory thereof, but not hereof, as shall be deemed desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the provisions of such Supplemental Indenture or of any indenture supplemental thereto; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of all Owners of Bonds of such Series then Outstanding and affected by such amendment,

- (a) an extension of the maturity of, or an extension of the Interest Payment Date on, any Bond of such Series;
- (b) a reduction in the principal, premium, or interest on any Bond of such Series;
- (c) a preference or priority of any Bond of such Series over any other Bond of such Series; or
- (d) a reduction in the aggregate principal amount of the Bonds of such Series required for consent to such indenture supplemental to the Supplemental Indenture.

If at any time the District shall determine that it is desirable to approve any Supplemental Indenture pursuant to this Section 1102, the District shall cause the Trustee to mail, at the expense of the District, notice of the proposed approval to the Owners whose approval is required. Such notice shall be prepared by the District and shall briefly set forth the nature of the proposed Supplemental Indenture or indenture supplemental to a Supplemental Indenture and shall state that copies thereof are on file with the Secretary for inspection by all affected Owners. The District shall not, however, be subject to any liability to any Owner by reason of its failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such Supplemental Indenture or indenture supplemental to a Supplemental Indenture when consented to and approved as provided in this Section.

Whenever, at any time within one (1) year after the date of the first mailing of such notice, there shall be delivered to the District an instrument or instruments in writing purporting to be

executed by the Owners of the requisite principal amount of the Bonds of such Series Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture or indenture supplemental to a Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Governing Body and the Trustee may approve such Supplemental Indenture and cause it to be executed, in substantially such form, without liability or responsibility to any Owner.

**SECTION 1103. OPINION OF BOND COUNSEL WITH RESPECT TO SUPPLEMENTAL INDENTURE.** In addition to the other requirements herein set forth with respect to Supplemental Indentures or indenture supplemental to a Supplemental Indenture, no such indenture shall be effective unless and until there shall have been delivered to the Trustee the opinion of Bond Counsel to the effect that such indenture is permitted pursuant to this Master Indenture and that such indenture is the valid and binding obligation of the District enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or general equitable principles, upon which opinion the Trustee may conclusively rely. In addition, if such indenture relates to a Series of Tax-Exempt Bonds, such opinion shall also state that such indenture will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the related Series of Bonds.

**SECTION 1104. SUPPLEMENTAL INDENTURE PART OF INDENTURE.** Any supplemental indenture executed in accordance with this Article and approved as to legality by counsel to the District shall thereafter, except as otherwise provided therein, form a part of this Master Indenture. Except as applicable only to Bonds of a Series, all of the terms and conditions contained in any such supplemental indenture amendatory of this Master Indenture shall be part of the terms and conditions hereof.

**SECTION 1105. INSURER OR ISSUER OF A CREDIT OR LIQUIDITY FACILITY AS OWNER OF BONDS.** As long as a Credit or Liquidity Facility securing all or a portion of the Bonds of a Series Outstanding is in effect and the issuer thereof is not in default of any of its obligations under such Credit or Liquidity Facility, as the case may be, the issuer of the Credit or Liquidity Facility or the Insurer, to the extent so authorized in the applicable Supplemental Indenture, will be deemed to be the Owner of the Bonds of such Series secured by the Credit or Liquidity Facility: (i) at all times for the purpose of the execution and delivery of a supplemental indenture or of any amendment, change or modification of the Master Indenture or the applicable Supplemental Indenture or the initiation by Owners of any action to be undertaken by the Trustee at the Owner's request, which under the Master Indenture or the applicable Supplemental Indenture requires the written approval or consent of or can be initiated by the Majority Owners of the Series at the time Outstanding; (ii) at all times for the purpose of the mailing of any notice to Owners under the Master Indenture or the applicable Supplemental Indenture; and (iii) following an Event of Default for all other purposes. Notwithstanding the foregoing, neither an Insurer nor the issuer of a Credit or Liquidity Facility with respect to a Series of Bonds will be deemed to be an Owner of the Bonds of such Series with respect to any such Supplemental Indenture or of any amendment, change or modification of the Master Indenture which would have the effect of permitting: (i) a change in the terms of redemption or maturity of any Bonds of a Series Outstanding or of any installment of interest thereon; or (ii) a reduction in the principal amount or the Redemption Price thereof or in rate of interest thereon; or (iii) reducing the percentage or otherwise affecting the classes of Bonds

the consent of the Owners of which is required to effect any such modification or amendment; or (iv) creating any preference or priority of any Bond of a Series over any other Bond of such Series.

## ARTICLE XII DEFEASANCE

### SECTION 1201. DEFEASANCE AND DISCHARGE OF THE LIEN OF THIS MASTER INDENTURE AND SUPPLEMENTAL INDENTURES.

(a) If the District pays or causes to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon and the obligations under any Letter of Credit Agreement and any Liquidity Agreement, at the times and in the manner stipulated therein and in this Master Indenture and any Letter of Credit Agreement and any Liquidity Agreement and pays or causes to be paid all other moneys owing hereunder and under any Supplemental Indenture (including, without limitation the fees and expenses of the Trustee, including reasonable counsel fees and expenses), then the lien of this Master Indenture and all covenants, agreements and other obligations of the District to the Owners and the issuer of any Credit Facility or Liquidity Facility shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee upon the request of the District shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and the Paying Agent shall pay over or deliver, as directed by the District, all moneys or securities held by them pursuant to this Master Indenture which are not required for the payment of principal or Redemption Price, if applicable, on Bonds not theretofore surrendered for such payment or redemption or for payment of obligations under any Letter of Credit Agreement and any Liquidity Agreement. If the District pays or causes to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds or of a particular maturity, of a particular Series or of any part of a particular maturity or Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Master Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under this Master Indenture, and all covenants, agreements and obligations of the District to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Anything to the contrary in this Section 1201 notwithstanding, this Master Indenture shall not be discharged nor shall any Bonds with respect to which moneys or Federal Securities have been deposited in accordance with the provisions of this Section 1201 cease to be entitled to the lien, benefit or security under this Master Indenture, except to the extent that the lien, benefit and security of this Master Indenture and the obligations of the District hereunder shall be limited solely to and such Bonds shall be secured solely by and be payable solely from the moneys or Federal Securities so deposited.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in escrow by the Trustee (through deposit pursuant to this Master Indenture of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in this Section. All Outstanding Bonds of any particular maturity or Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 1201 if: (i) in case any of such Bonds

are to be redeemed on any date prior to their maturity, the District shall have given to the Trustee or the Bond Registrar irrevocable instructions accepted in writing by the Trustee or the Bond Registrar to mail as provided in Article III notice of redemption of such Bonds on such date; (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Federal Securities, the principal of and the interest on which when due shall, as demonstrated in an Accountant's Certificate, provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be; (iii) the District shall have given the Trustee or the Bond Registrar in form satisfactory to it irrevocable instructions to mail, postage prepaid, to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registry books of the District, a notice to the registered Owners of such Bonds and to the Registrar that the deposit required by (ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section 1201 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on such Bonds; and (iv) an opinion of Bond Counsel to the effect that such defeasance is permitted under this Master Indenture and the Supplemental Indenture relating to the Series of Bonds so defeased and that, in the case of Tax-Exempt Bonds, such defeasance will not adversely affect the tax exempt status of such Series of Bonds. Neither Federal Securities nor moneys deposited with the Trustee pursuant to this Section 1201 nor principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or redemption price, if applicable, and interest on such Bonds; provided that any cash received from such principal or interest payments on such Federal Securities deposited with the Trustee: (i) to the extent such cash shall not be required at any time for such purpose as evidenced by an Accountant's Certificate or, and to the extent all obligations under any Letter of Credit Agreement or any Liquidity Agreement are satisfied, as determined by an Insurer or an issuer of any Credit Facility and any Liquidity Facility securing the Bonds with respect to which such Federal Securities have been so deposited, shall be paid over upon the direction of the District as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing such Bonds or otherwise existing under this Master Indenture; and (ii) to the extent such cash shall be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Federal Securities maturing at times and in amounts sufficient to pay when due the principal or redemption price, if applicable, and interest to become due on such Bonds, or obligations under any Letter of Credit Agreement or any Liquidity Agreement, on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over as received by the Trustee to the District, free and clear of any lien, pledge or security interest securing such Bonds or otherwise existing under this Master Indenture. For the purposes of this provision, Federal Securities means and includes only such securities which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof.

(c) [Reserved – Variable Rate Bonds]

(d) [Reserved – Option Bonds]

(e) Anything in this Master Indenture to the contrary notwithstanding, any moneys held by the Trustee or any Paying Agent in escrow for the payment and discharge of any of the Bonds

which remain unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bonds became due and payable, shall, at the written request of the District be repaid by the Trustee or Paying Agent to the District, as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Bonds; provided, however, that before being required to make any such payment to the District, the Trustee or Paying Agent shall, at the expense of the District, cause to be mailed, postage prepaid, to any Insurer or any issuer of any Credit Facility or Liquidity Facility, and to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registry books of the District, a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed shall be returned to the District.

(f) In the event that the principal and Redemption Price, if applicable, and interest due on the Bonds shall be paid by the Insurer pursuant to a municipal bond insurance policy, the assignment and pledge and all covenants, agreements and other obligations of the District to the Owners of such Bonds shall continue to exist and the Insurer shall be subrogated to the rights of such Owners.

(g) Anything in this Master Indenture to the contrary notwithstanding, the provisions of the foregoing subsections (b) through (f) shall apply to the discharge of Bonds of a Series and to the discharge of the lien of any Supplemental Indenture securing such Series of Bonds as though each reference to the "Master Indenture" were a reference to such "Supplemental Indenture" and as though each reference to "Bonds Outstanding" were a reference to the "Bonds of such Series Outstanding."

**SECTION 1202. MONEYS HELD IN ESCROW.** All moneys and obligations held by an escrow or paying agent or trustee pursuant to this Section shall be held in escrow and the principal and interest of said obligations when received, and said moneys, shall be applied to the payment, when due, of the principal, interest and premium, if any, of the Bonds to be paid or to be called for redemption.

**ARTICLE XIII  
[RESERVED]**

**ARTICLE XIV  
MISCELLANEOUS PROVISIONS**

**SECTION 1401. EFFECT OF COVENANT.** All covenants, stipulations, obligations and agreements of the District contained in this Master Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the District and of the Governing Body of the District to the full extent authorized or permitted by law and all such covenants, stipulations, obligations and agreements shall bind or inure to the benefit of the successor or successors thereof from time

to time and any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Except as otherwise provided herein, all rights, powers and privileges conferred, and duties and liabilities imposed, upon the District or upon the Governing Body by this Master Indenture shall be exercised or performed by the Governing Body, or by such other officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the Governing Body in his or her individual capacity, and neither the members of the Governing Body nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

**SECTION 1402. MANNER OF GIVING NOTICE TO THE DISTRICT AND THE TRUSTEE.** Any notice, demand, direction, request or other instrument authorized or required by this Master Indenture to be given to or filed with the District or the Governing Body or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Master Indenture if and when sent by certified mail, return receipt requested:

To the District, addressed to: 920 Bob Wallace Avenue, Suite 320, Huntsville, Alabama 35801

To the Trustee, addressed to: U. S. Bank National Association, Global Corporate Trust, 500 West Cypress Creek Road, Suite 460, Fort Lauderdale, Florida 33309

or to such other address as shall be provided to the other party hereto in writing.

All documents received by the District and the Trustee under this Master Indenture shall be retained in their possession, subject at all reasonable times to the inspection of any Owner and the agents and representatives thereof.

**SECTION 1403. MANNER OF GIVING NOTICE TO THE OWNERS.** Any notice, demand, direction, request, or other instrument authorized or required by this Master Indenture to be mailed to the Owners shall be deemed to have been sufficiently mailed if mailed by first class mail, postage pre-paid, to the Owners at their addresses as they appear at the time of mailing on the registration books maintained by the Bond Registrar.

**SECTION 1404. SUCCESSORSHIP OF DISTRICT OFFICERS.** If the offices of Chairman, or Secretary shall be abolished or any two or more of such offices shall be merged or consolidated, or in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become incapable of performing the duties of his office by reason of sickness, absence from the District or otherwise, all powers conferred and all obligations and duties imposed upon such officer shall be performed by the officer succeeding to the principal functions thereof or by the officer upon whom such powers, obligations and duties shall be imposed by law.

**SECTION 1405. INCONSISTENT PROVISIONS.** All provisions of any resolutions, and parts thereof, which are inconsistent with any of the provisions of this Master Indenture are hereby declared to be inapplicable to this Master Indenture.

**SECTION 1406. FURTHER ACTS; COUNTERPARTS.** The officers and agents of the District are hereby authorized and directed to do all the acts and things required of them by the Bonds and this Master Indenture, for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the Bonds and this Master Indenture.

This Master Indenture and any Supplemental Indenture may be executed in duplicate counterparts each of which shall constitute one and the same agreement.

**SECTION 1407. HEADINGS NOT PART OF INDENTURE.** Any headings preceding the texts of the several Articles and Sections hereof and any table of contents, marginal notes or footnotes appended to copies hereof shall be solely for convenience of reference and shall not constitute a part of this Master Indenture, nor shall they affect its meaning, construction or effect.

**SECTION 1408. EFFECT OF PARTIAL INVALIDITY.** In case any one or more of the provisions of this Master Indenture or of any Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Master Indenture or of the Bonds, but this Master Indenture and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. The Bonds are issued and this Master Indenture is adopted with the intent that the laws of the State of Alabama shall govern their construction.

**SECTION 1409. ATTORNEYS' FEES.** Any reference herein to the term "attorneys' fees" or "legal fees" or words of like import shall include but not be limited to fees of legal assistants and paralegal and fees incurred in any and all legal proceedings, including any trial or appellate level proceedings, and any sales tax thereon.

**EFFECTIVE DATE.** This Master Indenture shall be effective as of the date first above-written.

(SEAL)

**THE MIDCITY IMPROVEMENT DISTRICT**

By:

\_\_\_\_\_  
Chairman

**ATTEST:**

By:

\_\_\_\_\_  
Secretary

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

By:

\_\_\_\_\_  
Vice President

**EXHIBIT A**

**FORM OF REQUISITION**

The undersigned, an Authorized Officer of the MidCity Improvement District (the "District") hereby submits the following requisition for disbursement under and pursuant to the terms of the Master Trust Indenture from the District to U.S. Bank National Association, Fort Lauderdale, Florida, as trustee (the "Trustee"), dated as of February 1, 2022 (the "Master Indenture"), as amended and supplemented by the First Supplemental Indenture from the District to the Trustee, dated as of February 1, 2022 (the Master Indenture as amended and supplemented is hereinafter referred to as the "Indenture") (all capitalized terms used herein shall have the meaning ascribed to such term in the Indenture):

- (A) Requisition Number:
- (B) Name of Payee:
- (C) Amount Payable:
- (D) Fund or Account and subaccount, if any, from which disbursement to be made:

*[ Costs of Issuance Account/Acquisition and Construction Fund ]*

The undersigned hereby certifies that **[obligations in the stated amount set forth above have been incurred by the District, that each disbursement set forth above is a proper charge against the MidCity District Acquisition and Construction Account and the subaccount, if any, referenced above, that each disbursement set forth above was incurred in connection with the acquisition and construction of the MidCity District Project and each represents a Cost of the MidCity District Project, and has not previously been paid] OR [this requisition is for Costs of Issuance payable from the Costs of Issuance Account that has not previously been paid].**

The undersigned hereby further certifies that there has not been filed with or served upon the District notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to the Payee set forth above, which has not been released or will not be released simultaneously with the payment hereof.

The undersigned hereby further certifies that such requisition contains no item representing payment on account of any retained percentage which the District is at the date of such certificate entitled to retain.

Attached hereto are originals of the invoice(s) from the vendor of the property acquired or services rendered with respect to which disbursement is hereby requested.

**THE MIDCITY IMPROVEMENT DISTRICT**

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

Authorized Officer

**CONSULTING ENGINEER'S APPROVAL FOR NON-COST OF ISSUANCE AND CAPITALIZED INTEREST REQUESTS ONLY**

If this requisition is for a disbursement for other than Capitalized Interest or Costs of Issuance, the undersigned Consulting Engineer hereby certifies that this disbursement is for a Cost of the MidCity District Project and is consistent with: (i) the applicable acquisition or construction contract; (ii) the plans and specifications for the portion of the MidCity District Project with respect to which such disbursement is being made; and (iii) the report of the Consulting Engineer attached as an Exhibit to the First Supplemental Indenture, as such report shall have been amended or modified on the date hereof.

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

Consulting Engineer

61248974.v2

**FIRST SUPPLEMENTAL TRUST INDENTURE**  
**BETWEEN**  
**MIDCITY IMPROVEMENT DISTRICT**  
**AND**  
**U.S. BANK NATIONAL ASSOCIATION,**  
**AS TRUSTEE**

**Dated as of February 1, 2022**

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This Table of Contents is incorporated herein for ease of reference only and shall not be deemed a part of the First Supplemental Trust Indenture.

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**FIRST SUPPLEMENTAL TRUST INDENTURE**

THIS FIRST SUPPLEMENTAL TRUST INDENTURE (the “First Supplemental Indenture”) dated as of February 1, 2022, from **MIDCITY IMPROVEMENT DISTRICT**, a public corporation organized and existing under the laws of the State of Alabama (the “Issuer” and/or “District”) to **U.S. BANK NATIONAL ASSOCIATION**, as trustee (the “Trustee”), a national banking association authorized to accept and execute trusts of the character herein set out within the State of Alabama, with its designated corporate trust office located at 500 West Cypress Creek Road, Suite 460, Fort Lauderdale, Florida 33309, Attention: Global Corporate Trust.

**WHEREAS**, the Issuer has entered into a Master Trust Indenture dated as of February 1, 2022 (the “Master Indenture”), with the Trustee to secure the issuance of its MidCity Improvement District Special Assessment Revenue Bonds (the “Bonds”), issuable in one or more Series from time to time; and

**WHEREAS**, pursuant to a Resolution adopted by the Governing Body of the Issuer on October 2, 2019 (the “Bond Resolution”), the Issuer has authorized the issuance, sale, and delivery of its not to exceed \$35,000,000 MidCity Improvement District Special Assessment Revenue Bonds, in one or more Series, and authorized the execution and delivery of the Master Indenture to secure the issuance of the Bonds; and

**WHEREAS**, the Bonds were validated by the Circuit Court of Madison County, Alabama in a final judgment rendered on December 16, 2019, and the appeal period from such final judgment has expired with no appeal being taken; and

**WHEREAS**, the Issuer has not previously issued any Bonds; and

**WHEREAS**, the Governing Body of the Issuer has duly adopted Resolutions pursuant to Chapter 99A of Title 11 of the Code of Alabama 1975, as amended, providing for the acquisition, construction and installation of certain assessable public infrastructure improvements more particularly described in Exhibit A hereto (the “CIP”), defining the portion of the Cost of the CIP with respect to which Assessments will be imposed and the manner in which such Assessments shall be levied against such benefited property within the boundaries of the District, directing the preparation of an assessment roll, calling for a public hearing of the Issuer at which owners of property to be subject to the Assessments may be heard as to the propriety and advisability of undertaking the CIP, as to the cost thereof, the manner of payment therefor, and the amount to be assessed against each property improved by the CIP, and stating the intent of the Issuer to issue Bonds secured by such Assessments to finance the Costs of the acquisition, construction, and installation of the CIP and the Governing Body of the Issuer has duly adopted Resolution, on November 12, 2019, following a public hearing conducted in accordance with the Act, and the Governing Body of the City duly adopted its Resolution No. 19-1005, on October 24, 2019, to preliminarily fix and establish the Assessments and the benefited property, as supplemented with respect to the Series 2022 Bonds (as defined below) (collectively the “Preliminary Assessment Resolution”); and

**WHEREAS**, pursuant to the Bond Resolution the Issuer has authorized the issuance, sale and delivery of its \$\_\_\_\_\_ MidCity Improvement District Special Assessment Revenue

Bonds, Series 2022 (the “Series 2022 Bonds”), which are issued hereunder as a Series of Bonds under the Master Indenture and authorized the execution and delivery of this First Supplemental Indenture (collectively with the Master Indenture, the “Indenture”) to secure the issuance of the Series 2022 Bonds and to set forth the terms of the Series 2022 Bonds; and

**WHEREAS**, following the authorization of the issuance, sale and delivery of the Series 2022 Bonds, following a public hearing conducted in accordance with the Act, the Governing Body of the City adopted Resolution No. 22-\_\_\_\_, on January 27, 2022, to finally and definitively establish the Assessments and the benefited property with respect to the Series 2022 Bonds (the “Final Assessment Resolution”); and

**WHEREAS**, the Issuer will apply the proceeds of the Series 2022 Bonds to: (i) finance a portion of the Cost of acquiring, constructing, installing and/or equipping assessable improvements comprising the Series 2022 Project (hereinafter defined); (ii) pay certain costs associated with the issuance of the Series 2022 Bonds; (iii) pay a portion of the interest accruing on the Series 2022 Bonds; and (iv) fund the Series 2022 Reserve Account as herein provided; and

**WHEREAS**, the Series 2022 Bonds will be payable from and secured in part by revenues derived from Assessments imposed, levied and collected by the District with respect to property specially benefited by the Series 2022 Project; and

**WHEREAS**, the execution and delivery of the Series 2022 Bonds and of this First Supplemental Indenture have been duly authorized by the Governing Body and all things necessary to make the Series 2022 Bonds, when executed by the Issuer and authenticated by the Trustee, valid and binding legal obligations of the Issuer and to make this First Supplemental Indenture a valid and binding agreement and, together with the Master Indenture, a valid and binding lien on the Series 2022 Trust Estate (as hereinafter defined) have been done;

**NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS FIRST SUPPLEMENTAL TRUST INDENTURE WITNESSETH:**

That the Issuer, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the mutual covenants herein contained, the purchase and acceptance of the Series 2022 Bonds by the purchaser or purchasers thereof, and other good and valuable consideration, receipt of which is hereby acknowledged, and in order to further secure the payment of the principal and Redemption Price of, and interest on, all Series 2022 Bonds Outstanding (as defined in the Master Indenture) from time to time, according to their tenor and effect, and such other payments required to be made under the Master Indenture or hereunder, and to further secure the observance and performance by the Issuer of all the covenants, expressed or implied in the Master Indenture, in this First Supplemental Indenture and in the Series 2022 Bonds: (a) has executed and delivered this First Supplemental Indenture and (b) does hereby, in confirmation of the Master Indenture, grant, bargain, sell, convey, transfer, assign and pledge unto the Trustee, and unto its successors in the trusts under the Master Indenture, and to them and their successors and assigns forever, all right, title and interest of the Issuer, in, to and under, subject to the terms and conditions of the Master Indenture and the provisions of the Master Indenture pertaining to the application thereof for or to the purposes and on the terms set forth in the Master Indenture, the revenues derived by the Issuer from the Series 2022 Assessments levied and imposed pursuant to the

Assessment Proceedings as the same may be amended from time to time (the “Series 2022 Pledged Revenues”) and the Funds and Accounts (except for the Series 2022 Rebate Account) established hereby (the “Series 2022 Pledged Funds” and collectively with the “Series 2022 Pledged Revenues,” the “Series 2022 Trust Estate”) securing only the Series 2022 Bonds;

**TO HAVE AND TO HOLD** all the same by the Master Indenture granted, bargained, sold, conveyed, transferred, assigned and pledged, or agreed or intended so to be, to the Trustee and its successors in trust and to it and its assigns forever;

**IN TRUST NEVERTHELESS**, except as in each such case may otherwise be provided in the Master Indenture, upon the terms and trusts in the Indenture set forth for the equal and proportionate benefit, security and protection of all and singular the present and future Owners of the Series 2022 Bonds issued or to be issued under and secured by this First Supplemental Indenture, without preference, priority or distinction as to lien or otherwise, of any one Series 2022 Bond over any other Series 2022 Bond by reason of priority in their issue, sale or execution;

**PROVIDED HOWEVER**, that if the Issuer, its successors or assigns, shall well and duly pay, or cause to be paid, or make due provision for the payment of the principal and Redemption Price of the Series 2022 Bonds or any Series 2022 Bond of a particular maturity issued, secured and Outstanding under this First Supplemental Indenture and the interest due or to become due thereon, at the times and in the manner mentioned in the Series 2022 Bonds and this First Supplemental Indenture, according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Master Indenture and this First Supplemental Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of the Master Indenture and this First Supplemental Indenture, then upon such final payments, this First Supplemental Indenture and the rights hereby granted shall cease and terminate, with respect to all Series 2022 Bonds or any Series 2022 Bond of a particular maturity, otherwise this First Supplemental Indenture shall remain in full force and effect;

**THIS FIRST SUPPLEMENTAL INDENTURE FURTHER WITNESSETH**, and it is expressly declared, that all Series 2022 Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the rights and property pledged to the payment thereof are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as expressed in the Master Indenture (except as amended directly or by implication by this First Supplemental Indenture), and this First Supplemental Indenture, expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, from time to time, of the Series 2022 Bonds, as follows:

**ARTICLE I  
DEFINITIONS**

Section 101. Definitions. All terms used herein that are defined in the recitals hereto are used with the same meaning herein unless the context clearly requires otherwise. All terms used herein that are defined in the Master Indenture are used with the same meaning herein (including the use of such terms in the recitals hereto and the granting clauses hereof) unless (i) expressly

given a different meaning herein or (ii) the context clearly requires otherwise. In addition, unless the context clearly requires otherwise, the following terms used herein shall have the following meanings:

“Acquisition Agreement” shall mean the Acquisition and Completion Agreement between the Issuer and the Developer dated as of [Closing Date].

“Assessment Methodology” shall mean the Master Special Assessment Methodology Report, dated July 26, 2019, as amended by the Revised Master Special Assessment Methodology Report dated December 7, 2021 and supplemented by the First Supplemental Special Assessment Report, dated January 14, 2022, each prepared by the Methodology Consultant.

“Assessment Proceedings” shall mean the proceedings of the Issuer and City with respect to the establishment, levy and collection of the Series 2022 Assessments, including the Preliminary Assessment Resolution, the Final Assessment Resolution and any supplemental proceedings undertaken by the Issuer with respect to the Series 2022 Assessments and the Assessment Methodology as approved thereby.

“Bond Depository” shall mean the securities depository existing from time to time under Section 201 hereof.

“Bond Participants” shall mean that those broker-dealers, banks and other financial institutions from time to time for which the Bond Depository holds Series 2022 Bonds as securities depository.

“Collateral Assignment” shall mean that certain Collateral Assignment and Assumption of Development Rights dated as of [Closing Date], between the Issuer and the Developer [and Affiliates of the Developer, if and as applicable].

“Completion Agreement” shall mean the Completion Agreement by and between the Issuer and the Developer, dated as of [Closing Date].

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement dated the date of issuance and delivery of the Series 2022 Bonds, among the Issuer, the dissemination agent named therein and the Developer and joined in by the Trustee, as originally executed and as amended from time to time in accordance with the terms thereof.

“Delinquent 2022 Assessment Interest” shall mean Series 2022 Assessment Interest deposited with the Trustee after the date on which such Series 2022 Assessment Interest has become due and payable in accordance with applicable law or proceedings of the Issuer, including but not limited to the Assessment Proceedings.

“Delinquent 2022 Assessment Principal” shall mean Series 2022 Assessment Principal deposited with the Trustee after the date on which such 2022 Assessment Principal has become due and payable in accordance with applicable law or proceedings of the Issuer, including but not limited to the Assessment Proceedings.

“Delinquent 2022 Assessments” shall mean, collectively, Delinquent 2022 Assessment Interest and Delinquent 2022 Assessment Principal.

“Developer” shall mean Mid-City Owner LLC, an Alabama limited liability company, or any successor or assign thereof.

“DTC” shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

“Engineer’s Report” shall mean the District Improvement Plan, dated December 6, 2019, as supplemented by the District Improvement Plan dated December 8, 2021, all as prepared by Garver, LLC, the District’s Consulting Engineer.

“Interest Payment Date” shall mean each May 1 and November 1, commencing May 1, 2022.

“Majority Owners” shall mean the Beneficial Owners of more than fifty percent (50%) of the aggregate principal amount of the Series 2022 Bonds then Outstanding.

“Methodology Consultant” shall mean Wrathell, Hunt and Associates, LLC.

“Nominee” shall mean the nominee of the Bond Depository, which may be the Bond Depository, as determined from time to time pursuant to this First Supplemental Indenture.

“Participating Underwriter” shall have the meaning ascribed to it in the Continuing Disclosure Agreement.

“Redemption Date” shall mean each Interest Payment Date.

“Series 2022 Assessments” shall mean the Assessments levied on all or a part of the lands within the District specially benefitted by the Series 2022 Project or any portion thereof, which Assessments correspond in amount to the Debt Service for the Series 2022 Bonds.

“Series 2022 Assessment Interest” shall mean the interest on Series 2022 Assessments received by the Issuer which is pledged to the Series 2022 Bonds, other than applicable Delinquent 2022 Assessment Interest.

“Series 2022 Assessment Principal” shall mean the principal amount of Series 2022 Assessments received by the Issuer which are pledged to the Series 2022 Bonds, other than applicable Delinquent 2022 Assessment Principal and Series 2022 Prepayments.

“Series 2022 Pledged Revenues” shall mean all revenues derived by the District from the Series 2022 Assessments, including Delinquent 2022 Assessments, proceeds from any foreclosure of the lien of Delinquent 2022 Assessments and any statutory interest on the Delinquent 2022 Assessments collected by the District in excess of the rate of interest on the Series 2022 Bonds.

“Series 2022 Prepayment Interest” shall mean the interest on the Series 2022 Prepayment received by the District.

“Series 2022 Prepayment” shall mean the excess amount of 2022 Assessment Principal received by the Issuer over the Series 2022 Assessment Principal then due, including mandatory prepayments, optional prepayments and prepayments which become due pursuant to the “true-up” mechanism contained in the Assessment Proceedings, but shall not include Delinquent 2022 Assessment Principal. Series 2022 Prepayments shall not include the proceeds of any Refunding Bonds or other borrowing of the District.

“Series 2022 Project” shall mean that portion of the CIP financed with the proceeds of the Series 2022 Bonds on deposit in the Series 2022 Acquisition and Construction Account, as more particularly described in the Engineer’s Report attached hereto as **Exhibit A**.

“Substantially Absorbed” shall mean the date when at least ninety percent (90%) of the principal portion of the Series 2022 Assessments have been assigned to lots within the District [that have each received a certificate of occupancy]. The Trustee and the Issuer may rely on a certificate from the District Manager regarding such status of the lots and the Series 2022 Assessments, and in the absence of such certification, may assume the Series 2022 Assessments have not been Substantially Absorbed.

“True-Up Agreement” shall mean the True-Up Agreement, between the Issuer and the Developer, dated as of [Closing Date].

“Series 2022 Investment Obligations” shall mean those obligations described under the definition of “Investment Obligations” in the Master Indenture.

“Series 2022 Reserve Account Requirement” shall mean an amount equal to \_\_\_ percent (\_\_\_%) of the Maximum Annual Debt Service Requirement for the Series 2022 Bonds as of the time of any such calculation (\$ \_\_\_\_\_ on the dated date of the Series 2022 Bonds).

## **ARTICLE II AUTHORIZATION, ISSUANCE AND PROVISIONS OF SERIES 2022 BONDS**

Section 201. Authorization of Series 2022 Bonds: Book-Entry Only Form. The Series 2022 Bonds are hereby authorized to be issued in the aggregate principal amount of \$ \_\_\_\_\_ for the purposes enumerated in the recitals hereto. The Series 2022 Bonds shall be substantially in the form set forth as **Exhibit B** to this First Supplemental Indenture.

The Series 2022 Bonds shall be initially issued in the form of a separate single certificated fully registered Series 2022 Bond for each maturity of Series 2022 Bonds. Upon initial issuance, the ownership of such Series 2022 Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, the initial Bond Depository. Except as provided in this Section 201, all of the Outstanding Series 2022 Bonds shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC.

With respect to Series 2022 Bonds registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, the Issuer, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation to any such Bond Participant or to any Beneficial Owner. Without limiting the immediately preceding sentence, the

Issuer, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Bond Participant with respect to any ownership interest in the Series 2022 Bonds, (ii) the delivery to any Bond Participant or any other person other than an Owner, as shown in the registration books kept by the Bond Registrar, of any notice with respect to the Series 2022 Bonds, including any notice of redemption, or (iii) the payment to any Bond Participant or any other person, other than an Owner, as shown in the registration books kept by the Bond Registrar, of any amount with respect to principal of, premium, if any, or interest on the Series 2022 Bonds. The Issuer, the Trustee, the Bond Registrar and the Paying Agent shall treat and consider the person in whose name each Series 2022 Bond is registered in the registration books kept by the Bond Registrar as the absolute Owner of such Series 2022 Bond for the purpose of payment of principal, premium and interest with respect to such Series 2022 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2022 Bond, for the purpose of registering transfers with respect to such Series 2022 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2022 Bonds only to or upon the order of the respective Owners, as shown in the registration books kept by the Bond Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2022 Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books kept by the Bond Registrar, shall receive a certificated Series 2022 Bond evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to the provisions hereof. Upon delivery by DTC to the Issuer of written notice to the effect that DTC has determined to substitute a new Nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the words "Cede & Co." in this First Supplemental Indenture shall refer to such new Nominee of DTC; and upon receipt of such a notice the Issuer shall promptly deliver a copy of the same to the Trustee, Bond Registrar and the Paying Agent.

Upon receipt by the Trustee or the Issuer of written notice from DTC: (i) confirming that DTC has received written notice from the Issuer to the effect that a continuation of the requirement that all of the Outstanding Series 2022 Bonds be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, is not in the best interest of the Beneficial Owners of the Series 2022 Bonds or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute Bond Depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, the Series 2022 Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, but may be registered in whatever name or names the Beneficial Owners transferring or exchanging the Series 2022 Bonds shall designate, in accordance with the provisions hereof and the Master Indenture.

Section 202. Terms of Series 2022 Bonds. The Series 2022 Bonds shall be issued as \_\_\_\_ ( ) [Term/Serial] Bonds as set forth below and shall bear interest at the fixed interest rates per annum and shall mature in the amounts and on the dates set forth below:

\$ \_\_\_\_\_, \_\_\_\_% [Term/Serial] Bond due May 1, 20\_\_

\$ \_\_\_\_\_, \_\_\_\_% [Term/Serial] Bond due May 1, 20\_\_

\$ \_\_\_\_\_, \_\_\_\_% [Term/Serial] Bond due May 1, 20\_\_

\$ \_\_\_\_\_, \_\_\_\_% [Term/Serial] Bond due May 1, 20\_\_

Section 203. Dating; Interest Accrual. Each Series 2022 Bond shall be dated [Closing Date]. Each Series 2022 Bond shall also bear its date of authentication. Each Series 2022 Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date of its authentication, unless the date of its authentication: (i) is an Interest Payment Date to which interest on such Series 2022 Bond has been paid, in which event such Series 2022 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the Series 2022 Bonds, in which event such Series 2022 Bond shall bear interest from its date. Interest on the Series 2022 Bonds shall be due and payable on each May 1 and November 1, commencing May 1, 2022, and shall be computed on the basis of a 360-day year of twelve 30-day months. The Series 2022 Bonds shall be numbered consecutively from RA1-1 and upwards.

Section 204. Denominations. The Series 2022 Bonds shall be issued in Authorized Denominations. Delivery of Series 2022 Bonds to the initial purchasers thereof shall be in minimum denominations of \$100,000 or integral multiples of \$5,000 in excess thereof.

Section 205. Paying Agent. The Issuer appoints the Trustee as Paying Agent for the Series 2022 Bonds.

Section 206. Bond Registrar. The Issuer appoints the Trustee as Bond Registrar for the Series 2022 Bonds.

Section 207. Conditions Precedent to Issuance of Series 2022 Bonds. In addition to complying with the requirements set forth in Section 207 of the Master Indenture in connection with the issuance of the Series 2022 Bonds, all the Series 2022 Bonds shall be executed by the Issuer for delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Issuer or upon its order, but only upon the further receipt by the Trustee of:

(a) Certified copies of the Assessment Proceedings;

(b) An opinion of Counsel to the Issuer addressed to Issuer substantially to the effect that; (i) the Issuer has been duly established and validly exists as an improvement district under the Act, (ii) the Issuer has good right and lawful authority under the Act to undertake the Series 2022 Project being financed with the proceeds of the Series 2022 Bonds, subject to obtaining such licenses, orders or other authorizations as are, at the date of such opinion, required to be obtained from any agency or regulatory body having lawful jurisdiction in order to undertake the Series 2022 Project, (iii) all proceedings undertaken by the Issuer with respect to the Series 2022 Assessments have been in accordance with Alabama law, (iv) the Issuer has taken all action necessary to levy and impose the Series 2022 Assessments, and (v) the Series 2022 Assessments are legal, valid and binding liens upon the property against which such Series 2022 Assessments are made, coequal with the lien of all state, county, district and municipal taxes, superior in dignity to all other liens, titles and claims, until paid;

(c) The Trustee shall be provided with a reliance letter with respect to the opinions required in paragraphs (b);

(d) A certificate of an Authorized Officer to the effect that, upon the authentication and delivery of the Series 2022 Bonds, the Issuer will not be in default in the performance of the terms and provisions of the Master Indenture or this First Supplemental Indenture;

(e) An Engineers' Certificate or Engineers' Certificates certifying as to the accuracy of the information set forth in the District Engineer's Report regarding the CIP and the Series 2022 Project, including but not limited to the estimated Costs of the CIP and the Series 2022 Project;

(f) a certificate of the Methodology Consultant addressing the validity of the Series 2022 Assessments;

(g) a certified copy of the final judgment of validation in respect of the Bonds together with a certificate of no appeal; and

(h) an executed Collateral Assignment, Completion Agreement and True-Up Agreement.

Delivery to the Trustee of the net proceeds from the issuance of the Series 2022 Bonds shall constitute conclusive proof of the delivery of the items described above to the satisfaction of the Issuer and Participating Underwriter.

Section 208. Continuing Disclosure. The Issuer hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provisions of the Indenture, failure of the Issuer to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any Participating Underwriter or the Majority Owners and receipt of indemnity satisfactory to the Trustee, shall), or any Owner of a Series 2022 Bond may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Section.

### ARTICLE III REDEMPTION OF SERIES 2022 BONDS

The Series 2022 Bonds are subject to redemption prior to maturity as provided in the forms thereof set forth as **Exhibit B** to this First Supplemental Indenture. Interest on Series 2022 Bonds which are called for redemption shall be paid on the Redemption Date from the Series 2022 Interest Account or from the Series 2022 Revenue Account to the extent monies in the Series 2022 Interest Account are insufficient for such purpose. Moneys in the Series 2022 Optional Redemption Subaccount shall be applied in accordance with Section 506 of the Master Indenture to the optional redemption of Series 2022 Bonds.

### ARTICLE IV DEPOSIT OF SERIES 2022 BOND PROCEEDS AND APPLICATION THEREOF; ESTABLISHMENT OF ACCOUNTS AND OPERATION THEREOF

#### Section 401. Establishment of Accounts.

(a) There are hereby established within the Acquisition and Construction Fund held by the Trustee the following Accounts:

(i) a Series 2022 Acquisition and Construction Account; and

(ii) a Series 2022 Costs of Issuance Account;

(b) There are hereby established within the Debt Service Fund held by the Trustee: (i) a Series 2022 Debt Service Account and therein a Series 2022 Sinking Fund Account, a Series 2022 Interest Account, [a Series 2022 Principal Account,] and a Series 2022 Capitalized Interest Account; and (ii) a Series 2022 Redemption Account and therein a Series 2022 Prepayment Subaccount and a Series 2022 Optional Redemption Subaccount;

(c) There is hereby established within the Reserve Fund held by the Trustee a Series 2022 Reserve Account, which shall be held for the benefit of all of the Series 2022 Bonds without distinction as to Series 2022 Bonds and without privilege or priority of one Series 2022 Bond over another;

(d) There is hereby established within the Revenue Fund held by the Trustee a Series 2022 Revenue Account; and

(e) There is hereby established within the Rebate Fund the Series 2022 Rebate Account.

Section 402. Use of 2022 Bond Proceeds. Following the Trustee's receipt of the items set forth in Section 207 of the Master Indenture and Section 207 hereof, the net proceeds of sale of the Series 2022 Bonds, \$ \_\_\_\_\_ (consisting of \$[ \_\_\_\_\_ ] par amount of Series 2022 Bonds [less/plus] [net] original issue [discount/premium] of \$[OID] and less underwriter's discount of \$ \_\_\_\_\_), shall be applied as follows as soon as practicable upon delivery thereof to the Trustee:

(a) \$ \_\_\_\_\_, representing the initial Series 2022 Reserve Account Requirement, shall be deposited to the credit of the Series 2022 Reserve Account;

(b) \$ \_\_\_\_\_, representing costs of issuance relating to the Series 2022 Bonds, shall be deposited to the credit of the Series 2022 Costs of Issuance Account;

(c) \$ \_\_\_\_\_, representing Capitalized Interest on the Series 2022 Bonds through and including [ \_\_\_\_\_ ], shall be deposited to the credit of the Series 2022 Capitalized Interest Account of the Series 2022 Debt Service Account; and

(d) \$ \_\_\_\_\_, constituting the balance of the proceeds of the Series 2022 Bonds remaining after the deposits above shall be deposited to the credit of the Series 2022 Acquisition and Construction Account.

Section 403. Series 2022 Acquisition and Construction Account.

(a) Amounts on deposit in the Series 2022 Acquisition and Construction Account shall be applied to pay Costs of the Series 2022 Project upon compliance with the requisition provisions set forth in Section 503(b) of the Master Indenture and on the form attached hereto as Exhibit C.

(b) Anything in the Master Indenture to the contrary notwithstanding, the Consulting Engineer shall establish a Date of Completion for the Series 2022 Project, and any balance remaining in the Series 2022 Acquisition and Construction Account after such Date of Completion (taking into account the moneys currently on deposit therein to pay any accrued but unpaid Costs of the Series 2022 Project which are required to be reserved in the Series 2022 Acquisition and Construction Account in accordance with the certificate of the Consulting Engineer delivered to the District and the Trustee establishing such Date of Completion), shall be deposited pursuant hereto to the Series 2022 Prepayment Subaccount and applied to the extraordinary mandatory redemption of the Series 2022 Bonds in accordance with Section 301 hereof and in the manner prescribed in the form of Series 2022 Bond attached hereto as Exhibit B; provided, however, that if on the date of such proposed transfer an Event of Default exists such amounts shall remain on deposit in the Series 2022 Acquisition and Construction Account. When no monies remain in the Series 2022 Acquisition and Construction Account, the Series 2022 Acquisition and Construction Account shall be closed.

Section 404. Series 2022 Costs of Issuance Account. The amount deposited in the Series 2022 Costs of Issuance Account shall, at the written direction of an Authorized Officer to the Trustee, be used to pay the costs of issuance relating to the Series 2022 Bonds. On the earlier to occur of: (x) the written direction of an Authorized Officer or (y) ninety (90) days from the date of issuance of the Series 2022 Bonds, any amounts deposited in the Series 2022 Costs of Issuance Account for which the Trustee has not received a requisition to pay such costs shall be transferred over and deposited into the Series 2022 Acquisition and Construction Account and used for the purposes permitted therefor. Any deficiency in the amount allocated to pay the costs of issuance relating to the Series 2022 Bonds shall be paid from excess moneys on deposit in the Series 2022 Revenue Account pursuant to Section 409(d) hereof. When such deficiency has been satisfied and no moneys remain therein, the Series 2022 Costs of Issuance Account shall be closed.

Section 405. Series 2022 Capitalized Interest. Amounts on deposit in the Series 2022 Capitalized Interest Account shall, until and including [\_\_\_\_ 1, 20\_\_], be transferred into the Series 2022 Interest Account and applied to the payment of interest first coming due on the Series 2022 Bonds in accordance with Section 409(d) hereof, and thereafter transferred into the Series 2022 Acquisition and Construction Account, whereupon the Series 2022 Capitalized Interest Account shall be closed..

Section 406. Series 2022 Reserve Account. The Series 2022 Reserve Account shall be funded and maintained at all times in an amount equal to the Series 2022 Reserve Account

Requirement. Amounts on deposit in the Series 2022 Reserve Account, except as provided elsewhere in the Master Indenture or in this First Supplemental Indenture, shall be used only for the purpose of making payments into the Series 2022 Interest Account and the [Series 2022 Principal Account/Series 2022 Sinking Fund Account], when due., without distinction as to Series 2022 Bonds and without privilege or priority of one Series 2022 Bond over another, to the extent the moneys on deposit in such Accounts and available therefor are insufficient. The Series 2022 Reserve Account shall consist only of cash and Series 2022 Investment Obligations.

Anything herein or in the Master Indenture to the contrary notwithstanding, on the 45th day preceding each Interest Payment Date (or, if such 45th day is not a Business Day, on the first Business Day preceding such 45th day), the Trustee is hereby authorized and directed to recalculate the Series 2022 Reserve Account Requirement and to transfer any excess on deposit in the Series 2022 Reserve Account (other than excess resulting from earnings on investments, which shall be governed by Section 409(f) hereof) into the Series 2022 Prepayment Subaccount and applied to the extraordinary mandatory redemption of the Series 2022 Bonds.

On the earliest date on which there is on deposit in the Series 2022 Reserve Account sufficient monies, after taking into account other monies available therefor, to pay and redeem all of the Outstanding Series 2022 Bonds, together with accrued interest and redemption premium, if any, on such Series 2022 Bonds to the earliest Redemption Date permitted therein and herein, then the Trustee shall transfer the amount on deposit in the Series 2022 Reserve Account into the Series 2022 Prepayment Subaccount to pay and redeem all of the Outstanding Series 2022 Bonds on the earliest Redemption Date permitted for redemption therein and herein.

Anything herein or in the Master Indenture to the contrary notwithstanding, amounts on deposit in the Series 2022 Reserve Account shall, upon the occurrence and continuance of an Event of Default, be subject to a first charge by the Trustee for its fees and expenses, including fees and expenses of collection of Delinquent 2022 Assessments

Section 407. Application of Prepayment Principal; 2022 Prepayment Accounts. All Series 2022 Prepayments shall upon receipt by the Trustee be deposited to the Series 2022 Prepayment Subaccount of the Series 2022 Redemption Account. At the time the Issuer deposits Series 2022 Prepayments with the Trustee it shall notify the Trustee in writing as to the amount of Series 2022 Prepayments. Amounts on deposit in the Series 2022 Prepayment Subaccount shall be applied to the extraordinary mandatory redemption of the Series 2022 Bonds as provided in **Exhibit "B"** hereto.

Section 408. Tax Covenants and Rebate Account. The Issuer shall comply with the Tax Regulatory Covenants (including deposits to and payments from the Series 2022 Rebate Account) included as part of the closing transcript for the Series 2022 Bonds, as amended and supplemented from time to time in accordance with its terms.

Notwithstanding anything to the contrary contained in the Master Indenture, the Issuer covenants to the Owners of the Series 2022 Bonds that it shall comply with the requirements of Code necessary to maintain the exclusion of interest on the Series 2022 Bonds from gross income for purposes of federal income taxation, including the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code, and, in particular, that it shall not make or direct

the making of any investment or other use of proceeds of such Series 2022 Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause the interest on such Series 2022 Bonds to be or become subject to federal income taxation, nor shall it fail to do any act which is necessary to prevent such interest from becoming subject to federal income taxation. The Issuer further covenants that neither the Issuer nor any other person under its control or direction will make any investment or other use of the proceeds of the Series 2022 Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause the Series 2022 Bonds to be “private activity bonds” as that term is defined in Section 141 of the Code (or any successor provision thereto), or “arbitrage bonds” as that term is defined in Section 148 of the Code (or any successor provision thereto) and that it will comply with such sections of the Code throughout the term of the Series 2022 Bonds.

Section 409. Series 2022 Revenue Account; Application of Series 2022 Revenue Account in Revenue Fund.

(a) The Trustee is hereby authorized and directed to deposit any and all amounts required to be deposited in the Series 2022 Revenue Account by this Section 409 or by any other provision of the Master Indenture or this First Supplemental Indenture, and any other amounts or payments specifically designated by the District pursuant to a written direction or by a Supplemental Indenture for said purpose. The Series 2022 Revenue Account shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee.

(b) The Trustee shall deposit into the Series 2022 Revenue Account (i) Series 2022 Pledged Revenues other than Series 2022 Prepayments (which Series 2022 Prepayments shall be identified by the District to the Trustee as such in writing upon deposit and which shall be deposited into the Series 2022 Prepayment Subaccount) and (ii) any other revenues required by other provisions of the Indenture to be deposited into the Series 2022 Revenue Account, including but not limited to Series 2022 Prepayment Interest.

(c) On the 45<sup>th</sup> day preceding each Redemption Date (or if such 45<sup>th</sup> day is not a Business Day, on the Business Day next preceding such 45<sup>th</sup> day), the Trustee shall determine the amount on deposit in the Series 2022 Prepayment Subaccount and, if the balance therein is greater than zero, shall transfer from the Series 2022 Revenue Account for deposit into the Series 2022 Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to an integral multiple of \$5,000 (provided that there are sufficient funds remaining in the Series 2022 Revenue Account to pay Debt Service coming due on the Series 2022 Bonds on the next succeeding Interest Payment Date), and shall thereupon give notice and cause the extraordinary mandatory redemption of the Series 2022 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in the Series 2022 Prepayment Subaccount in accordance with the provisions for extraordinary mandatory redemption of the Series 2022 Bonds set forth in the form of Series 2022 Bonds attached hereto, Section 301 hereof, and Article III of the Master Indenture.

(d) On May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall first transfer from the Series 2022 Capitalized Interest Account to the Series 2022 Interest Account the

lesser of (x) the amount of interest coming due on the Series 2022 Bonds on such May 1 or November 1, less the amount already on deposit in the Series 2022 Interest Account, or (y) the amount remaining in the Series 2022 Capitalized Interest Account. Following the foregoing transfer, on such May 1 or November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall then transfer amounts on deposit in the Series 2022 Revenue Account to the Funds and Accounts designated below in the following amounts and in the following order of priority:

**FIRST**, to the Series 2022 Interest Account, the amount, if any, equal to the difference between the amount of interest payable on all Series 2022 Bonds then Outstanding on such May 1 or November 1, and (i) the amount transferred from the Series 2022 Capitalized Interest Account in accordance with this Section 409(d) and (ii) the amount already on deposit in the Series 2022 Interest Account not previously credited;

**SECOND**, on [May 1, 20\_\_] and on each May 1 thereafter, to the Series 2022 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all Series 2022 Bonds subject to mandatory sinking fund redemption on such May 1 and the amount already on deposit in the Series 2022 Sinking Fund Account not previously credited;

**THIRD**, to the Series 2022 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2022 Reserve Account Requirement with respect to the Series 2022 Bonds; and

**FOURTH**, the balance shall first be deposited into the Series 2022 Costs of Issuance Account to fund any deficiencies in the amount allocated to pay the costs of issuance relating to the Series 2022 Bonds, and then the balance shall be retained in the Series 2022 Revenue Account.

(e) On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction to, and the Trustee shall, transfer from the Series 2022 Revenue Account to the Series 2022 Rebate Account established for the Series 2022 Bonds in the Rebate Fund in accordance with the Master Indenture, the amount due and owing to the United States, which amount shall be paid to the United States when due in accordance with such Tax Regulatory Covenants.

(f) Anything herein or in the Master Indenture to the contrary notwithstanding, moneys on deposit in all of the Funds and Accounts held as security for the Series 2022 Bonds shall be invested only in Series 2022 Investment Obligations. Earnings on investments in the Series 2022 Acquisition and Construction Account, the Series 2022 Interest Account and the Series 2022 Capitalized Interest Account shall be retained, as realized, in such Accounts and used for the purpose of such Accounts. Earnings on investments in the Funds and Accounts other than the Series 2022 Reserve Account, and other than as set forth above, shall be deposited, as realized, to the credit of the Series 2022 Revenue Account and used for the purpose of such Account.

Earnings on investments in the Series 2022 Reserve Account shall be disposed of as follows:

(i) if there was no deficiency (as defined in Section 509 of the Master Indenture) in the Series 2022 Reserve Account as of the most recent date on which amounts on deposit in the Series 2022 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series 2022 Reserve Account since such date which have created a deficiency, then earnings on investments in the Series 2022 Reserve Account shall be deposited into the Series 2022 Capitalized Interest Account through \_\_\_\_\_, and thereafter shall be deposited into the Series 2022 Revenue Account and used for the purpose of such Account; and

(ii) if there was a deficiency (as defined in Section 509 of the Master Indenture) in the Series 2022 Reserve Account as of the most recent date on which amounts on deposit in the Series 2022 Reserve Account were valued by the Trustee, or if after such date withdrawals have been made from the Series 2022 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2022 Reserve Account shall be retained in the Series 2022 Reserve Account until the amount on deposit therein is equal to the Series 2022 Reserve Account Requirement, and then earnings on investments in the Series 2022 Reserve Account shall be deposited into the Series 2022 Capitalized Interest Account through \_\_\_\_\_, and thereafter shall be deposited into the Series 2022 Revenue Account and used for the purpose of such Account.

The foregoing determination and disbursement shall be made prior to any recalculation and transfer of excess amounts on deposit in the Series 2022 Reserve Account made pursuant to Section 405 hereof.

#### ARTICLE V CONCERNING THE TRUSTEE

Section 501. Acceptance by Trustee. The Trustee accepts the trusts declared and provided in this First Supplemental Indenture and agrees to perform such trusts upon the terms and conditions set forth in the Master Indenture and herein.

Section 502. Limitation of Trustee's Responsibility. The Trustee shall not be responsible in any manner for the due execution of this First Supplemental Indenture by the Issuer or for the recitals contained herein, all of which are made solely by the Issuer.

Section 503. Trustee's Duties. Nothing contained herein shall limit the rights, benefits, privileges, protection and entitlements inuring to the Trustee under the Master Indenture, including, particularly, Article VI thereof, all of which shall apply to the actions of the Trustee under this First Supplemental Indenture.

#### ARTICLE VI ADDITIONAL BONDS

Section 601. Limitation on Parity Bonds. Other than Refunding Bonds issued to refund the then Outstanding Series 2022 Bonds, the issuance of which results in net present value Debt Service savings, the District shall not, while any Series 2022 Bonds are Outstanding, issue or incur any debt payable in whole or in part from the Series 2022 Trust Estate. The District further covenants and agrees that so long as the Series 2022 Assessments have not been Substantially Absorbed, it will not impose Assessments for capital projects on any lands subject to the Series 2022 Assessments without the written consent of the Majority Owners. Notwithstanding the preceding sentence, the District may impose Assessments on property subject to the Series 2022 Assessments which are necessary for health, safety or welfare reasons, or to remediate a natural disaster, or to effect repairs to or replacement of property, facilities or equipment of the District without the consent of the Majority Owners.

#### ARTICLE VII MISCELLANEOUS

Section 701. Confirmation of Master Indenture. As supplemented by this First Supplemental Indenture, the Master Indenture is in all respects ratified and confirmed, and this First Supplemental Indenture shall be read, taken and construed as a part of the Master Indenture so that all of the rights, remedies, terms, conditions, covenants and agreements of the Master Indenture, except insofar as modified herein, shall apply and remain in full force and effect with respect to this First Supplemental Indenture and to the Series 2022 Bonds issued hereunder. To the extent of any conflicts between the terms and provisions of the Master Indenture and this First Supplemental Indenture the terms and provisions hereof shall control.

Section 702. Additional Covenant Regarding Series 2022 Assessments. In addition to, and not in limitation of, the covenants contained elsewhere in this First Supplemental Indenture and in the Master Indenture, the Issuer covenants to comply with the terms of the Assessment Proceedings heretofore adopted with respect to the Series 2022 Assessments, including the Assessment Methodology, and to levy the Series 2022 Assessments and any required true-up payments as set forth in the Assessment Methodology, in such manner as will generate funds sufficient to pay the principal of and interest on the Series 2022 Bonds, when due. The Issuer also agrees that it shall not amend the Assessment Methodology in any material manner without the written consent of the Majority Owners, except as may be required by law.

Section 703. Acknowledgement Regarding Series 2022 Acquisition and Construction Account Moneys Following an Event of Default. In accordance with the provisions of the Indenture, the Series 2022 Bonds are payable solely from the Series 2022 Trust Estate, which includes the Series 2022 Pledged Revenues and the Series 2022 Pledged Funds. Anything in the Indenture to the contrary notwithstanding, the District hereby acknowledges that (i) the Series 2022 Pledged Funds includes, without limitation, all amounts on deposit in the Series 2022 Acquisition and Construction Account then held by the Trustee, (ii) upon the occurrence of an Event of Default with respect to the Series 2022 Bonds, the Series 2022 Pledged Funds may not be used by the District (whether to pay Costs of the Series 2022 Project or otherwise) without the consent of the Majority Owners, except to the extent that prior to the Trustee notifying the District

of such declared Event of Default the District had incurred a binding obligation with third parties for work on the Series 2022 Project and payment is for such work, and (iii) upon the occurrence of an Event of Default with respect to the Series 2022 Bonds, the Series 2022 Pledged Funds may be used by the Trustee, at the direction or with the approval of the Majority Owners, to pay the reasonable costs and expenses incurred in connection with the pursuit of remedies under the Indenture. The District shall not enter into any binding agreement with respect to the Series 2022 Project that will cause the expenditure of additional funds from the Series 2022 Trust Estate after the occurrence and during the continuance of an Event of Default unless authorized in writing by the Majority Owners.

Section 704. Enforcement of True-Up Agreement and Completion Agreement. The Issuer, either through its own actions, or actions caused to be taken through the Trustee, covenants that it shall strictly enforce all of the provisions of the Completion Agreement and the True-Up Agreement, and, upon the occurrence and continuance of a default under either or both such Agreements, the Issuer covenants and agrees that the Trustee, at the written direction of the Majority Owners of the Series 2022 Bonds shall act on behalf of, and in the Issuer's stead, to enforce the provisions of such agreements and to pursue all available remedies under applicable law or in equity. Anything herein or in the Master Indenture to the contrary notwithstanding, failure of the Issuer to enforce, or permit the Trustee to enforce in its stead, all of the provisions of the Completion Agreement and the True-Up Agreement upon demand of the Majority Owners of the Series 2022 Bonds, or the Trustee at the written direction of the Majority Owners of the Series 2022 Bonds, shall constitute an Event of Default under the Indenture without benefit of any period of cure.

Section 705. Additional Matters Relating to Delinquent Assessments. The Issuer acknowledges and agrees that (i) upon failure of any property owner to pay when due any installment of Series 2022 Assessments that are billed directly by the Issuer, that the entire Series 2022 Assessments levied on the property for which such installment of Series 2022 Assessments is due and unpaid, with interest and penalties thereon, shall immediately become due and payable as provided by applicable law and, with the written consent of the Trustee, acting at the direction of the Majority Owners of the Series 2022 Bonds Outstanding, the Issuer shall promptly, but in any event within one hundred twenty (120) days of the receipt of such consent, cause to be brought the necessary legal proceedings for the foreclosure of liens of the delinquent Series 2022 Assessments, including interest and penalties and (ii) the foreclosure proceedings shall be prosecuted to a sale and conveyance of the property involved in said proceedings as now provided by law in suits to foreclose mortgages. The Trustee shall be deemed to have consented to the proposed action if the Issuer does not receive written direction from the Trustee within one hundred and twenty (120) days (or such shorter time as would be required to comply with any applicable court ruling) following receipt by the Trustee of a written request for direction.

Section 706. Additional Matters Relating to Series 2022 Assessments and Assessment Proceedings. In addition to the covenants provided in the Master Indenture, the District covenants and agrees that upon the occurrence and continuance of an Event of Default with respect to the Series 2022 Bonds, it will take such actions to enforce the remedial provisions of the Indenture, the provisions for the collection of Delinquent 2022 Assessments that are directly billed and collected by the District, as well as delinquent direct billed operation and maintenance assessments, and the provisions for the foreclosure of liens of Delinquent 2022 Assessments that

are directly billed and collected by the District, as well as delinquent direct billed operation and maintenance assessments, all in a manner consistent with the Master Indenture and this First Supplemental Indenture.

A proportionate amount of the annual installments of Series 2022 Assessments shall be due and payable by the landowner no later than thirty (30) days prior to each Interest Payment Date; provided, however, that such Series 2022 Assessments shall not be deemed to be Delinquent 2022 Assessments unless and until same are not paid by the applicable Interest Payment Date with respect to which they have been billed.

Section 707. Assignment of Collateral Assignment. Subject to the terms of the Collateral Assignment, the Issuer hereby assigns its rights under the Collateral Assignment to the Trustee for the benefit of the Owners, from time to time, of the Series 2022 Bonds and any other Bonds issued under the Master Indenture. Such assignment shall not be considered an assumption by the Trustee of any obligations thereunder.

Section 708. Third Party Beneficiaries. This First Supplemental Indenture shall inure solely to the benefit of the Issuer, the Trustee and the Holders from time to time of the Series 2022 Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, MIDCITY IMPROVEMENT DISTRICT has caused these presents to be signed in its name and on its behalf by its Chairperson, and its official seal to be hereunto affixed and attested by its Secretary, thereunto duly authorized, and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized signatory.

**MIDCITY IMPROVEMENT DISTRICT**

[SEAL]

By: \_\_\_\_\_  
Chairperson, Board of Directors

ATTEST:

By: \_\_\_\_\_  
Secretary

**U.S. BANK NATIONAL ASSOCIATION, as  
Trustee**

By: \_\_\_\_\_  
Vice President

**EXHIBIT "A"**

Description of the Capital Improvement Program and Series 2022 Project

**PUBLIC IMPROVEMENTS CONSTITUTING ASSESSABLE  
IMPROVEMENTS WITHIN THE MEANING OF  
TITLE 11, CHAPTER 99A, CODE OF ALABAMA 1975, AS AMENDED,  
INCLUDING BUT NOT LIMITED TO:**

**THOSE DESCRIBED IN THE ENGINEER'S REPORT  
DATED SEPTEMBER 18, 2019, PREPARED BY  
GARVER, LLC AS THE SAME MAY BE SUPPLEMENTED AND AMENDED  
FROM TIME TO TIME**

**EXHIBIT "B"**

Form of the Series 2022 Bonds

See Attached

No. 2022 RA1-\_\_ \$ \_\_\_\_\_

United States of America  
State of Alabama  
MIDCITY IMPROVEMENT DISTRICT  
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2022

|                                |                                |                             |              |
|--------------------------------|--------------------------------|-----------------------------|--------------|
| <u>Interest</u><br><u>Rate</u> | <u>Maturity</u><br><u>Date</u> | <u>Dated</u><br><u>Date</u> | <u>CUSIP</u> |
| ___%                           | May 1, ___                     | _____, 2022                 | _____        |

Registered Owner: CEDE & CO.

Principal Amount: \_\_\_ MILLION \_\_\_ HUNDRED \_\_\_\_\_ THOUSAND AND NO/100 DOLLARS

MIDCITY IMPROVEMENT DISTRICT HAS ESTABLISHED A BOOK ENTRY SYSTEM OF REGISTRATION FOR THIS SERIES 2022 BOND. EXCEPT AS SPECIFICALLY PROVIDED OTHERWISE IN THE INDENTURE, CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), WILL BE THE REGISTERED OWNER AND WILL HOLD THIS SERIES 2022 BOND ON BEHALF OF EACH BENEFICIAL OWNER HEREOF. BY ACCEPTANCE OF A CONFIRMATION OF PURCHASE, DELIVERY OR TRANSFER, EACH BENEFICIAL OWNER OF THIS SERIES 2022 BOND SHALL BE DEEMED TO HAVE AGREED TO SUCH ARRANGEMENT. CEDE & CO., AS REGISTERED OWNER OF THIS SERIES 2022 BOND, MAY BE TREATED AS THE OWNER OF IT FOR ALL PURPOSES.

UNLESS THIS SERIES 2022 BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, WITH RESPECT TO ANY SERIES 2022 BOND REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

MIDCITY IMPROVEMENT DISTRICT, an improvement district duly created and existing pursuant to Title 11, Chapter 99A of the Code of Alabama 1975, as amended (the "District"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the Registered Owner set forth above, or registered assigns, on the maturity date shown hereon, unless this Series 2022 Bond shall have been called for redemption in whole or in part and payment of the Redemption Price (as defined in the Indenture mentioned hereinafter) shall have been duly made or provided for, the principal amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date to which interest has been paid or provided for, or if no interest has been paid, from the Dated Date shown above, on May 1 and November 1 of each year (each,

an “Interest Payment Date”), commencing on May 1, 2022 , until payment of said principal sum has been made or provided for, at the rate per annum set forth above. Notwithstanding the foregoing, if any Interest Payment Date is not a Business Day (as defined in the Indenture hereinafter mentioned), then all amounts due on such Interest Payment Date shall be payable on the first Business Day succeeding such Interest Payment Date, but shall be deemed paid on such Interest Payment Date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture (as hereinafter defined), be paid to the Registered Owner hereof at the close of business on the regular Record Date for such interest, which shall be the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date or, if such day is not a Business Day on the Business Day immediately preceding such day; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (a) of Section 902 of the Master Indenture (hereinafter defined), the payment of interest and principal or Redemption Price or Amortization Installments shall be made by the Paying Agent (hereinafter defined) to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the Registered Owner of this Bond. Any payment of principal, Amortization Installments or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of U.S. Bank National Association, located in Fort Lauderdale, Florida, or any alternate or successor paying agent (collectively, the "Paying Agent"), unless the Bonds are held in the book-entry system in which case presentation shall not be required. Payment of interest shall be made by check or draft (or by wire transfer to the Registered Owner set forth above if such Owner requests such method of payment in writing on or prior to the regular Record Date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner set forth above owns not less than \$1,000,000 in aggregate principal amount of the Series 2022 Bonds, as defined below). Interest on this Bond will be computed on the basis of a 360-day year of twelve 30-day months. During any period that this Bond is registered in the name of Cede & Co., as nominee of DTC, the provisions of the Supplemental Indenture (hereinafter defined) relating to the book-entry only system shall apply, including the payment provisions thereof. Capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in the hereinafter defined Indenture.

This Bond is one of a duly authorized issue of Bonds of the District designated “MidCity Improvement District Special Assessment Revenue Bonds, Series 2022” in the aggregate principal amount of \$[Bond Amount] (the “Series 2022 Bonds”) issuable under and governed by the terms of a Master Trust Indenture, dated as of February 1, 2022 (the “Master Indenture”), between the District and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented by a First Supplemental Trust Indenture, dated as of February 1, 2022 (the “Supplemental Indenture”), between the District and the Trustee (the Master Indenture as supplemented by the Supplemental Indenture is hereafter referred to as the “Indenture”) (the Series 2022 Bonds together with any other Bonds issued under and governed by the terms of the Master Indenture are hereinafter collectively referred to as the "Bonds"). The Series 2022 Bonds are issued in an aggregate principal amount for the purposes of (i) financing the Cost of acquiring, constructing and equipping the Series 2022 Project; (ii) paying certain costs associated with the issuance of the Series 2022 Bonds; (iii) paying a portion of the interest to accrue on the Series 2022 Bonds; and (iv) making a deposit into the Series 2022 Reserve Account for the benefit of all of the Series 2022 Bonds.

NEITHER THIS SERIES 2022 BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF ALABAMA. THIS SERIES 2022 BOND AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE INDENTURE. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE SERIES 2022 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE SERIES 2022 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2022 PLEDGED REVENUES AND THE SERIES 2022 PLEDGED FUNDS PLEDGED TO THIS SERIES 2022 BOND, ALL AS PROVIDED HEREIN AND IN THE INDENTURE.

All acts, conditions and things required by the Constitution and laws of the State of Alabama and the resolutions of the District to happen, exist and be performed precedent to and in the issuance of this Series 2022 Bond and the execution of the Indenture, have happened, exist and have been performed as so required. This Series 2022 Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the Certificate of Authentication endorsed hereon.

IN WITNESS WHEREOF, MidCity Improvement District has caused this Series 2022 Bond to bear the signature of the Chairperson of its Board of Directors and the official seal of the District to be impressed or imprinted hereon and attested by the signature of the Secretary of its Board of Directors.

**MIDCITY IMPROVEMENT DISTRICT**

(SEAL)

By: \_\_\_\_\_  
Chairperson, Board of Directors

ATTEST:

By: \_\_\_\_\_  
Secretary to Board of Directors

**CERTIFICATE OF AUTHENTICATION**

This Series 2022 Bond is one of the Bonds of the Series designated herein, described in the within-mentioned Indenture.

**U.S. BANK NATIONAL ASSOCIATION  
as Registrar**

By: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Date of Authentication:

This Series 2022 Bond is issued under and pursuant to the Constitution and laws of the State of Alabama, particularly Title 11, Chapter 99A of the Code of Alabama 1975, as amended, and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the designated office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of Series 2022 Bonds, the collection, receipt and disposition of revenues and the funds charged with and pledged to the payment of the principal, Amortization Installment and Redemption Price of, and the interest on, the Series 2022 Bonds, the nature and extent of the security thereby created, the covenants of the District with respect to the levy and collection of the Series 2022 Pledged Revenues (as defined in the Indenture), the terms and conditions under which the Series 2022 Bonds are or may be issued, the rights, duties, obligations and immunities of the District and the Trustee under the Indenture and the rights of the Registered Owners and Beneficial Owners of the Series 2022 Bonds, and, by the acceptance of this Series 2022 Bond, the Registered Owner and Beneficial Owners hereof assents to all of the provisions of the Indenture. Terms not otherwise defined herein shall have the meaning ascribed to them in the Indenture. The Series 2022 Bonds are equally and ratably secured by the Series 2022 Trust Estate, without preference or priority of one Series 2022 Bond over another. The Supplemental Indenture does not authorize the issuance of any Additional Bonds ranking on parity with the Series 2022 Bonds as to the lien and pledge of the Series 2022 Trust Estate except, under certain circumstances, Refunding Bonds, and the Supplemental Indenture contains provisions limiting the imposition of capital assessments on property subject to the Series 2022 Assessments.

The Series 2022 Bonds are issuable only as registered bonds without coupons in current interest form in denominations of \$100,000 or integral multiples of \$5,000 in excess thereof (an "Authorized Denomination"). This Series 2022 Bond is transferable by the Registered Owner hereof or his duly authorized attorney at the designated corporate trust office of the Trustee as Bond Registrar (the "Bond Registrar"), upon surrender of this Series 2022 Bond, accompanied by a duly executed instrument of transfer in form and with guaranty of signature reasonably satisfactory to the Bond Registrar, subject to such reasonable regulations as the District or the Bond Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new Series 2022 Bond or Series 2022 Bonds, in the same aggregate principal amount and of the same maturity as the Series 2022 Bond or Series 2022 Bonds transferred, will be issued to the transferee. At the designated corporate trust office of the Bond Registrar in the manner and subject to the limitations and conditions provided in the Indenture and without cost, except for any tax or other governmental charge, Series 2022 Bonds may be exchanged for an equal aggregate principal amount of Series 2022 Bonds of the same maturity and series, in Authorized Denominations and bearing interest at the same rate or rates.

The District has established a book-entry system of registration for the Series 2022 Bonds. Except as specifically provided otherwise in the Indenture, an agent will hold this Series 2022 Bond on behalf of the Beneficial Owner hereof. By acceptance of a confirmation of purchase, delivery or transfer, the Beneficial Owner of this Series 2022 Bond shall be deemed to have agreed to such arrangement.

Optional Redemption

The Series 2022 Bonds are subject to redemption at the option of the District prior to maturity, in whole on any date or in part (as provided in the next succeeding sentence of this paragraph) on any Redemption Date, on or after May 1, 20\_\_ at the Redemption Price of 100% of the principal amount of the Series 2022 Bonds or portions thereof to be redeemed plus accrued interest to the redemption date. If less than all of the Series 2022 Bonds are called for redemption at the option of the District prior to maturity, the Series 2022 Bonds or portion of the Series 2022 Bonds of any one maturity to be redeemed shall be selected in the following manner:

(i) If the principal amount called for redemption is greater than or equal to \_\_\_ percent (\_\_\_%) of the original aggregate principal amount of the Series 2022 Bonds, the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Series 2022 Bonds, and a portion of all Outstanding Series 2022 Bonds shall be redeemed in the principal amount allocated to such Series 2022 Bond; and

(ii) If the principal amount called for redemption is less than \_\_\_ percent (\_\_\_%) of the original aggregate principal amount of the Series 2022 Bonds, the Outstanding Series 2022 Bonds shall be redeemed in inverse order of maturity.

Mandatory Redemption

The Series 2022 Bonds maturing May 1, 20\_\_ are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, on May 1 of the years and in the principal amounts set forth below.

| <u>Year</u> | <u>Amortization<br/>Installment</u><br>\$ |
|-------------|---|
|-------------|---|

\*

\*Maturity

The Series 2022 Bonds maturing May 1, 20\_\_ are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof, without

premium, plus accrued interest to the redemption date, on May 1 of the years and in the principal amounts set forth below.

| <u>Year</u> | <u>Amortization<br/>Installment</u><br>\$ |
|-------------|---|
|-------------|---|

\*

\*Maturity

The Series 2022 Bonds maturing May 1, 20\_\_ are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, on November 1 of the years and in the principal amounts set forth below.

| <u>Year</u> | <u>Amortization<br/>Installment</u><br>\$ |
|-------------|---|
|-------------|---|

\*

\*Maturity

The Series 2022 Bonds maturing May 1, 20\_\_ are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2022 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof, without

premium, plus accrued interest to the redemption date, on November 1 of the years and in the principal amounts set forth below.

| <u>Year</u> | <u>Amortization<br/>Installment</u><br>\$ |
|-------------|---|
|-------------|---|

2049\*

\*Maturity

As more particularly set forth in the Indenture, any Series 2022 Bonds that are purchased by the District with amounts held to pay an Amortization Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Amortization Installment of Series 2022 Bonds.

As provided in the Supplemental Indenture, upon redemption or purchase of a portion of the Series 2022 Bonds (other than redemption in accordance with scheduled Amortization Installments), the District shall cause to be recalculated and delivered to the Trustee revised Amortization Installments recalculated so that Debt Service on the Series 2022 Bonds is amortized in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2022 Bonds.

Extraordinary Mandatory Redemption

The Series 2022 Bonds are subject to extraordinary mandatory redemption prior to scheduled maturity, in whole on any date or in part on any Redemption Date, at the Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, if and to the extent that any one or more of the following shall have occurred:

- (i) On or after the Date of Completion of the Series 2022 Project by application of moneys transferred from the Series 2022 Acquisition and Construction Account to the Series 2022 Prepayment Subaccount in accordance with the terms of the Indenture; or
- (ii) Amounts, including Series 2022 Prepayments, are deposited into the Series 2022 Prepayment Subaccount as required by the Indenture; or

(iii) When the amount on deposit in the Series 2022 Reserve Account, together with other moneys available therefor are sufficient to pay and redeem all the Series 2022 Bonds then Outstanding, including accrued interest thereon, as provided in the Supplemental Indenture.

Except as otherwise provided in the Indenture, if less than all of the Series 2022 Bonds of a maturity subject to redemption shall be called for redemption, the particular such Series 2022 Bonds or portions of such Series 2022 Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture, or as provided or directed by DTC.

Notice of each redemption of Series 2022 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the Redemption Date to each Registered Owner of Series 2022 Bonds to be redeemed at the address of such Registered Owner recorded on the bond register maintained by the Bond Registrar. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the Series 2022 Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such Series 2022 Bonds or such portions thereof on such date, interest on such Series 2022 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2022 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such Series 2022 Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Bond Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Pursuant to the Indenture, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events or upon the later deposit of moneys therefor as shall be specified in such notice of optional redemption and may also be subject to rescission by the District if expressly set forth in such notice.

The Owner of this Series 2022 Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Series 2022 Bonds then Outstanding under the Indenture may become and may be declared due and payable before the stated maturities thereof, with the interest accrued thereon.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

Any moneys held by the Trustee or Paying Agent in trust for the payment and discharge of any Series 2022 Bond which remain unclaimed for two (2) years after the date when such Series

2022 Bond has become due and payable, either at its stated maturity date or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Series 2022 Bond became due and payable, shall be paid to the District, and thereupon and thereafter no claimant shall have any rights against the Trustee or Paying Agent to or in respect of such moneys.

If the District deposits or causes to be deposited with the Trustee cash or Federal Securities sufficient to pay the principal or Redemption Price of any Series 2022 Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of such Series 2022 Bonds as to the Series 2022 Trust Estate shall be discharged, except for the rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture.

This Series 2022 Bond shall have all the qualities and incidents, including negotiability, of investment securities within the meaning and for all the purposes of the Uniform Commercial Code of the State of Alabama.

This Series 2022 Bond is issued with the intent that the laws of the State of Alabama shall govern its construction.

#### CERTIFICATE OF VALIDATION

Validated and confirmed by judgment of the Circuit Court of Madison County, State of Alabama, entered on the 16<sup>th</sup> day of December, 2019.

By: \_\_\_\_\_  
Debra Kizer, Circuit Clerk

[FORM OF ABBREVIATIONS FOR SERIES 2022 BONDS]

The following abbreviations, when used in the inscription on the face of the within Series 2022 Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM as tenants in common

TEN ENT as tenants by the entireties

JT TEN as joint tenants with the right of survivorship and not as tenants in common

UNIFORM TRANS MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_ under Uniform Transfers to Minors Act \_\_\_\_\_ (State)

Additional abbreviations may also be used though not in the above list.

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Series 2022 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney to transfer the said Series 2022 Bond on the books of the District, with full power of substitution in the premises.

Date: \_\_\_\_\_

Social Security Number of Employer

Identification Number of Transferee:

Signature guaranteed:

NOTICE: The assignor's signature to this Assignment must correspond with the name as it appears on the face of the within Series 2022 Bond in every particular without alteration or any change whatever.

By: \_\_\_\_\_  
Authorized Signatory

EXHIBIT C

FORM OF SERIES 2022 ACQUISITION AND CONSTRUCTION ACCOUNT REQUISITION

MIDCITY IMPROVEMENT DISTRICT  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2022

The undersigned, an Authorized Officer of MidCity Improvement District (the "Issuer"), hereby submits the following requisition for disbursement under and pursuant to the terms of the Master Trust Indenture from the Issuer to U.S. Bank National Association, as trustee (the "Trustee"), dated as of February 1, 2022, as supplemented by that certain First Supplemental Trust Indenture dated as of February 1, 2022 (the "Indenture") (all capitalized terms used herein shall have the meaning ascribed to such term in the Indenture):

- (1) Requisition Number:
- (2) Name of Payee:
- (3) Amount Payable:
- (4) Purpose for which paid or incurred (refer also to specific contract if amount is due and payable pursuant to a contract involving progress payments, or, state Costs of Issuance, if applicable):
- (5) Fund or Account and subaccount, if any, from which disbursement to be made:

The undersigned hereby certifies that:

obligations in the stated amount set forth above have been incurred by the District, that each disbursement set forth above is a proper charge against the Series 2022 Acquisition and Construction Account referenced above, that each disbursement set forth above was incurred in connection with the acquisition and construction of the Series 2022 Project and each represents a Cost of the Series 2022 Project, and has not previously been paid

OR

this requisition is for costs of issuance payable from the Series 2022 Costs of Issuance Account that has not previously been paid.

The undersigned hereby further certifies that there has not been filed with or served upon the Issuer notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to the Payee set forth above, which has not been released or will not be released simultaneously with the payment hereof.

The undersigned hereby further certifies that such requisition contains no item representing payment on account of any retained percentage which the Issuer is at the date of such certificate entitled to retain.

Originals or copies of the invoice(s) from the vendor of the property acquired or the services rendered with respect to which disbursement is hereby requested are on file with the Issuer.

**MIDCITY IMPROVEMENT DISTRICT**

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

**CONSULTING ENGINEER'S APPROVAL FOR NON-COST OF ISSUANCE  
REQUESTS ONLY**

If this requisition is for a disbursement from other than the Series 2022 Costs of Issuance Account, the undersigned Consulting Engineer hereby certifies that this disbursement is for a Cost of the Series 2022 Project and is consistent with: (i) the applicable acquisition or construction contract; (ii) the plans and specifications for the portion of the Series 2022 Project with respect to which such disbursement is being made; and (iii) the report of the Consulting Engineer attached as an exhibit to the Supplemental Indenture, as such report shall have been amended or modified on the date hereof.

GARVER, LLC, CONSULTING ENGINEER

Title: \_\_\_\_\_

62853685.v1

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**APPENDIX B-1**

**FORM OF OPINION OF BOND COUNSEL**

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**FORM OF OPINION OF BUTLER SNOW LLP, AS BOND COUNSEL  
WITH RESPECT TO THE SERIES 2022 BONDS**

Upon delivery of the Series 2022 Bonds in definitive form, Butler Snow LLP, Bond Counsel, proposes to render its opinion with respect to the Series 2022 Bonds in substantially the following form:

(Date of Closing)

Board of Directors  
MidCity Improvement District  
Huntsville, Alabama

Board Members:

We have examined a record of proceedings relating to the issuance by the MidCity Improvement District (the "District") of its \$ \_\_\_\_\_ Special Assessment Revenue Bonds, Series 2022 (the "Series 2022 Bonds"). The Series 2022 Bonds are issued under the authority of the Laws of the State of Alabama, including Title 11, Chapter 99A of the Code of Alabama 1975, as amended (the "Act"), and other applicable provisions of law, and pursuant to a Master Trust Indenture, dated as of February 1, 2022 (the "Master Indenture"), as supplemented by a First Supplemental Trust Indenture, dated as of February 1, 2022 (the "Supplemental Indenture" and together with the Master Indenture, the "Indenture"), each from the District to U.S. Bank National Association, as trustee (the "Trustee") and Resolutions adopted by the Board of Directors of the District on November 12, 2019, November 23, 2021, and January \_\_, 2022, respectively (collectively, the "Bond Resolution"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed in the Indenture.

The Series 2022 Bonds are dated and shall bear interest from their date of delivery, except as otherwise provided in the Indenture. The Series 2022 Bonds will mature on the dates and in the principal amounts and will bear interest at the respective rates per annum, as provided in the Indenture and set forth in the Bond Purchase Contract executed in connection with the sale of the Series 2022 Bonds (the "Purchase Contract"). Interest on the Series 2022 Bonds shall be payable on each May 1 and November 1, commencing May 1, 2022. The Series 2022 Bonds are subject to redemption prior to maturity in accordance with the Indenture and as set forth in the Purchase Contract.

The Series 2022 Bonds are issued for the principal purposes of (a) financing a portion of the Cost of acquiring, constructing and equipping the Project, (b) paying certain costs associated with the issuance of the Series 2022 Bonds, (c) making a deposit into the Series 2022 Reserve Account to be held for the benefit of all of the Series 2022 Bonds, and (d) paying a portion of the interest to become due on the Series 2022 Bonds, all as more particularly described in the Indenture. The Series 2022 Bonds are payable from and secured by the Series 2022 Assessments levied on property within the District specially benefitted by the assessable improvements financed or refinanced, as the case may be, with the proceeds of the Series 2022

Bonds and also by the Series 2022 Pledged Revenues and Series 2022 Pledged Funds comprising the Series 2022 Trust Estate.

As to questions of fact material to our opinion, we have relied upon the representations of the District contained in the Bond Resolution and the Indenture and in the certified proceedings relating thereto and to the issuance of the Series 2022 Bonds and other certifications of public officials furnished to us in connection therewith including, but not limited to, the Findings of Fact, Conclusions of Law and Final Judgment issued by the Circuit Court of Madison County, Alabama, in connection with the validation of the Series 2022 Bonds. Furthermore, we have assumed continuing compliance with the covenants and agreements contained in the Indenture. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in any agreements, documents, certificates, representations and opinions relating to the Series 2022 Bonds, and have relied solely on the facts, estimates and circumstances described and set forth therein. In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

Based on the foregoing, under existing law, we are of the opinion that:

1. The District is a duly created and validly existing improvement district under the Act.
2. The District has the right and power under the Act to authorize, execute and deliver the Indenture, and the Indenture has been duly and lawfully authorized, executed and delivered by the District, is in full force and effect in accordance with its terms and is valid and binding upon the District and enforceable in accordance with its terms. The Indenture creates the valid pledge which it purports to create of the Series 2022 Trust Estate in favor of the Series 2022 Bonds, including the Series 2022 Assessments, in the manner and to the extent provided in the Indenture.
3. The District is duly authorized and entitled to issue the Series 2022 Bonds and the Series 2022 Bonds have been duly and validly authorized and issued by the District in accordance with the Constitution and Laws of the State of Alabama, the Bond Resolution and the Indenture. The Series 2022 Bonds constitute valid and binding obligations of the District as provided in the Indenture and are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefits of the Indenture and the Act. The Series 2022 Bonds do not constitute a general indebtedness of the District or the State of Alabama or any agency, department or political subdivision thereof, or a pledge of the faith and credit of such entities, but are solely payable from the Series 2022 Trust Estate in the manner and to the extent provided in the Indenture. No holder of the Series 2022 Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the District or the State of Alabama or any political subdivision, agency or department thereof to pay the Series 2022 Bonds.
4. Under existing statutes, regulations, rulings and court decisions, the interest on the Series 2022 Bonds (a) is excludable from gross income for federal income tax purposes and (b) is

not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2022 Bonds in order that interest thereon be (or continues to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Series 2022 Bonds to be so includable in gross income retroactive to the date of issuance of the Series 2022 Bonds. The District has covenanted in the Indenture to comply with all such requirements. Ownership of the Series 2022 Bonds may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Series 2022 Bonds.

5. The Series 2022 Bonds and interest thereon are exempt from taxation under the laws of the State of Alabama.

It should be noted that, except as may expressly be set forth in an opinion delivered by us to the underwriter (on which opinion only it may rely) for the Series 2022 Bonds on the date hereof, we have not been engaged or undertaken to review (1) the accuracy, completeness or sufficiency of the Limited Offering Memorandum or other offering material relating to the Series 2022 Bonds and we express no opinion relating thereto, or (2) the compliance with any federal or state law with regard to the sale or distribution of the Series 2022 Bonds and we express no opinion relating thereto.

The opinions expressed in paragraphs 2 and 3 hereof are qualified to the extent that (1) the enforceability of the Indenture and the Series 2022 Bonds, respectively, may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity, and (2) we have assumed the due authorization, execution and delivery of the Indenture by the Trustee.

The opinions set forth herein are expressly limited to, and we opine only with respect to, the laws of the State of Alabama and the federal income tax laws of the United States of America. The only opinions rendered hereby shall be those expressly stated as such herein, and no opinion shall be implied or inferred as a result of anything contained herein or omitted herefrom.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We have examined the form of the Series 2022 Bonds and, in our opinion, the form of the Series 2022 Bonds is regular and proper.

Very truly yours,

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**APPENDIX B-2**

**FORM OF OPINION OF ISSUER COUNSEL**

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**EXHIBIT C**

**FORM OF ISSUER’S COUNSEL’S OPINION**

(Date of Closing)

MidCity Improvement District  
Huntsville, Alabama

FMSbonds, Inc.  
Frisco, Texas

U.S. Bank National Association, as Trustee  
Fort Lauderdale, Florida  
(solely for reliance upon Sections C.1., C.2., and C.3.)

Re:    \$ \_\_\_\_\_ MidCity Improvement District Special Assessment Revenue Bonds,  
          Series 2022

Ladies and Gentlemen:

We serve as counsel to the MidCity Improvement District (“**District**”), an improvement district established pursuant to the laws of the State of Alabama, in connection with the sale by the District of its \$ \_\_\_\_\_ MidCity Improvement District Special Assessment Revenue Bonds, Series 2022 (“**Bonds**”). This letter is delivered to you pursuant to Section 207 of the Master Indenture (defined below), Section 207 of the Supplemental Trust Indenture (defined below), and Section 8(iii)(4) of the BPA (referenced below), and is effective as of the date first written above. Each capitalized term not otherwise defined herein has the meaning given to it in the Indenture (defined herein).

**A. DOCUMENTS EXAMINED**

In rendering the opinions set forth below, we have examined and/or relied upon the following documents and have made such examination of law as we have deemed necessary or appropriate:

1. Resolution No. 18-652, as amended by Resolution 19-260, both enacted by the City Council of the City of Huntsville, Alabama (“**City Council**”), which was effective as of August 9, 2018, and March 28, 2019, respectively (together, “**Establishment Resolution**”);
2. the *Master Trust Indenture*, dated as of February 1, 2022 (“**Master Indenture**”), as supplemented by the *First Supplemental Trust Indenture*, dated as of January 1, 2022 (“**Supplemental Trust Indenture**,” and together with the Master Indenture,

- “**Indenture**”), each by and between the District and U.S. Bank National Association, as trustee (“**Trustee**”);
3. Resolutions adopted by the District’s Board of Directors (“**Board**”) on November 12, 2019, November 23, 2021, and January \_\_, 2022 respectively (collectively, “**Bond Resolution**”);
  4. the *District Improvement Plan*, dated September 18, 2019, as supplemented by the *District Improvement Plan* dated June 17, 2021 (together, the “**Engineer’s Report**”), which describes among other things, the “**Series 2022 Project**;”
  5. *Revised Master Special Assessment Allocation Report* dated December 7, 2021, and the *First Supplemental Special Assessment Allocation Report* dated January 13, 2022 (collectively, “**Assessment Methodology**”);
  6. A Petition for Preliminary Assessment of Certain Land Located Within the MidCity Improvement District to the City Council of the City of Huntsville, Alabama dated October 2, 2019 and A Petition for Final Assessment of Certain Land Located Within the MidCity Improvement District to the City Council of the City of Huntsville, Alabama dated January 27, 2022 (collectively, the “**District Assessment Petitions**”), and Resolutions No. 19-1005 and No. 22- \_\_\_\_ adopted by the City Council on October 24, 2019, and January 27, 2022, respectively (collectively, the “**City Assessment Resolutions**,” and together with the District Assessment Petitions, the “**Assessment Proceedings**”), establishing the debt service special assessments (“**Debt Assessments**”) securing the Bonds;
  7. a certified copy of the final judgement of validation in respect of the Series 2022 Bonds together with a certificate of no appeal;
  8. the Preliminary Limited Offering Memorandum dated January 18, 2022 (“**PLOM**”) and Limited Offering Memorandum dated January 25, 2022 (“**LOM**”);
  9. certain certifications by FMSbonds, Inc. (“**Underwriter**”), as underwriter to the sale of the Bonds;
  10. certain certifications of Garver Engineering, as District Engineer;
  11. certain certification of Wrathell Hunt & Associates, LLC, as District Manager;
  12. certain certification of Wrathell Hunt & Associates, LLC, as Assessment Consultant;
  13. general and closing certificate of the District;
  14. an opinion of Butler Snow LLP (“**Bond Counsel**”) issued to the District in connection with the sale and issuance of the Bonds;
  15. an opinion of Greenberg Traurig, P.A. (“**Trustee Counsel**”) issued to the District and Underwriter in connection with the sale and issuance of the Bonds;
  16. an opinion of Hartman Simons & Wood LLP, counsel to the Developer (defined herein), issued to the District and the Underwriter in connection with the sale and issuance of the Bonds;
  17. the following agreements (“**Bond Agreements**”):
    - (a) the Continuing Disclosure Agreement dated January 25, 2022, by and among the District, Mid-City Owner, LLC, MidCity Placemakers, LLC, MidCity South, LLC, MidCity Hospitality, LLC, MidCity Residential, LLC, Madison Plaza Associates, LLC (collectively, the “**Developer**”) and Wrathell Hunt & Associates, LLC, as dissemination agent;

- (b) the BPA between Underwriter and the District and dated January 25, 2022 (“**BPA**”);
  - (c) the Agreement between the District and the Developer Regarding the True-Up and Payment of Series 2022 Assessments dated [CLOSING DATE];
  - (d) the Acquisition Agreement between the District and the Developer dated [CLOSING DATE];
  - (e) the Collateral Assignment Agreement between the District and the Developer dated [CLOSING DATE];
  - (f) the Agreement between the District and the Developer regarding the Completion of Certain Improvements dated [CLOSING DATE]; and
18. a Declaration of Consent to Jurisdiction executed by each of the Developer entities and dated [CLOSING DATE]; and
  19. such other documents as we have deemed necessary or appropriate in rendering the opinions set forth below.

We have also attended various meetings of the District and have participated in conferences from time to time with representatives of the District, the District Engineer, the District Manager, the Assessment Consultant, the Underwriter, counsel to the Underwriter, the Developer, counsel to the Developer, and others relative to the Limited Offering Memorandum and the related documents described herein, as well as additionally serve as Bond Counsel to the District.

## **B. RELIANCE**

This opinion is solely for the benefit of the (i) District; (ii) the Underwriter; and (iii) the Trustee; provided however, the Trustee may only rely on this opinion for the limited purposes of the opinions stated in Sections C.1., C.2., and C.3. Notwithstanding the foregoing, no attorney-client relationship has existed or exists between the undersigned and the Underwriter or Trustee in connection with the Bonds by virtue of this opinion. This opinion may not be relied on by any other party or for any other purpose without our prior written consent.

## **C. OPINIONS**

Based on the foregoing, and subject to the qualifications and assumptions set forth herein, we are of the opinion that:

1. **Authority** – Under the Alabama Constitution and laws of the State, the District has been duly established and validly exists as an improvement district under the provisions of the statutes codified as Chapter 99A of Title 11 of the Code of Alabama 1975, as heretofore or hereafter amended or supplemented (the “**Act**”), with such powers as set forth in the Act, and with good, right and lawful authority: (a) to enter into and to consummate the transactions contemplated by the Bond Resolution, the Assessment Proceedings, the Indenture, the Bonds and the Bond Agreements; (b) to issue the Bonds for the purposes for which they are issued; (c) to impose, levy, collect and enforce the Debt Assessments and pledge the Series 2022 Trust Estate to secure the Bonds as provided in the Indenture; (d) to adopt the Bond Resolution and the Assessment Proceedings; and (e) to perform its obligations under the terms and conditions of the

Bond Resolution, the Assessment Proceedings, the Bond Agreements, the Bonds and the Indenture.

2. **Assessments** – The proceedings by the District and City with respect to the Debt Assessments have been in accordance with Alabama law. The District and/or City have taken all action necessary to levy and impose the Debt Assessments as set forth in the Assessment Proceedings, Assessment Methodology, and/or other applicable documents. The Debt Assessments constitute legal, valid, binding and enforceable liens upon the property against which such Debt Assessments are assessed, with priority over all other liens, other than liens for ad valorem taxes, until paid.

3. **Agreements** – The (a) Bond Resolution, (b) Assessment Proceedings, (c) Bonds, (d) Indenture, and (e) Bond Agreements (assuming due authorization, execution and delivery of documents (c) – (e) listed herein by any parties thereto other than the District) have been duly and validly authorized, executed and delivered by the District, have been duly approved and adopted and/or issued by the District, are in full force and effect, constitute legal, valid and binding obligations of the District, and are enforceable against the District in accordance with their respective terms. All conditions prescribed in the Indenture as precedent to the issuance of the Bonds have been fulfilled.

4. **Validation** – The Bonds have been validated by a final judgment of the Circuit Court in and for Madison County, Alabama, of which no timely appeal was filed.

5. **Governmental Approvals** – As of the date hereof, all necessary consents, approvals, waivers or other actions by or filings with any governmental authority or other entity that are required for: (a) the adoption of the Bond Resolution and the Assessment Proceedings; (b) the levy and imposition of the Debt Assessments upon the terms set forth in the Assessment Proceedings, Assessment Methodology, and/or other applicable documents; (c) the issuance, sale, execution and delivery of the Bonds upon the terms set forth in the BPA, PLOM, and LOM; (d) the execution and delivery of the Indenture and Bond Agreements; and (e) the performance by the District of the transactions required hereby, have been duly obtained or made and are in full force and effect.

6. **PLOM and LOM** – The District has duly authorized the execution, delivery and distribution by the Underwriter of the PLOM and LOM. To our knowledge, and based upon our review of the PLOM and LOM and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the PLOM and LOM, and as of the date of their respective issuances, and with respect to the PLOM, the date of the BPA, and with respect to the LOM, the date hereof, nothing has come to our attention which would lead us to believe that the PLOM and LOM contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, provided however that the opinions stated herein extend only to the following provisions of the PLOM and LOM: “INTRODUCTION” (as it relates to the District only), “SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2022 BONDS – Agreement for Assignment of Development Rights, True-Up Agreement, and Completion Agreement,” “THE SERIES 2022 ASSESSMENTS,” “THE DISTRICT” (excluding the subcaptions “The District Manager and Other Consultants”),

“LEGALITY FOR INVESTMENT,” “LITIGATION – The District,” “CONTINUING DISCLOSURE” (as it relates to the District only), and “AUTHORIZATION AND APPROVAL,” and further provided however that the opinions stated herein do not extend to any statements that constitute descriptions of the Bonds or the Indenture. No information or opinion is offered as to any remaining provisions of the PLOM or LOM.

7. ***Litigation*** – Based on inquiry of the District’s Registered Agent for service of process and the fact that we have not been served with notice, there is no litigation pending or, to the best of our knowledge, threatened against the District: (a) seeking to restrain or enjoin the issuance or delivery of the Bonds or the application of the proceeds thereof, or the imposition, levy or collection of the Debt Assessments or the Pledged Revenues pledged for the payment of the debt service on the Bonds; (b) contesting or affecting the authority for the Debt Assessments, the authority for the issuance of the Bonds or the validity or enforceability of the Bonds, the Indenture, the Bond Agreements or the transactions contemplated thereunder; (c) contesting or affecting the establishment or existence of the District or any of its Directors, officers or employees, its assets, property or condition, financial or otherwise, or contesting or affecting any of the powers of the District, including its power to enter into the Indenture or the Bond Agreements, or its power to determine, assess, levy, collect and pledge the Debt Assessments for the payment of the debt service on the Bonds; or (d) specifically contesting the exclusion from federal gross income of interest on the Bonds.

8. ***Compliance with Laws*** – To the best of our knowledge, the District is not, in any manner material to the issuance of the Bonds or the Debt Assessments, in breach of or default under any applicable provision of the Act or constitutional provision, statute, or administrative regulation of the State, or any applicable judgment or decree, any loan agreement, indenture, bond, note, resolution, agreement (including the Bond Agreements and Indenture), or any other material instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, and to the best of our knowledge, no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the District under any such instrument; provided, however, that no opinion is expressed as to compliance with any state or federal tax or securities laws.

9. ***Authority to Undertake the Series 2022 Project*** - The District has good right and lawful authority under the Act to undertake, finance, acquire, construct, own, and operate the Series 2022 Project, subject to obtaining such licenses, orders or other authorizations as are, at the date of such opinion, required to be obtained from any agency or regulatory body.

#### **D. CERTAIN ASSUMPTIONS**

In rendering the foregoing opinions, we have assumed the following: (1) that all public records, certifications, agreements and other documents examined by us that have been executed or certified by public officials acting within the scope of their official capacities are authentic, truthful and accurate; (2) that copies of such public records, certifications, agreements, and other documents furnished to us are authentic and conform to the originals; (3) that all signatures on executed public records, certifications, agreements and other documents are genuine; and (4) that all public records, certifications, agreements and other documents have been properly authorized

and are binding on each of the other parties thereto. Such assumptions do not apply to District documents.

## **E. CERTAIN QUALIFICATIONS**

The foregoing opinions are subject to the following qualifications:

1. The opinions or statements expressed above are based solely on the laws of Alabama and, solely with respect to the opinions stated in Section C.6., federal securities laws in effect at the time of issuance of the Bonds. Accordingly, we express no opinion nor make any statement regarding the effect or application of the laws of any other state or other jurisdiction or other laws of the federal government (including but not limited to the Internal Revenue Code or any proposed changes thereto).

2. Our opinion as to enforceability of any document is subject to limitations imposed by bankruptcy, insolvency, reorganization, moratorium, liquidation, readjustment of debt, or similar laws, relating to or affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and to the exercise of judicial discretion in appropriate cases, including the fact that specific performance and other equitable remedies are granted only in the discretion of a court.

3. Except as provided in Section E.1. above, nothing herein shall be construed as an opinion regarding the possible applicability of state securities or "blue sky" laws or federal securities laws, as to which no opinion is expressed.

4. We further express no opinion as to the necessity for an interest rate waiver under Alabama law, or the applicability of any provision or section of the Internal Revenue Code.

5. We express no opinion and make no representations with regard to financial information or statistical data. We express no opinion as to compliance with any state or federal tax laws.

6. We have not reviewed, and therefore express no opinion, regarding any land use, real property or other related items, including but not limited to whether the Developer is able to convey good and marketable title to any particular real property or interest therein and related to the Series 2022 Project.

7. With respect to any of the opinions set forth in this letter which are based on or qualified by the phrase "to our knowledge," the words "to our knowledge" signify that, in the course of our representation of the District, no facts have come to our attention that would give us actual knowledge that any such opinions or other matters are not accurate. Except to the extent expressly set forth herein, we have not undertaken any independent investigation to determine the existence or absence of any such facts, and no inference as to our knowledge of the existence of such facts should be drawn from the fact of our representation of District.

8. The opinions set forth herein are based on factual representations made to us as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the courts or any other entity; rather, our opinions represent our professional judgment based on our review of existing law, and in reliance on the representations and covenants that we deem relevant to such opinions.

Very truly yours,

BUTLER SNOW LLP

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**APPENDIX C**

**ENGINEER'S REPORT**

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**MidCity Improvement District**  
**DISTRICT IMPROVEMENT PLAN**



**Prepared For:**

**MIDCITY IMPROVEMENT DISTRICT**

**December 8, 2021**



5125A Research Drive

Huntsville, AL 35805

256-534-5512

Garverusa.com

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## INTRODUCTION

The MidCity Improvement District (“MCID” or the “District”) is located in Huntsville, Alabama and was originally adopted by the City of Huntsville City Council as Resolution No. 18-652, and later amended by Resolution No. 19-260. The MCID is bounded on the North by University Drive, generally by a line along the east side of Madison Plaza, by State Route 255 along the west, and by Corporate Drive along the south. A District Location map is included as Exhibit 1. A copy of the MCID Map as shown in the Petition for Incorporation of MidCity Improvement District (Resolution No. 18-652) is included as Exhibit 3A. Additionally, a copy of the map outlining the inclusion of the “MidCity South Land” as shown in Resolution No. 19-260 is included as Exhibit 3B. A copy of the legal description as shown in the “Petition for Incorporation of MidCity Improvement District” (Resolution No. 18-652) and the associated amendment (Resolution No. 19-260) are included as Exhibit 4A and Exhibit 4B, respectively. All lands currently included in the District are shown in Exhibit 2.

On February 11, 2016, the City of Huntsville (City) adopted Resolution number 16 – 87, the Research Park East Urban Renewal and Urban Development Plan. Pursuant to the Plan, the City underwent an RFQ process to initiate a public-private partnership (“PPP”) to redevelop a blighted part of the City at a site including and surrounding the old Madison Square Mall. The City selected Mid-City Owner, LLC as their partner and adopted Resolution 16-395 on May 26, 2016, approving the “Urban Renewal/ Redevelopment /Agreement-Project I (Mid-City) by and between the City of Huntsville and Mid-City Owner, LLC”.

In part, Resolution 16-395 states: Whereas, as a condition to developer agreeing to design, develop, construct and operate the project substantially in accordance with the development plan, the City has agreed to accelerate the construction and development of certain portions of the Plan Public Infrastructure consisting of (i) public roadway improvements (ii) public utilities (iii) the relocation of a public culvert, (iv) open space and green space, (v) a connector road providing access to the project site via a slip ramp off of Research Park Blvd., NW (AL 255).

On December 29, 2016, the City adopted Resolution 16-1000 whereby the City agreed to accelerate development and construction of several of the public infrastructure improvements from what was provided for in the initial agreement in exchange for the developer selling real property to the City to become part of a destination facility site, which ultimately became the site of Top Golf.

In 2019, the City further agreed to invest approx. \$55 million to locate and fund an 8,000-seat outdoor amphitheater in the project in exchange partly for the developer agreeing to fund design fees, engineering and artwork associated with the MidCity Amphitheater.

Incorporation of the District provides an efficient mechanism for managing and financing the public infrastructure associated with the planning and development of the District improvement plan, including certain community parks, landscaping, utilities, drainage and transportation improvements, as well as funding for planning, and engineering studies, defined as the “Improvement Plan” as further described herein. A direct result of the public-private partnership has been the substantial investment by the City of Huntsville that may exceed over \$115 million for

the aforementioned public infrastructure items and public amenities. This City investment into master infrastructure and public amenities is a significant benefit to the residents and tenants in the MidCity Improvement District as well as adjacent areas and can be viewed as investment/payment by the City on behalf of the developer. Had the City not funded the approx. \$115 million, the developer would have had to fund same, or at a minimum, the least approx. \$70 million for the non-amphitheater-related improvements. MidCity Huntsville will continue to be developed over the next several years, consisting of the uses described in the following table.

**PROJECT DESCRIPTION**

**GENERAL**

The MCID is composed of approximately 75 acres of land and is located in Huntsville, Alabama. The proposed land uses and planned year of construction for the MidCity project are tabulated below.

**MIDCITY DEVELOPMENT PROGRAM BY YEAR**

|              | 2019    | 2020   | 2021   | 2022            | 2023   | 2024   | 2025   | 2026           | 2027    | 2028   | 2029   | 2030        | Grand Total |
|--------------|---------|--------|--------|-----------------|--------|--------|--------|----------------|---------|--------|--------|-------------|-------------|
| RETAIL SPACE | 150,000 | 89,685 | 18,000 | 10,000          | 30,230 | 30,000 | 30,000 | 50,000         | 25,000  | 50,000 | 25,619 | 3,500       | 512,034     |
| OFFICE SPACE | -       | -      | -      | 5,000           | -      | 25,000 | -      | -              | 175,000 | -      | -      | 175,000     | 380,000     |
| TOTAL SF     | 150,000 | 89,685 | 18,000 | 15,000          | 30,230 | 55,000 | 30,000 | 50,000         | 200,000 | 50,000 | 25,619 | 178,500     | 892,034     |
|              |         |        |        | HOTEL ROOMS     |        |        |        | 112            |         |        |        | 382         |             |
|              |         |        |        | APARTMENT UNITS |        |        |        | 538 623 70 186 |         |        |        | 83 150 1650 |             |

**THE DISTRICT**

The MCID will be a mixed-use development consisting of multi-family residences, a central community park and event areas, office complexes, commercial centers, and various pedestrian and shared-use paths. In general, the development program within the District is projected to consist of approximately 1,238,786 square feet of residential space (1,645 units), 344,300 square feet of hotel space (626 units), 512,034 square feet of commercial/retail space, and 380,000 square feet of office space. The Improvement Plan contained in this report reflects the present intentions of the District. However, the Improvement Plan may be subject to further modifications in the future. The MCID boundary map and legal descriptions are provided as Exhibit 2 and 4, respectively.

**PROPOSED IMPROVEMENTS**

**GENERAL**

Public infrastructure improvements located within individual residential, hotel, retail, commercial, and office parcels in addition to all improvements made within public rights-of-way are referred to herein as “Infrastructure Improvements” and collectively constitute the “Improvement Plan.”

All of the residential, hotel, retail, commercial, and office parcels within the District Lands shall benefit from the construction of the Infrastructure Improvements and should be subject to assessment of the construction thereof.

**MidCity Improvements**

A graphical illustration of the MidCity Improvement District Plan is provided as Exhibit 5. The improvement costs for the District are outline further herein.

**Infrastructure Improvements**

The MCID presently intends to finance, design, construct, own, and maintain Infrastructure Improvements within and adjacent to the District boundary. The Infrastructure Improvements include

improvements to provide utility service to the District Lands, internal roadways providing access to all of the commercial, office, residential, and recreational parcels, landscaping/hardscape, irrigation, electric, and street lighting to such parcels. The Infrastructure consists of the following categories as further described herein. The following tables below show estimated costs for Current and Future infrastructure improvements that have or will be financed by the MCID. The amounts shown represent the costs of improvements made within and adjacent to the MCID Boundary (approximately 75 Acres). The Current amount represents the investment value at the time the Engineer’s Report was written.

| DESCRIPTION   | CURRENT INVESTMENT        |                            | FUTURE INVESTMENT        |   |   | GRAND TOTAL           |
|---|---------------------------|----------------------------|--------------------------|---|---|-----------------------|
|   | City's Current Investment | MidCity Current Investment | City's Future Investment | MidCity Improvement District Phase 1-2 Bonds 2021 - 2023* | MidCity Improvement District Phase 3-4 Bonds 2024 - 2026* |                       |
| Land  | \$ -                      | \$ 2,342,700               | \$ -                     | \$ -  | \$ -  | \$ 2,342,700          |
| Utilities (Water and Sewer)   | \$ 4,427,358              | \$ 178,686                 | \$ 3,835,700             | \$ -  | \$ -  | \$ 8,441,744          |
| Public Roadways / Parking (including Storm Sewer)   | \$ 22,490,216             | \$ 593,110                 | \$ 10,070,681            | \$ -  | \$ -  | \$ 33,154,007         |
| Street Lighting and Electrical  | \$ 4,041,635              | \$ 32,237                  | \$ 2,025,500             | \$ -  | \$ -  | \$ 6,099,372          |
| Pedestrian Facilities / Public Parks / Landscaping  | \$ 293,000                | \$ 989,041                 | \$ 2,413,600             | \$ 4,000,000  | \$ 9,000,000  | \$ 16,695,641         |
| Public Art  | \$ -                      | \$ 89,088                  | \$ -                     | \$ 2,000,000  | \$ 3,000,000  | \$ 5,089,088          |
| West Huntsville Park (Amphitheater)   | \$ 43,000,000             | \$ 353,398                 | \$ 12,500,000            | \$ 2,500,000  | \$ -  | \$ 58,353,398         |
| Open Space (South Park)   | \$ -                      | \$ -                       | \$ 12,000,000            | \$ -  | \$ -  | \$ 12,000,000         |
| Design Engineering, Survey, Permitting, Planning  | \$ 2,276,483              | \$ 243,116                 | \$ 750,000               | \$ 1,000,000  | \$ 1,000,000  | \$ 5,269,599          |
| <b>TOTAL</b>  | <b>\$76,528,692</b>       | <b>\$4,821,376</b>         | <b>\$ 43,595,481</b>     | <b>\$ 9,500,000</b>                                       | <b>\$ 13,000,000</b>                                      | <b>\$ 147,445,549</b> |
| <small>(1) - Much of the City investment in public infrastructure is in exchange for land with the developer for roads, park areas, and right of way.<br/>           *Bond allocations subject to change based on updates and revisions to MidCity Master Plan.</small> |                           |                            |                          |   |   |                       |

The Future cost estimates were, in part, derived by analyzing the cost of infrastructure improvements completed to date, obtaining a block development cost per square foot amount (approximately \$6.70 per square foot), then extrapolating that amount by the estimated remaining area to be developed. This accounts for the cost associated with the typical infrastructure required to serve the developments within the MCID boundary, such as water & sewer utilities, streets & drainage, lighting & electrical utilities, landscaping, and all associated A&E services. In addition to the typical block development infrastructure improvements, MidCity Improvement District intends to finance the construction of two public art installations. Cost estimates for these items were provided by RCP Companies and are based on historic regional construction costs for similar projects. All future cost estimates include a 10 percent contingency amount.

The Infrastructure Improvements will serve and provide benefit both to the non-residential and residential land uses. The descriptions for the District’s Infrastructure Improvement plans are as follows.

## Utility Improvements

## Utilities General (Water Main and Sanitary Sewer Mains)

The District intends to finance, design, own and maintain certain water and sewer facilities throughout and adjacent to the District boundary and to extend existing water and sewer services from their present location outside the boundary of the District to connect to the improvements within the District. A portion of the cost of such extension will be paid for by the utility companies providing such service and by adjoining property owners, but the extension work itself will be performed by the District. Water and sewer lines will be funded MCID and COH, and will be owned and maintained by COH and HU which will maintain the utilities and provide service to the residents.

## Potable Water Distribution System

The potable water distribution system is connected to the existing off-site Huntsville Utilities (HU) system at multiple points including connections at the Mid City Drive access from the existing Highway 72/University Drive, a connection at the Stax Street access from the existing Old Monrovia Road, and a connection across AL255, just south of the amphitheater site, connecting to Research Drive, that is currently under construction. The potable water system includes the necessary piping, valves, fire hydrants, and services, both within and at the borders of the District, needed to serve District Lands. Potable Water System Improvements are designed and constructed to HU standards, funded by COH and MCID, and will be owned and maintained by HU upon completion and conveyance by the district.

## Sewer Collection/Transmission System

The Infrastructure Improvements will also include a network of gravity sewer mains, manholes, and services to serve the District. In general, the collection system will be connected to an existing sanitary sewer trunk line on the south end of the project, near the proposed intersection of MidCity Drive and Sanderson Street. The Infrastructure Improvements will be designed and constructed to COH standards, installation funded by the COH and MCID, and will be owned and maintained by the COH upon completion and conveyance by the district.

## Electric and Street Lighting

The Infrastructure Improvements will include a network of underground electric conduits, junction boxes, manholes, and services to serve the District. The electrical power utility provider is responsible for the installation of electrical cable, switches, and transformers. Street lighting will be an integral part of the Roadway system. The Infrastructure Improvements will be designed and constructed to HU standards, installation funded by the COH and MCID, and will be owned and maintained by HU upon completion and conveyance by the District. The lighting system will be designed and installed per Building Code Regulations, installation funded by COH and MCID, and maintained by COH upon completion and acceptance.

## Landscaping/Hardscape & Irrigation

The landscaping, hardscape, and irrigation will be provided throughout the District's multimodal street network. These features include a variety of planting spaces, lighting, and associated hardscapes. Landscaping within public rights-of-way will be funded, installed, and maintained by COH upon completion and acceptance. Landscaping outside of rights-of-way in public use areas shall be installed and maintained by the District.

## Roadway

The District will make transportation improvements within and adjacent to the District boundary that will include intersection and roadway improvements, such as intersection signalization improvements along Highway 72/University Drive. The roadway improvements within the District will include a street network comprised of approximately 21,000 linear feet of roadway with connections to existing streets and highways at each end of the District boundary. The typical roadway sections will include sidewalks and/or multi-use paths. Roadway improvements will consist of asphalt, curb, roadway base, compacted subgrade, storm inlets, yard drains, and associated storm sewer drainage piping/structures. The stormwater collection system is integral to the roadway infrastructure. Required roadway improvements will be designed to COH standards. Most roadways will include on-street public parking to serve businesses within the District.

## Improvement Costs

The Infrastructure Improvements may be divided into several construction/acquisition packages. Those packages may consist of the common roadway improvements, stormwater management, and neighborhood infrastructure.

The exact location of some of the facilities may change during the course of approval and implementation. These changes will not diminish or alter the benefits to be received by the land and any changes will result in the land receiving the same or greater benefits at no additional cost to the landowners. The District must retain the right to make reasonable adjustments in the plan to meet the requirements of governmental agencies while simultaneously providing the same or greater benefits to the land. The plan presented herein has been prepared based upon both previous and current regulatory criteria. Regulatory criteria will undoubtedly continue to evolve, and future changes may affect the implementation of this plan. If this occurs, future substantial changes should be addressed and included as an addendum to the plan. The costs are based upon unit costs for construction in Northeast Alabama with a 10% contingency.

## Ownership and Maintenance

| Improvement                              | Funded By | Ownership | Maintenance |
|--|-----------|-----------|-------------|
| On-Site and Off-Site Potable Water       | MCID/COH  | HU        | HU          |
| On-Site and Off-Site Sanitary Sewer      | MCID/COH  | COH       | COH         |
| On-Site and Off-Site Electric & Lighting | MCID/COH  | COH/HU    | COH/HU      |
| On-site Roads                            | MCID/COH  | COH       | COH         |
| Landscaping within Rights-of-Way         | MCID/COH  | COH       | MCID/COH    |
| Landscaping outside Rights-of-Way        | MCID      | MCID      | MCID        |
| Public Parks/Landscaping                 | MCID      | MCID      | MCID        |
| Public Parking & Pedestrian Walkways     | MCID      | MCID      | MCID        |
| Amphitheater Park                        | MCID/COH  | COH       | COH         |
| Public Art                               | MCID      | MCID      | MCID        |
|  |           |           |             |

## Permit Status

### Federal Permits

Currently, no federal permits have been issued, and none are required.

### State Permits

A General NPDES Permit has been issued by the Alabama Department of Environmental Management (ADEM) in order to effectively monitor pollutant discharge into waters of the state. No other state permits are required.

### Local Permits

The City of Huntsville Planning Commission and City Council approvals have been granted for subdivision per MidCity Urban Renewal Priority Zone 1. There have been various permits issued on multiple phases of MidCity by the Engineering and Building Inspection Departments.

## Construction Status

Construction is currently in progress on multiple phases of the MidCity project. Please find Exhibit 6 for an update on the construction and investment status from the City of Huntsville's Economic Development Director.

## Engineer's Certification

### Engineer's Certification

The cost opinions provided herein are fair and reasonable and we have no reason to believe that the improvements described herein cannot be constructed and installed at such costs. The opinion of infrastructure construction costs is only an opinion and not a guaranteed maximum price. The probable construction opinion costs were determined utilizing comparable historical costs in the surrounding region, applied to the conceptual land development plan with a ten percent (10%) contingency added. The labor market, future costs of equipment and materials, increased regulatory actions and the actual construction process are all beyond control. Due to this inherent opportunity for fluctuation in cost, the total final cost may be more or less than this opinion.

We expect that all improvements to be constructed can be completed on schedule. Detailed design documents and permits necessary to complete the improvements will be acquired in the normal course of business. We, therefore, believe that the MCID will be well served by the infrastructure improvements discussed in this report.

The improvements, if designed and constructed to the standards described herein, will be sufficient to support the development program as described in this Engineering Report.

I hereby certify that the foregoing is a true and correct copy of the MidCity Improvement District Improvement Plan.

**Garver, LLC**



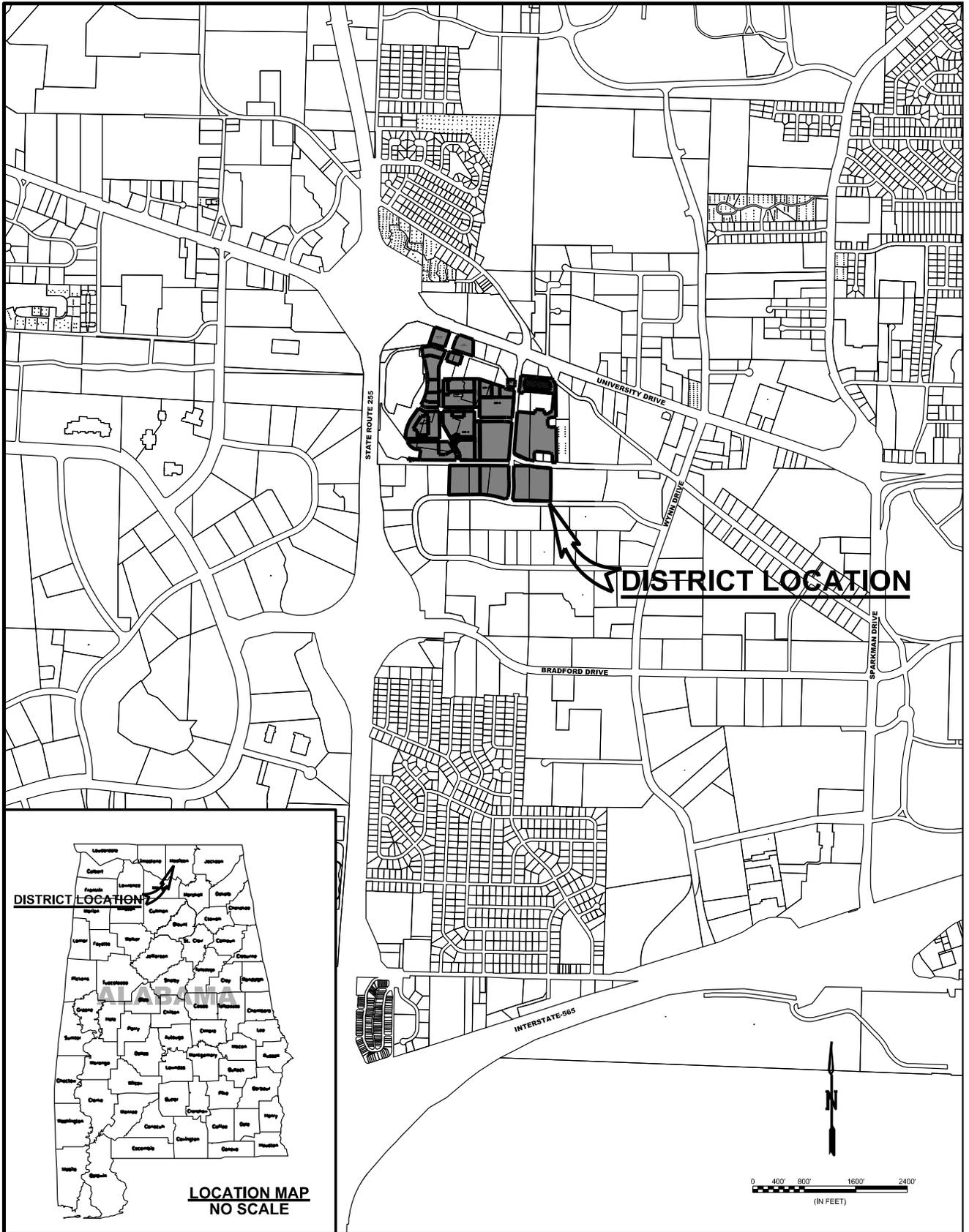
**Andrew E. Dinges, PE**

**Alabama Registration No. 28716**

**Date: 12/08/2021**

## EXHIBITS

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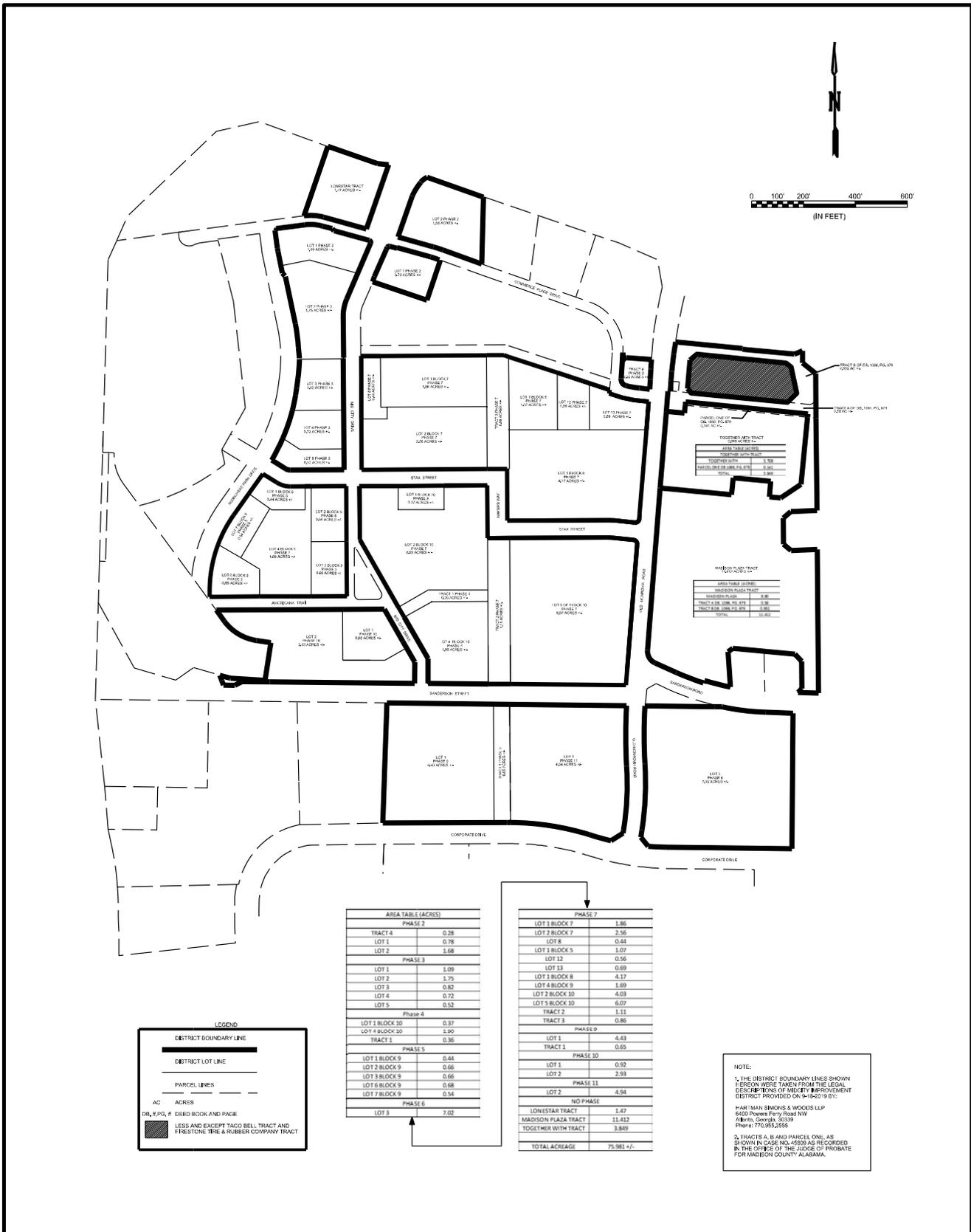


5125A Research Drive  
 Huntsville, AL 35805  
 (256) 534-5512

MIDCITY IMPROVEMENT  
 DISTRICT  
 HUNTSVILLE, AL  
 MIDCITY IMPROVEMENT  
 DISTRICT PLAN

DISTRICT LOCATION MAP

|                                   |
|-----------------------------------|
| FIGURE NUMBER<br><b>EXHIBIT 1</b> |
| SHEET NUMBER                      |

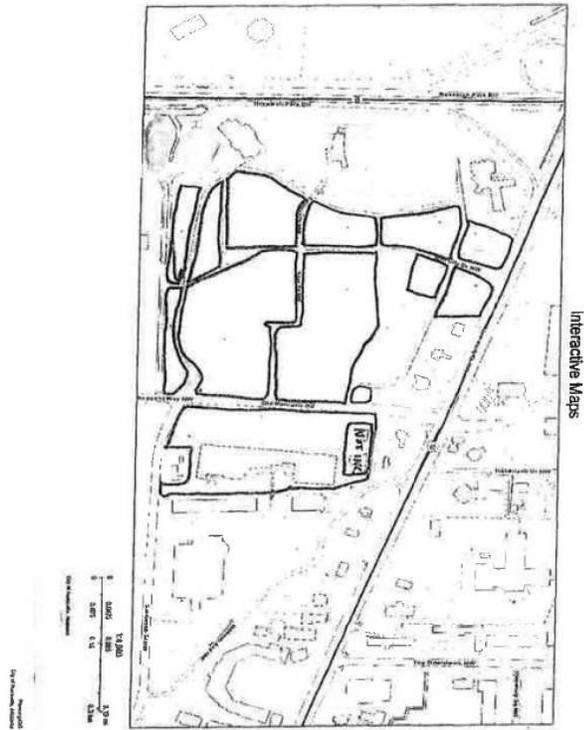


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|  |  |   |                              |  |
|--|--|---|------------------------------|--|
|  | 5125A Research Drive<br>Huntsville, AL 35805<br>(256) 534-5512 | <b>MIDCITY IMPROVEMENT DISTRICT</b><br>HUNTSVILLE, AL<br><b>MIDCITY IMPROVEMENT DISTRICT PLAN</b> | <b>DISTRICT BOUNDARY MAP</b> | <b>FIGURE NUMBER</b><br><b>EXHIBIT 2</b> |
|  |  |   |                              | <b>SHEET NUMBER</b>                      |

TO THE PETITION FOR INCORPORATION  
OF  
MIDCITY IMPROVEMENT DISTRICT

Map or Plat



B-1

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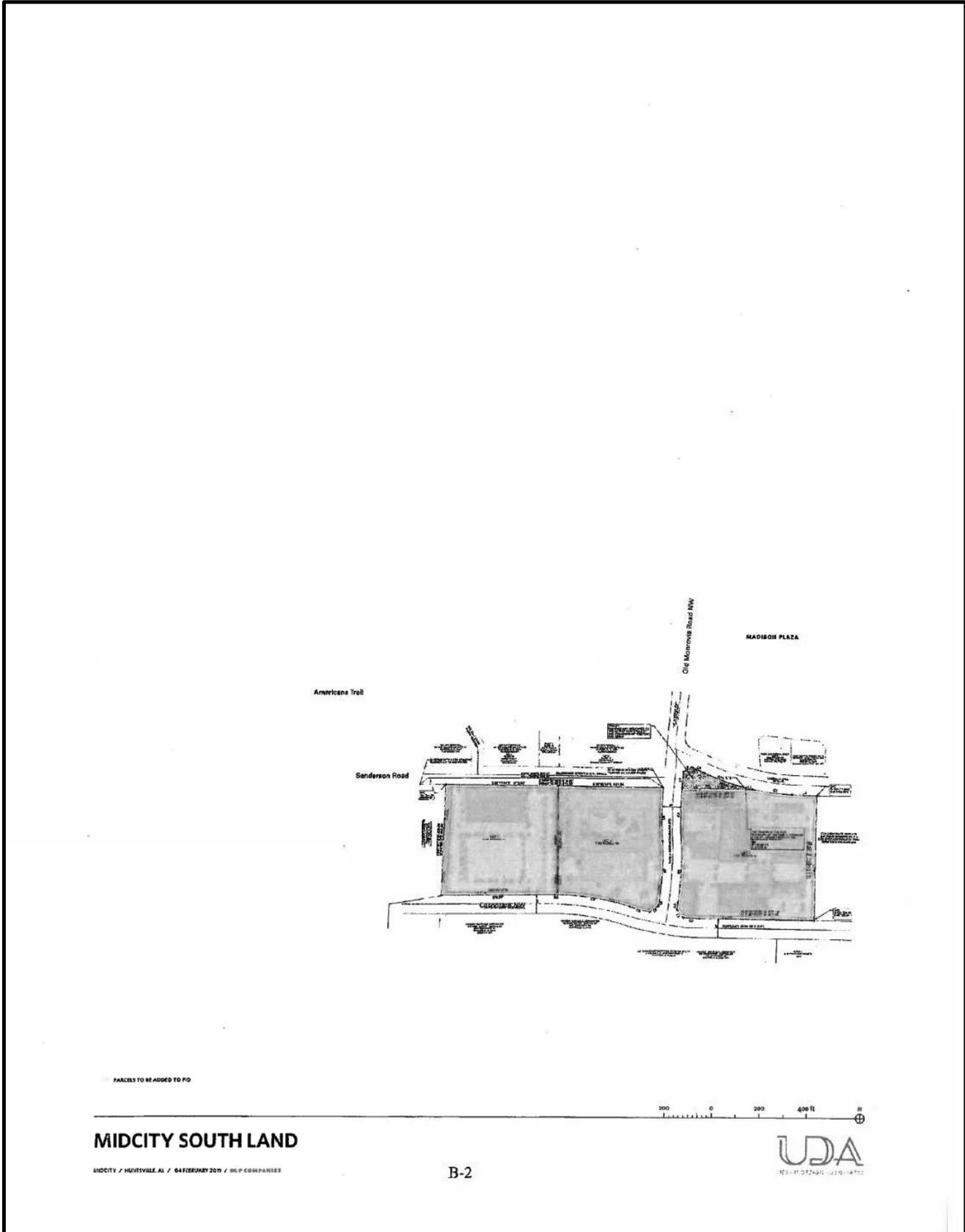
MIDCITY IMPROVEMENT  
DISTRICT  
HUNTSVILLE, AL  
MIDCITY IMPROVEMENT  
DISTRICT PLAN

District Map  
(Adopted by Resolution No. 18-652)

|                                    |
|------------------------------------|
| FIGURE NUMBER<br><b>EXHIBIT 3A</b> |
| SHEET<br>NUMBER                    |

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**MIDCITY SOUTH LAND**

MIDCITY / HUNTSVILLE, AL / 04 FEBRUARY 2019 / SEP-EDS/SPR/SES

B-2



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**MIDCITY IMPROVEMENT DISTRICT**  
 HUNTSVILLE, AL  
**MIDCITY IMPROVEMENT DISTRICT PLAN**

District Map - MidCity South Land  
 Addition  
 (Amended by Resolution No. 19-260)

|                                    |
|------------------------------------|
| FIGURE NUMBER<br><b>EXHIBIT 3B</b> |
| SHEET NUMBER                       |

**EXHIBIT A**

**TO THE PETITION TO AMEND THE ARTICLES OF INCORPORATION OF  
MIDCITY IMPROVEMENT DISTRICT**

**LAND**

Lot 1, Lot 2, and Tract 4 according to that Final Plat of MidCity Subdivision, Phase 2, as recorded in the Office of the Judge of Probate of Madison County, Alabama, as Instrument No. 2017-00611239.

Lot 1, Lot 2, Lot 3, Lot 4, and Lot 5, according to that Final Plat of MidCity Subdivision, Phase 3, as recorded in the Office of the Judge of Probate of Madison County, Alabama, as Instrument No. 2018-00011816.

Lot 1 and Lot 4 of Block 10, and Tract 1 according to that Final Plat of MidCity Subdivision, Phase 4, as recorded in the Office of the Judge of Probate of Madison County, Alabama, as Instrument No. 2018-00024861.

Lot 1, Lot 2, Lot 3, Lot 6 and Lot 7, Block 9, according to that Final Plat of MidCity Subdivision, Phase 5, as recorded in the Office of the Judge of Probate of Madison County, Alabama, as Instrument No. 2018-00068577.

Lot 1 of Block 5, Lot 1 and Lot 2 of Block 7, Lot 1 of Block 8 and Lot 4, Block 9, Lot 2 and Lot 5 of Block 10, Lot 8, Lot 12 and Lot 13, and Tract 2 and Tract 3 according to that Final Plat of MidCity Subdivision, Phase 7, as recorded in the Office of the Judge of Probate of Madison County, Alabama, as Instrument No. 2019-00013667.

Lot 1 and Lot 2, according to that Final Plat of MidCity Subdivision, Phase 10, as recorded in the Office of the Judge of Probate of Madison County, Alabama, as Instrument No. 2019-00032454.

*[Legal description continues on following page]*

3605418-1 12345.0007000

B-1

MIDCITY IMPROVEMENT DISTRICT  
LEGAL DESCRIPTION PROVIDED ON  
9-18-2019 BY:  
HARTMAN SIMONS & WOODS LLP  
6400 Powers Ferry Road NW  
Atlanta, Georgia, 30339  
Phone: 770.955.3555

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Huntsville, AL 35805  
(256) 534-5512

MIDCITY IMPROVEMENT  
DISTRICT  
HUNTSVILLE, AL  
MIDCITY IMPROVEMENT  
DISTRICT PLAN

DISTRICT LEGAL  
DESCRIPTION

FIGURE NUMBER  
**EXHIBIT 4A**

SHEET  
NUMBER

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 L:\2019\185802\30 - MidCity Improvement District\Drawings\MIDCITY LEGAL DESCRIPTION EXHIBIT 3A-3F SHEET.dgn

**Lone Star Parcel**

All that part of the Northeast quarter of Section 31 Township 3 South Range 1 West in the City of Huntsville, Madison County, Alabama; particularly described as beginning at a point that is located on the Southerly margin of University Drive (U.S. Highway No. 72 West) right-of-way and being further described as beginning at a point that is located North 89 degrees 11 minutes East 274.03 feet, North 00 degrees 12 minutes East 1694.59 feet, North 22 degrees 29 minutes East 184.64 feet, North 44 degrees 54 minutes East 472.11 feet, North 75 degrees 50 minutes East 170.30 feet and South 72 degrees 26 minutes East 281.50 feet from the center of said Section 31;

Thence from the true Point of Beginning continue along the South margin of said University Drive (U.S. Highway No. 72 West) right-of-way by the following actual bearings and distances: South 72 degrees 25 minutes 37 seconds East 203.89 feet, and South 81 degrees 46 minutes 16 seconds East 40.65 feet.

Thence leaving said right-of-way an actual bearing and distance of South 17 degrees 35 minutes 37 seconds West 258.82 feet, to a point on the Northerly margin of the Ring Access Road right-of-way;

Thence with an actual bearing and distance of North 75 degrees 58 minutes 10 Seconds West 170.75 feet along the said right-of-way to the point of beginning of a curve to the left having a radius of 188.50 feet;

Thence along the arc of said curve and continue along the Northerly margin of said Ring Access Road right-of-way an actual chord bearing and distance of North 87 degrees 35 minutes 34 seconds West 76.10 feet.

Thence leaving the said right-of-way an actual bearing and distance of North 17 degrees 34 minutes East 282.68 feet to the place of beginning and containing 1.4707 acres, more or less.

*[Legal description continues on following page]*

3605418-1 12345.0007000

B-2

MIDCITY IMPROVEMENT DISTRICT  
LEGAL DESCRIPTION PROVIDED ON  
9-18-2019 BY:  
HARTMAN SIMONS & WOODS LLP  
6400 Powers Ferry Road NW  
Atlanta, Georgia, 30339  
Phone: 770.955.3555

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Huntsville, AL 35805  
(256) 534-5512

MIDCITY IMPROVEMENT  
DISTRICT  
HUNTSVILLE, AL  
MIDCITY IMPROVEMENT  
DISTRICT PLAN

DISTRICT LEGAL  
DESCRIPTION

FIGURE NUMBER  
**EXHIBIT 4B**

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NUMBER

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**Madison Plaza Parcels**

All that part of Sections 31 and 32, Township 3 South, Range 1 West In the City of Huntsville, Madison County, Alabama, particularly described as beginning at a point on the North right of way of Sanderson Street that is located North 01°26'47" West 9.13 feet, North 89°09'50" East 401.29 feet, and North 02°00'00" West 46.29 feet from the center of the West boundary of said Section 32; Thence from the true point of beginning along the North right of way of Sanderson Street North 89°17'41" West 80.00 feet; Thence North 44°20'05" East 20.71 feet; Thence North 02°00'00" West 105.00 feet; Thence North 43°57'14" West 37.19 feet, Thence North 85°52'57" West 240.00 feet; Thence South 54°04'47" West 23.02 feet; Thence South 05°00'00" East 136.72 feet to a point on the North right of way of Sanderson Street, said point is further described as being on a curve to the right having a radius of 914.93 feet; thence along the North right of way of said Sanderson Street and the arc of said curve a chord bearing and distance of North 77°14'06" West 103.19 feet; Thence South 16°00'00" West 10.00 feet to a point on a curve to the right having a radius of 924.93 feet; Thence continuing along the North right of way of Sanderson Street and the arc of said curve a chord bearing and distance of North 70°29'41" West 113.00 feet to the P.T. of said curve; Thence continuing along the North right-of-way of said Sanderson Street North 66°59'30" West 92.30 feet to the P.C. of a curve to the right having a radius of 48.06 feet; Thence along the arc of said curve a chord bearing and distance of North 30°25'42" West 55.19 feet to the P.T. of said curve, said point is further described as being on the East right of way of Old Monrovia Road Extended; Thence along the East right of way of said Old Monrovia Road Extended North 03°05'10" East 627.04 feet to Tax Parcel Number 1409310000010000; Thence along the South boundary of said Tax Parcel the following bearings and distances: Thence South 85°53'01" East 276.44 feet; North 04°06'59" East 66.00 feet, South 85°53'01" East 145.00 feet; South 04°06'59" West 60.00 feet; South 85°53'01" East 44.00 feet; and North 54°41'55" East 94.49 feet to a point and the East boundary of said Tax Parcel and the West margin of a service road; Thence along the East boundary of said Tax Parcel and the West margin of said service road North 04°06'59" East 272.25 feet to the Northeast corner of said Tax Parcel; Thence along the North boundary of said Tax Parcel and the South margin of said service road the following bearings and distances: North 85°53'01" West 473.47 feet; South 04°06'59" West 43.00 feet; and North 85°53'00" West 70.27 feet to a point on the East right of way of Old Monrovia Road Extended; Thence along the East right of way of Old Monrovia Road Extended the following bearings and distances: North 03°05'10" East 77.65 feet, South 86°54'50" East 10.00 feet; North 0°26'08" East 40.16 feet; North 04°04'5" East 38.46 feet, North 05°06'50" East 66.80 feet; and North 07°09'46" East 47.02 feet to the Southwest corner of the First Alabama Bank tract; Thence along the South boundary said First Alabama Bank tract and the North margin of a service road South 85°53'00" East 259.57 feet; Thence, South 04°07'00" West 3.10 feet to the Southwest corner of the Krystal company tract; thence along the South boundary of said Krystal Company tract and the North margin of a service road South 85°53'00" East 199.32 feet, Thence continuing along the South boundary of said Krystal Company tract and the North margin of said service road North 66°53'00" East 34.63 feet to a point on the Southwestern right of way of Holmes Avenue; Thence along the Southwestern right of way of said Holmes Avenue South 01°53'00" East 46.43 feet; Thence continuing along the Southwestern right of way said Holmes Avenue South 52°34'00" East 64.73 feet to a point on the East margin of a service road; Thence along the East margin of said service road South 02°00'00" East 528.17 feet to the Northeast corner of an electrical sub-station; Thence along the boundaries of said electrical substation the following bearings and distances: South 88°00'00" West 100.00 feet; South

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B-3

MIDCITY IMPROVEMENT DISTRICT  
LEGAL DESCRIPTION PROVIDED ON  
9-18-2019 BY:  
HARTMAN SIMONS & WOODS LLP  
6400 Powers Ferry Road NW  
Atlanta, Georgia, 30339  
Phone: 770.955.3555

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DISTRICT PLAN

DISTRICT LEGAL  
DESCRIPTION

FIGURE NUMBER  
**EXHIBIT 4C**

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48°12'00" West 39.05 feet; South 02°00'00" East 100.00 feet; South 52°11'00" East 39.05 feet; and North 88°00'00" East 100.00 feet to the Southeast corner of said electrical substation; said point is further described as being on the East boundary of the Madison Plaza Associates, Ltd., property; Thence along the East boundary of said Madison Plaza Associates, Ltd., property South 02°00'00" East 553.71 feet to the true point of beginning and containing 12.78 acres, more or less.

Less and Except the following: Taco Bell tract, 0.6402 acres, particularly described as all that part of the Northwest Quarter of Section 32 and the Northeast quarter of Section 31, Township 3 South, Range 1 West In the City of Huntsville, Madison County, Alabama, more particularly described as beginning at a point which is located North 01°26'47" West 9.13 feet, North 89°09'50" East 401.29 feet, North 02°00'00" West 1156.44 feet and North 85°53' West 310.50 feet from the center of the West boundary of said Section 32; Thence from the point of true beginning, North 85°53'06" West 172.45 feet; Thence North 41°22'14" West 21.40 feet; Thence North 03°08'39" East 110.02 feet; Thence North 48°38'11" East 35.06 feet; Thence South 85°53'00" East 165.00 feet; Thence South 04°07'00" West 150.00 feet to the point of true beginning;

And:

Less and Except the following: Firestone Tire & Rubber Company tract, 0.7359 acres, particularly described as all that part of the Northwest Quarter of Section 32, Township 3 South, Range 1 West In the City of Huntsville, Madison County, Alabama, more particularly described as beginning at a point which is located North 01°26'47" West 9.13 feet, North 89°09'50" East 401.29 feet, North 02°00'00" West 1156.44 feet and North 85°53'00" West 110.52 feet from the center of the West boundary of said Section 32; Thence from the point of true beginning North 85°53'01" West 199.99 feet; Thence North 04°07'00" East 150.0 feet; Thence South 85°53'00" East 180.24 feet; Thence South 50°03'11" East 24.31 feet; Thence South 14°13'56" East 103.04 feet; Thence South 44°36'00" West 49.92 feet to the point of the true beginning; leaving a net aggregate of 11.412 acres, more or less.

**TOGETHER WITH:**

Land lying and being in the County of Madison, State of Alabama, to-wit:

All that part of the Northwest 1/4 of Section 32 and the Northeast 1/4 of Section 31, Township 3 South, Range 1 West, in the City of Huntsville, Madison County, Alabama, particularly described as beginning at a point which is located North 01°26'47" West, 9.13 feet; North 89°09'50" East, 401.29 feet; North 02°00'00" West, 845.42 feet and North 85°53'01" West, 62.50 feet from the center of the West boundary of said Section 32; thence from the true point of beginning South 54°41'55" West, 94.49 feet; thence North 85°53'01" West, 44.00 feet; thence North 04°06'59" East, 60.00 feet; thence North 85°53'01" West, 145.00 feet; thence South 04°06'59" West, 66.00 feet; thence North 85°53'01" West, 276.44 feet to a point in the East margin of a proposed Monrovia Road Extended Right of Way; thence North 03°05'10" East along the East margin of said Road Right of Way a distance of 295.30 feet; thence South 85°53' East, 70.27 feet; thence North 04°06'59" East, 43.00 feet; thence South 85°53'01" East, 473.47 feet; thence South 04°06'59" West, 272.25 feet to the point of true beginning. Containing 167,654 square feet, or 3.849 acres.

*[Legal description continues on following page]*

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B-4

MIDCITY IMPROVEMENT DISTRICT  
LEGAL DESCRIPTION PROVIDED ON  
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DISTRICT PLAN

DISTRICT LEGAL  
DESCRIPTION

FIGURE NUMBER  
**EXHIBIT 4D**

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**Legal Description of Additional Land to be included within the District**

Lot 1 and Tract 1 according to that Final Plat of MidCity Subdivision, Phase 9, as recorded in the Office of the Judge of Probate of Madison County, Alabama as Document No. 2019-00032453.

Lot 1 according to that Final Plat of MidCity Subdivision, Phase 11, as recorded in the Office of the Judge of Probate of Madison County, Alabama as Document No. 2019-00055877.

Lot 3 according to that Final Plat of MidCity Subdivision, Phase 6, as recorded in the Office of the Judge of Probate of Madison County, Alabama as Document No. 2018-00080088.

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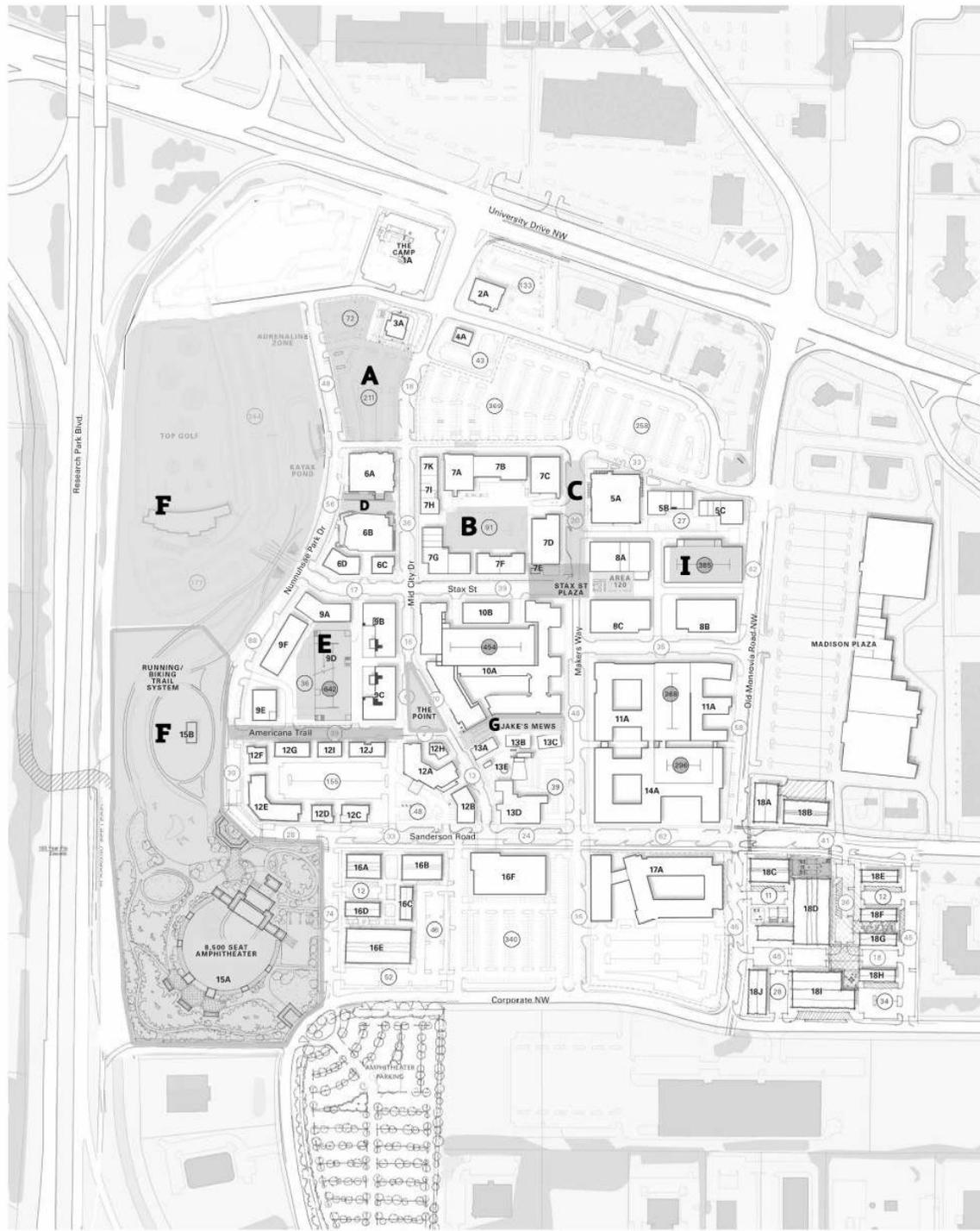
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DISTRICT PLAN

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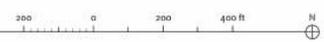
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### ILLUSTRATIVE PLAN — BW

MIDCITY / HUNTSVILLE, AL / 26 FEBRUARY 2018 / RHW@UDAS.COM



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|--|--|---|--------------------------|--|
|  | 5125A Research Drive<br>Huntsville, AL 35805<br>(256) 534-5512 | <b>MIDCITY IMPROVEMENT DISTRICT</b><br>HUNTSVILLE, AL<br><b>MIDCITY IMPROVEMENT DISTRICT PLAN</b> | <b>ILLUSTRATIVE PLAN</b> | <b>FIGURE NUMBER</b><br><b>EXHIBIT 5</b> |
|  |  |   |                          | <b>SHEET NUMBER</b>                      |



Tommy Battle  
Mayor

Shane A. Davis, P.E.  
Director

---

Department of Urban Development

April 7, 2020

**RCP Companies, LLC**  
Attn: Mr. Max Grelier  
920 Bob Wallace Ave.  
Huntsville, AL 35801

Re: **MidCity District - Infrastructure Update**

Mr. Grelier,

I am pleased to provide RCP Companies an update on our commitment for the MidCity project for potential stakeholders within the MidCity District. As you are aware, the City of Huntsville is focused on two complementary goals: (i) supporting a diverse economy and (ii) developing an attractive quality of life. To this end, the City's continued collaboration with the MidCity District positions us to diversely grow the local economy and better compete for the next generation of workforce.

In terms of development support, the City is providing substantial public infrastructure investments within and around MidCity. These public improvements include, but are not limited to; (i) a 40-acre public green space along the western boundary of MidCity; (ii) a dedicated slip ramp connecting MidCity at the southern boundary with Research Park Blvd.; (iii) construction of the publicly owned amphitheater; and (iv) installation of city streets, utilities, streetscapes and public parking throughout MidCity. It should be noted that the City of Huntsville is currently ahead of schedule on our infrastructure commitments and is scheduled to be complete by late 2021. At completion, we estimate the total public investment in the MidCity District area (both on/off-site) could exceed \$100 million.

In our view, it also is important to support cultural offerings to create jobs as well as to attract the next generation of workforce to fill the job growth in the tech, aerospace, and defense industries. When considering quality of life, a thriving food, art, and music scene enhances the options for those who call Huntsville home. This vision has been a part of the City's goal with the overall MidCity project since the beginning.

In 2018, the Huntsville City Council voted unanimously to engage Sound Diplomacy on the first music ecosystem study for an American city, ultimately providing a comprehensive picture of the area's music assets – from talent to recording studios to performance spaces – and its opportunities – from music-friendly municipal codes, ordinances and zoning, to economic impact. Looking at the most dynamic cities today, you'll likely see an exciting music and cultural scene. When we go after the best and brightest workers and the most innovative companies, entertainment is a major item on the checklist. This work helps us develop a set of strategies so that music can be integrated into our growing economy. Today, Huntsville has a newly created Music Board that is working to implement many of the "action items" identified from the music audit.

The music audit also helped guide our decision to build a world-class 8,500 capacity public amphitheater that is scheduled to open in late 2021. We see the amphitheater as a powerful catalyst for attracting people from throughout the region seeking entertainment and cultural activities and a key feature for continued market growth.

More recently, we began exploring an investment in a nationally ranked start-up accelerator, Gener8tor, to develop a tech and music platform in the MidCity District. This program would leverage partnerships with local universities and domain stakeholders such as Sound Diplomacy, Maitland Conservatory, Isabelle Film School, and the renowned Muscle Shoals FAME Recording Studio. We are encouraged that Gener8tor's platform could provide an effective approach to organically growing high-quality private sector jobs.

Hopefully, the above information is helpful for anyone considering investment within the strategy of MidCity and Huntsville. I want to thank RCP Companies for the strong partnership with the City in both sharing our vision and implementation for the MidCity project. We believe our partnership with the MidCity project will continue to pay dividends for everyone involved for generations to come. Should you need any additional information or have any questions regarding our support, please do not hesitate to contact our office.

Sincerely,



Shane A. Davis, PE  
Director of Urban & Economic Development

**APPENDIX D**  
**ASSESSMENT REPORT**

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# MIDCITY IMPROVEMENT DISTRICT

Revised Master  
Special Assessment  
Methodology Report

December 7, 2021



Provided by:

**Wrathell, Hunt and Associates, LLC**

2300 Glades Road, Suite 410W

Boca Raton, FL 33431

Phone: 561-571-0010

Fax: 561-571-0013

Website: [www.whhassociates.com](http://www.whhassociates.com)

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## **1.0 Introduction**

### **1.1 Purpose**

This Revised Master Special Assessment Methodology Report (the “Revised Report”) was developed to provide a revision to the Master Special Assessment Methodology Report (the “Original Report”) dated September 19, 2019 and to provide a revised master financing plan and a master special assessment methodology for the MidCity Improvement District (the “District”), located in the City of Huntsville, Madison County, Alabama (the “City”), relating to funding a portion of the costs of public infrastructure improvements contemplated to be provided by the District (the “Improvement Plan”) and financed with proceeds of capital improvement bonds issued by the District and repaid with special assessments levied by the City and collected by the District.

### **1.2 Scope of the Revised Report**

This Revised Report presents the projections for financing a portion of the Improvement Plan described in the MidCity Improvement District District Improvement Plan dated June 17, 2021 (the “Engineer’s Report”) prepared by Garver (the “District Engineer”), and describes the revised method for the allocation of special benefits and the revised apportionment of special assessments resulting from the provision and funding of the Improvement Plan.

### **1.3 Special Benefits and General Benefits**

Improvements undertaken and funded in part by the District as part of the Improvement Plan create special benefits and peculiar benefits, different in kind and degree than general benefits, for properties within the District, as well as general benefits to the areas outside the District and to the public at large. However, as discussed within this Revised Report, these general benefits are incidental in nature and are readily distinguishable from the special benefits which accrue to peculiar property within the District as the Improvement Plan enables properties within the boundaries of the District to be developed.

There is no doubt that the general public and property owners outside the District will benefit from the provision of the Improvement Plan. However, these benefits are only incidental since the Improvement Plan is designed to provide special benefits peculiar to property within the District, including but not limited to allowing the development of property therein. Properties within the District are

directly served by the Improvement Plan and depend upon the Improvement Plan to satisfy the requirements of their development entitlements. This fact alone clearly demonstrates the special benefits which the properties located within the District receive.

The Improvement Plan will provide the public infrastructure improvements necessary to make the lands within the District developable and saleable. The installation of such improvements will cause the value of the developable and saleable lands within the District to increase by more than the sum of the financed costs of the individual components of the Improvement Plan. Even though the exact value of the special benefits provided by the Improvement Plan is hard to estimate at this point, it is nevertheless greater than the costs associated with providing the same.

The special benefits provided to the property owners within the District are greater than the costs associated with providing these benefits. As set forth in the Engineer's Report, the District Engineer estimates that the District's Improvement Plan that is necessary to support full development of property within the District will cost approximately \$147,445,549. The District projects that financing costs required to fund a portion of the Improvement Plan in the amount of approximately \$25,000,000, the cost of issuance of future bonds, the funding of debt service reserves and capitalized interest, will total approximately \$32,455,000.

#### **1.4 Organization of the Revised Report**

*Section Two* describes the revised development plan as proposed by the Developer, as defined in *Section 2* below.

*Section Three* provides a summary of the Improvement Plan as set forth in the Engineer's Report.

*Section Four* discusses the revised financing program for the District.

*Section Five* sets out the revised special assessment methodology for the District.

### **2.0 Revised Development Program**

#### **2.1 Overview**

The District serves the MidCity Huntsville development (the "Development"), a mixed-use development that encompasses approximately 75.31 +/- acres located within the municipal

boundaries of the City of Huntsville, Madison County, Alabama. The land within the District is bounded on the north by University Drive, generally by a line along the East side of Madison Plaza, by State Route 255 along the west, and by Corporate Drive along the south.

## 2.2 The Revised Development Plan

At the time of writing of the Original Report, the development plan for land contained within the District envisioned a total of 1,104,087 square feet of commercial land uses, 245 hotel rooms, and 1,205 residential multi-family dwelling units. This development plan has since been modified to decrease the square footage of non-residential land uses while increasing the number of hotel rooms and residential multi-family dwelling units, and its most current iteration envisions a total of 892,034 square feet of commercial land uses, 382 hotel rooms, and 1,650 residential multi-family dwelling units, although the planned land uses and unit numbers may change throughout the development period.

The development of land within the District has in the past been conducted and is expected in the future to be conducted by Mid-City Owner, LLC or one of its affiliated companies (the "Developer"). Table 1 in the *Appendix* illustrates the revised development plan for land in the District as currently proposed by the Developer in summary and in detailed formats. **Please note that the development plan may change in the aggregate and in the specific development of particular parcels of land within the District and the information provided in Table 1 reflects the current plan as provided to the District by the Developer.**

## 3.0 Improvement Plan

### 3.1 Overview

The infrastructure costs to be funded by the District were determined by the District Engineer in the Engineer's Report. Only infrastructure that may qualify for bond financing by the District under Chapter 99A of Title 11, Code of Alabama, 1975, as amended (the "Act"), was included in these estimates.

### 3.2 The Improvement Plan

The Improvement Plan needed to serve the planned development within the District is projected to consist of improvements that, according to the District Engineer, are designed to comprise master

infrastructure and as such serve and benefit all land uses within the District and will comprise an interrelated system of improvements, which means all of the improvements will serve the entire District and will be interrelated such that they will reinforce one another. The specific improvements are described in more detail in the Engineer's Report; however, they generally consist of utilities (water and sewer), public roadways and parking (including storm sewer), street lighting and electrical, pedestrian facilities/public parks/landscaping, public art, and parks.

Integral to the success of the Development was the involvement of the City, which prior to the establishment of the District entered into a public-private partnership with the Developer. Such partnership was memorialized by various agreements between the City and the Developer, wherein the City agreed to fund on behalf of the Developer certain public infrastructure improvements. According to the Engineer's Report, the City's total investment to-date totals approximately \$76,528,692 and when added to the expected future investment of another approximately \$43,595,481 is expected to total approximately \$120,124,173, while the Developer's own investment to-date totals approximately \$4,821,376 and when added to the expected future investment of another approximately \$22,500,000 is expected to total approximately \$27,321,376. At the time of this writing the District expects to fund a total of \$25,000,000 in the Developer's share of the Improvement Plan costs, thereby the \$27,321,376 total becoming in part de-facto Developer's/District's investment.

The installation of improvements is conducted in multiple stages generally coinciding with development proceeding in multiple phases. At the time of this writing, the total cost of the Improvement Plan, including both the City's investment on behalf of the Developer as well as Developer's/District's investment, is projected to total \$147,445,549. Table 2 in the *Appendix* illustrates the specific components of the Improvement Plan as well as the parties responsible for funding of such infrastructure improvements.

## **4.0 Financing Program**

### **4.1 Overview**

As noted above, the District is embarking on a program of funding capital improvements which will facilitate the continuing development of lands within the District. It is the District's intention to finance a portion of the costs of the Improvement Plan with proceeds of Capital

Improvement Bonds, Series 2021 (the “Bonds”) in the principal amount of \$32,455,000. As the Bonds will finance only a portion of the costs of the Improvement Plan in the amount of approximately \$25,000,000, the District expects that the City and the Developer will contribute additional infrastructure valued at approximately \$122,445,549.

## **4.2 Types of Bonds Proposed**

The proposed financing plan for the District provides for the issuance of the Bonds in the total amount of \$32,455,000 to defray construction/acquisition expenses of approximately \$25,000,000. As projected under this Revised Report, the Bonds are projected to be issued on or about December 15, 2021 with a coupon rate of 5.00% and are projected to be structured to be amortized in 26 annual installments following a 24-month capitalized interest period. Interest payments on the Bonds are projected to be made every May 1 and November 1 commencing on May 1, 2022, and principal payments on the Bonds are projected to be made every November 1 commencing on November 1, 2023.

In order to finance \$25,000,000 in improvement costs, the District will need to borrow more funds and incur indebtedness in the total amount of \$32,455,000. The difference is comprised of debt service reserve, capitalized interest, underwriter's discount and costs of issuance. Sources and uses of funding are presented in Table 3 in the *Appendix*, as well as in the Proposed Bond Schedule, which is also included in the *Appendix*.

## **5.0 Revised Assessment Methodology**

### **5.1 Overview**

The issuance of the Bonds provides the District with a portion of the funds necessary to construct/acquire the infrastructure improvements which are part of the Improvement Plan outlined in *Section 3.2* and described in more detail by the District Engineer in the Engineer's Report. These improvements lead to special and general benefits, with special benefits accruing to the properties within the boundaries of the District and general benefits accruing to areas outside the District and being only incidental in nature. The debt incurred in financing the infrastructure construction/acquisition will be paid off by assessing properties that derive special and peculiar benefits from the Improvement Plan. All properties that receive special benefits from the Improvement Plan will be assessed

for their fair share of the debt issued in order to finance the construction/acquisition of the Improvement Plan.

## 5.2 Benefit Allocation

According to the District Engineer, the Improvement Plan will serve and provide benefit to all land in the District, which is currently projected to be developed with a total of approximately 892,034 square feet of commercial land uses, 382 hotel rooms, and 1,650 residential multi-family dwelling units.

The improvements that are part of the Improvement Plan have a logical connection to the special and peculiar benefits received by the land within the District, as without such improvements, the development of the properties within the District would not be possible. Based upon the connection between the improvements and the special and peculiar benefits to the land within the District, the District can assign or allocate a portion of the District's debt through the imposition of non-ad valorem assessments, to the land receiving such special and peculiar benefits. Even though these special and peculiar benefits are real and ascertainable, the precise amount of the benefit cannot yet be calculated with mathematical certainty. However, such benefit is more valuable than the cost of, or the actual non-ad valorem assessment amount levied on that parcel.

In conformance with the Original Report, the benefit associated with the Improvement Plan is proposed to be allocated to the different land use types in proportion to the density of development and intensity of use of the capital improvements that are part of the Improvement Plan as measured by a standard unit called an Equivalent Residential Unit ("ERU"). Table 4 in the *Appendix* illustrates the numbers of units/numbers of square feet for each land use, ERU weights that are proposed to be assigned to the different land uses contemplated to be developed within the District based on the relative density of development and the intensity of use of infrastructure, and the total ERU counts for each land use category. Utilizing the ERU weights from Table 4, Table 5 in the *Appendix* illustrates the allocation of costs of improvements that comprise the Improvement Plan and are estimated by the District Engineer to total \$147,445,549 to all land uses projected to be developed in the District. In order to facilitate the marketing of the units in the Development, the Developer requested that the District limit the amount of the principal amount of the Bonds to certain predetermined levels, especially so for the Commercial Parcel 2, Multi-Family Parcel 17, and Commercial Parcel 17. In order to

accomplish that goal, the Developer will agree as part of the Completion Agreement and/or Acquisition Agreement to contribute certain infrastructure improvements, which when combined with the improvements already funded by the City on behalf of the Developer, or improvements which are expected to be funded by the City on behalf of the Developer in the future, are projected to total of \$122,445,549 and which comprise the difference between the total cost of the Improvement Plan at \$147,445,549 and the portion of the Improvement Plan actually financed with the proceeds of the Bonds at \$25,000,000, which represents a required “buy down” of assessment levels. Because there is ample infrastructure (\$41,095,481) left to be developed for the project above and beyond what the District will finance, the required contribution is expected to be made through the ordinary course of development of the project.

Following the cost allocation illustrated in Table 5 in the *Appendix*, Table 6 in the *Appendix* illustrates the apportionment of the assessment associated with the Bonds (the “Assessment”) as well as the annual assessment required to pay the principal and interest payments on the Bonds to the three (3) land use categories proposed to be developed within the District, while Table 7 in the *Appendix* illustrates the same information on a per parcel basis. Please note that the amounts of Assessment per square foot of non-residential land use, hotel room, or residential multi-family dwelling unit are lower than equivalent figures presented in the Original Report.

### **5.3 Assigning Debt**

A portion of the land within the District has already been developed into 101,441 square feet of commercial land uses/is under contract to be developed into 298,330 square feet of commercial land uses, 232 hotel rooms, and 1,176 residential multi-family dwelling units and thus the exact location and the number of types of land uses are known. Consequently, the Assessment can be levied on specific parcels of developed land/land under contract to be developed based on the number of and types of land uses and the figures as illustrated in Table 7 in the *Appendix*, and \$19,529,033 of Assessment can be levied on parcels of land developed/land under contract to be developed with such 399,771 square feet of commercial land uses, 232 hotel rooms, and 1,176 residential multi-family dwelling units.

The balance of the land, totaling approximately 24.11 +/- gross acres remains undeveloped/not under contract to be developed and thus the exact location and the number and types of land uses are unknown. Consequently, the Assessment in the amount of

\$12,925,967 will be levied on parcels of land on a per gross acre basis at a rate of \$536,124.72. Such per gross acre allocation will be maintained until a parcel of land is developed/under contract to be developed and until the exact location and the number and types of land uses are known, at which time the parcel of land will be allocated the Assessment as shown in Table 7 in the *Appendix*, which allocation will reduce the amount of Assessment allocated on a per gross acre basis and also reduce the number of acres of parcels which Assessment is allocated on a per gross acre basis. This process will continue until the full amount of the Assessment is allocated to developed land uses as shown in Table 7 in the *Appendix*.

To the extent that any land which remains undeveloped/not under contract to be developed is sold, the Assessments will be assigned to such parcel at the time of the sale based upon the development rights associated with such parcel that are transferred from seller to buyer. The District shall provide an estoppel or similar document to the buyer evidencing the amount of the Assessments transferred at sale.

#### **5.4 Lienability Test: Special and Peculiar Benefit to the Property**

As first discussed in *Section 1.3*, Special Benefits and General Benefits, the implementation of the Improvement Plan creates special and peculiar benefits to properties within the District. The improvements that are part of the Improvement Plan benefit all assessable properties within the District and accrue to all such properties on an equal ERU basis.

The Improvement Plan can be shown to be creating special and peculiar benefits to the properties within the District. The special and peculiar benefits resulting from each improvement are:

- a. added use of the property;
- b. added enjoyment of the property;
- c. decreased insurance premiums;
- d. increased marketability and value of the property.

The improvements that are part of the Improvement Plan make the land in the District developable and saleable and provide special and peculiar benefits which are greater than the benefits of any single category of improvements. These special and peculiar benefits are real and ascertainable, but not yet capable of being calculated and assessed in terms of numerical value; however, such benefits are

more valuable than either the cost of, or the actual assessment levied for, the improvement or debt allocated to the parcel of land.

### **5.5 Lienability Test: Reasonable and Fair Apportionment of the Duty to Pay**

A reasonable estimate of the proportion of special and peculiar benefits received from the provision of the Improvement Plan is delineated in Table 4 in the *Appendix*.

The apportionment of the assessments is fair and reasonable because it was conducted on the basis of consistent application of the methodology described in *Section 5.2* across all assessable property within the District according to reasonable estimates of the special and peculiar benefits derived from the improvements that are part of the Improvement Plan.

Accordingly, no acre or parcel of property within the District will be lienied for the payment of any non-ad valorem special assessment more than the determined special benefit peculiar to that property.

### **5.6 True-Up Mechanism**

The Assessment Methodology described herein is based on conceptual information obtained from the Developer prior to completion of development. As development occurs it is possible that the planned land uses and unit numbers may change. The mechanism for maintaining the methodology over the changes is referred to as true-up.

This mechanism is to be utilized to ensure that the Bond Assessment never exceeds the initially allocated assessment as contemplated in the adopted assessment methodology. Please note that the True-Up Mechanism will be described in detail in a supplemental methodology drafted prior to issuance of any District indebtedness.

### **5.7 Assessment Roll**

The Bond Assessment will be preliminary assessed as shown in Exhibit "A". Excluding interest and costs of collection.

## 6.0 Additional Stipulations

### 6.1 Overview

Wrathell, Hunt and Associates, LLC was retained by the District to prepare a methodology to fairly allocate the special assessments related to the District's Improvement Plan. Certain financing, development and engineering data was provided by members of District Staff and/or the Developer. The allocation methodology described herein was based on information provided by those professionals. Wrathell, Hunt and Associates, LLC makes no representations regarding said information transactions beyond restatement of the factual information necessary for compilation of this Revised Report. For additional information on the Bond structure and related items, please refer to the Offering Statement associated with this transaction.

**Wrathell, Hunt and Associates, LLC does not represent the District as a Municipal Advisor or Securities Broker nor is Wrathell, Hunt and Associates, LLC registered to provide such services as described in Section 15B of the Securities and Exchange Act of 1934, as amended. Similarly, Wrathell, Hunt and Associates, LLC does not provide the District with financial advisory services or offer investment advice in any form.**

## 7.0 Appendix

Table 1

# The MidCity Improvement District

## Revised Development Plan - Summary

| Land Use               | Unit of Measurement | Number of Units |
|------------------------|---------------------|-----------------|
| <u>Non-Residential</u> |                     |                 |
| Commercial             | Square Foot         | 892,034         |
| Hotel                  | Hotel Room          | 382             |
| <u>Residential</u>     |                     |                 |
| Multi-Family           | Dwelling Unit       | 1,650           |

## Revised Development Plan - Detail

| Parcel       | Main Tenant Name | Land Use     | Unit of Measurement | Number of Square Feet | Number of Hotel Rooms | Number of Dwelling Units |
|--------------|------------------|--------------|---------------------|-----------------------|-----------------------|--------------------------|
| 1            | The Camp         | Commercial   | Square Foot         | 5,800                 |                       |                          |
| 2            | Trader Joe's     | Commercial   | Square Foot         | 12,500                |                       |                          |
| 3            | MCO              | Commercial   | Square Foot         | 5,800                 |                       |                          |
| 4            |                  | Commercial   | Square Foot         | 3,500                 |                       |                          |
| 5            | Dave & Buster's  | Commercial   | Square Foot         | 38,069                |                       |                          |
| 6            | REI & High Point | Commercial   | Square Foot         | 52,620                |                       |                          |
| 7            | Blue Oak         | Commercial   | Square Foot         | 74,640                |                       |                          |
| 7            | Aloft            | Hotel        | Hotel Room          |                       | 120                   |                          |
| 8            | The Wellory      | Commercial   | Square Foot         | 15,000                |                       |                          |
| 8            | The Wellory      | Multi-Family | Dwelling Unit       |                       |                       | 325                      |
| 9            |                  | Commercial   | Square Foot         | 60,000                |                       |                          |
| 9            | Indigo           | Hotel        | Hotel Room          |                       | 112                   |                          |
| 9            | Anthem           | Multi-Family | Dwelling Unit       |                       |                       | 320                      |
| 9            |                  | Multi-Family | Dwelling Unit       |                       |                       | 40                       |
| 10           | Metronome        | Commercial   | Square Foot         | 30,230                |                       |                          |
| 10           | Metronome        | Multi-Family | Dwelling Unit       |                       |                       | 297                      |
| 11           |                  | Multi-Family | Dwelling Unit       |                       |                       | 269                      |
| 12           |                  | Commercial   | Square Foot         | 27,800                |                       |                          |
| 12           |                  | Hotel        | Hotel Room          |                       | 150                   |                          |
| 12           |                  | Multi-Family | Dwelling Unit       |                       |                       | 15                       |
| 13           |                  | Commercial   | Square Foot         | 52,575                |                       |                          |
| 14           |                  | Multi-Family | Dwelling Unit       |                       |                       | 150                      |
| 15           |                  | Commercial   | Square Foot         | 3,500                 |                       |                          |
| 17           | Compass          | Commercial   | Square Foot         | 10,000                |                       |                          |
| 17           | Compass          | Multi-Family | Dwelling Unit       |                       |                       | 234                      |
| 18           |                  | Commercial   | Square Foot         | 350,000               |                       |                          |
| Plaza        |                  | Commercial   | Square Foot         | 150,000               |                       |                          |
| <b>Total</b> |                  |              |                     | <b>892,034</b>        | <b>382</b>            | <b>1,650</b>             |

Table 2

# The MidCity Improvement District

## Improvement Plan

| Improvement                                       | City's<br>Investment on<br>Behalf of<br>Developer | Developer's/<br>District's<br>Investment | Total                |
|---|---|--|----------------------|
| <u>Current Investment</u>                         |   |  |                      |
| Land Acquisition                                  | \$0   | \$2,342,700                              | \$2,342,700          |
| Utilities (Water and Sewer)                       | \$4,427,358                                       | \$178,686                                | \$4,606,044          |
| Public Roadways/Parking (including Storm Sewer)   | \$22,490,216                                      | \$593,110                                | \$23,083,326         |
| Street Lighting and Electrical                    | \$4,041,635                                       | \$32,237                                 | \$4,073,872          |
| Pedestrian Facilities/Public Parks/Landscaping    | \$293,000   | \$989,041                                | \$1,282,041          |
| Public Art  | \$0   | \$89,088                                 | \$89,088             |
| West Huntsville Park (Amphitheater)               | \$43,000,000                                      | \$353,398                                | \$43,353,398         |
| Open Space (South Park)                           | \$0   | \$0                                      | \$0                  |
| Design, Engineering, Survey, Permitting, Planning | \$2,276,483                                       | \$243,116                                | \$2,519,599          |
| <b>Total</b>                                      | <b>\$76,528,692</b>                               | <b>\$4,821,376</b>                       | <b>\$81,350,068</b>  |
| <u>Future Investment</u>                          |   |  |                      |
| Land Acquisition                                  | \$0   | \$0                                      | \$0                  |
| Utilities (Water and Sewer)                       | \$3,835,700                                       | \$0                                      | \$3,835,700          |
| Public Roadways/Parking (including Storm Sewer)   | \$10,070,681                                      | \$0                                      | \$10,070,681         |
| Street Lighting and Electrical                    | \$2,025,500                                       | \$0                                      | \$2,025,500          |
| Pedestrian Facilities/Public Parks/Landscaping    | \$2,413,600                                       | \$13,000,000                             | \$15,413,600         |
| Public Art  | \$0   | \$5,000,000                              | \$5,000,000          |
| West Huntsville Park (Amphitheater)               | \$12,500,000                                      | \$2,500,000                              | \$15,000,000         |
| Open Space (South Park)                           | \$12,000,000                                      | \$0                                      | \$12,000,000         |
| Design, Engineering, Survey, Permitting, Planning | \$750,000   | \$2,000,000                              | \$2,750,000          |
| <b>Total</b>                                      | <b>\$43,595,481</b>                               | <b>\$22,500,000</b>                      | <b>\$66,095,481</b>  |
| <u>Total Current and Future Investment</u>        |   |  |                      |
| Land Acquisition                                  | \$0   | \$2,342,700                              | \$2,342,700          |
| Utilities (Water and Sewer)                       | \$8,263,058                                       | \$178,686                                | \$8,441,744          |
| Public Roadways/Parking (including Storm Sewer)   | \$32,560,897                                      | \$593,110                                | \$33,154,007         |
| Street Lighting and Electrical                    | \$6,067,135                                       | \$32,237                                 | \$6,099,372          |
| Pedestrian Facilities/Public Parks/Landscaping    | \$2,706,600                                       | \$13,989,041                             | \$16,695,641         |
| Public Art  | \$0   | \$5,089,088                              | \$5,089,088          |
| West Huntsville Park (Amphitheater)               | \$55,500,000                                      | \$2,853,398                              | \$58,353,398         |
| Open Space (South Park)                           | \$12,000,000                                      | \$0                                      | \$12,000,000         |
| Design, Engineering, Survey, Permitting, Planning | \$3,026,483                                       | \$2,243,116                              | \$5,269,599          |
| <b>Total</b>                                      | <b>\$120,124,173</b>                              | <b>\$27,321,376</b>                      | <b>\$147,445,549</b> |

Table 3

## The MidCity Improvement District

### Estimated Sources and Uses of Funds

#### Sources

Bond Proceeds:

|                      |            |                     |
|----------------------|------------|---------------------|
|                      | Par Amount | \$32,455,000        |
| <b>Total Sources</b> |            | <b>\$32,455,000</b> |

#### Uses

|                   |                           |                     |
|-------------------|---------------------------|---------------------|
|                   | Project Fund              | \$25,000,000        |
|                   | Debt Service Reserve Fund | \$2,260,000         |
|                   | Capitalized Interest Fund | \$3,245,500         |
|                   | Underwriter's Discount    | \$649,100           |
|                   | Costs of Issuance         | \$1,298,200         |
|                   | Rounding                  | \$2,200             |
| <b>Total Uses</b> |                           | <b>\$32,455,000</b> |

**Note:** Assumes Delivery Date of 12/15/21; final maturity of 11/1/49; 2 years capitalized interest; fully funded DSRF; 5.0% interest rate

Table 4

## The MidCity Improvement District

### Benefit Allocation

| Land Use               | Measurement   | Number of Units | ERU per Unit | Total ERU        |
|------------------------|---------------|-----------------|--------------|------------------|
| <u>Non-Residential</u> |               |                 |              |                  |
| Commercial             | Square Foot   | 892,034         | 0.0030       | 2,676.102        |
| Hotel                  | Hotel Room    | 382             | 1.000        | 382.000          |
| <u>Residential</u>     |               |                 |              |                  |
| Multi-Family           | Dwelling Unit | 1,650           | 1.200        | 1,980.000        |
| <b>Total</b>           |               |                 |              | <b>5,038.102</b> |

Table 5

# The MidCity Improvement District

## Capital Improvement Program Cost Allocation

| Land Use                      | Number of Units | Total Cost Allocation* | Total Developer Contribution** | Total Cost Financed with Bonds |
|-------------------------------|-----------------|------------------------|--------------------------------|--------------------------------|
| <u>Non-Residential</u>        |                 |                        |                                |                                |
| Commercial                    | 869,534         | \$76,343,582           | \$67,555,383                   | \$8,788,200                    |
| Commercial - Parcel 2 ***     | 12,500          | \$1,097,478            | \$983,777                      | \$113,701                      |
| Commercial - Parcel 17 ****   | 10,000          | \$877,983              | \$827,449                      | \$50,534                       |
| Hotel                         | 382             | \$11,179,647           | \$8,863,170                    | \$2,316,477                    |
| <u>Residential</u>            |                 |                        |                                |                                |
| Multi-Family                  | 1,416           | \$49,728,941           | \$37,564,406                   | \$12,164,535                   |
| Multi-Family - Parcel 17 **** | 234             | \$8,217,918            | \$6,651,365                    | \$1,566,553                    |
| <b>Total</b>                  |                 | <b>\$147,445,549</b>   | <b>\$122,445,549</b>           | <b>\$25,000,000</b>            |

\* Please note that cost allocations to units herein are based on the ERU benefit allocations illustrated in Table 4

\*\* Developer Contribution includes the contribution of the City on behalf of the Developer

\*\*\* Lease agreement for the Commercial - Parcel 2 included a limitation on the amount of District annual assessments to not exceed \$0.90 per sq ft

\*\*\*\* Sale agreement for the Commercial - Parcel 17 and Multi-Family - Parcel 17 included a limitation on the amount of District annual assessments to not exceed \$0.50 per sq ft for all uses, which equals \$0.50 per sq ft for commercial uses and \$662.39 per dwelling unit for residential uses based on 234 dwelling units occupying 310,000 sq ft

Table 6

# The MidCity Improvement District

## Assessment Apportionment - Summary

| Land Use                    | Number of Units | Total Bond Assessment Apportionment | Bond Assessment Apportionment per Unit | Annual Bond Assessment Debt Service per Unit |
|-----------------------------|-----------------|-------------------------------------|--|--|
| <u>Non-Residential</u>      |                 |                                     |  |  |
| Commercial                  | 869,534         | \$11,408,840.76                     | \$13.12                                | \$0.95                                       |
| Commercial - Parcel 2 *     | 12,500          | \$147,607.18                        | \$11.81                                | \$0.86                                       |
| Commercial - Parcel 17 **   | 10,000          | \$65,603.19                         | \$6.56                                 | \$0.48                                       |
| Hotel                       | 382             | \$3,007,250.21                      | \$7,872.38                             | \$572.45                                     |
| <u>Residential</u>          |                 |                                     |  |  |
| Multi-Family                | 1,416           | \$15,791,999.79                     | \$11,152.54                            | \$810.97                                     |
| Multi-Family - Parcel 17 ** | 234             | \$2,033,698.88                      | \$8,691.02                             | \$631.98                                     |
| <b>Total</b>                |                 | <b>\$32,455,000.00</b>              |  |  |

\* Lease agreement for the Commercial - Parcel 2 included a limitation on the amount of District annual assessments to not exceed \$0.90 per sq ft

\*\* Sale agreement for the Commercial - Parcel 17 and Multi-Family - Parcel 17 included a limitation on the amount of District annual assessments to not exceed \$0.50 per sq ft for all uses, which equals \$0.50 per sq ft for commercial uses and \$662.39 per dwelling unit for residential uses based on 234 dwelling units occupying 310,000 sq ft

**Bond Assumptions:** 28-year total maturity, 26 total annual principal repayments, 5.00% coupon rate

**Notes:** Administrative costs of the District are funded via assessments

Table 7

# The MidCity Improvement District

## Assessment Apportionment - Detail

| Land Use                    | Parcel | Main Tenant Name | Number of Units | Total Bond Assessment Apportionment | Total Annual Bond Assessment Debt Service |
|-----------------------------|--------|------------------|-----------------|-------------------------------------|---|
| Commercial                  | 1      | The Camp         | 5,800           | \$76,099.70                         | \$5,533.67                                |
| Commercial - Parcel 2 *     | 2      | Trader Joe's     | 12,500          | \$147,607.18                        | \$10,733.41                               |
| Commercial                  | 3      | MCO              | 5,800           | \$76,099.70                         | \$5,533.67                                |
| Commercial                  | 4      |                  | 3,500           | \$45,922.23                         | \$3,339.28                                |
| Commercial                  | 5      | Dave & Buster's  | 38,069          | \$499,489.56                        | \$36,320.92                               |
| Commercial                  | 6      | REI & High Point | 52,620          | \$690,407.97                        | \$50,203.75                               |
| Commercial                  | 7      | Blue Oak         | 74,640          | \$979,324.41                        | \$71,212.62                               |
| Hotel                       | 7      | Aloft            | 120             | \$944,685.93                        | \$68,693.85                               |
| Commercial                  | 8      | The Wellory      | 15,000          | \$196,809.57                        | \$14,311.22                               |
| Multi-Family                | 8      | The Wellory      | 325             | \$3,624,576.22                      | \$263,564.93                              |
| Commercial                  | 9      |                  | 60,000          | \$787,238.27                        | \$57,244.87                               |
| Hotel                       | 9      | Indigo           | 112             | \$881,706.87                        | \$64,114.26                               |
| Multi-Family                | 9      | Anthem           | 320             | \$3,568,813.51                      | \$259,510.09                              |
| Multi-Family                | 9      |                  | 40              | \$446,101.69                        | \$32,438.76                               |
| Commercial                  | 10     | Metronome        | 30,230          | \$396,636.88                        | \$28,841.87                               |
| Multi-Family                | 10     | Metronome        | 297             | \$3,312,305.04                      | \$240,857.80                              |
| Multi-Family                | 11     |                  | 269             | \$3,000,033.86                      | \$218,150.67                              |
| Commercial                  | 12     |                  | 27,800          | \$364,753.73                        | \$26,523.46                               |
| Hotel                       | 12     |                  | 150             | \$1,180,857.41                      | \$85,867.31                               |
| Multi-Family                | 12     |                  | 15              | \$167,288.13                        | \$12,164.54                               |
| Commercial                  | 13     |                  | 52,575          | \$689,817.54                        | \$50,160.82                               |
| Multi-Family                | 14     |                  | 150             | \$1,672,881.33                      | \$121,645.35                              |
| Commercial                  | 15     |                  | 3,500           | \$45,922.23                         | \$3,339.28                                |
| Commercial - Parcel 17 **   | 17     | Compass          | 10,000          | \$65,603.19                         | \$4,770.41                                |
| Multi-Family - Parcel 17 ** | 17     | Compass          | 234             | \$2,033,698.88                      | \$147,882.59                              |
| Commercial                  | 18     |                  | 350,000         | \$4,592,223.27                      | \$333,928.42                              |
| Commercial                  | Plaza  |                  | 150,000         | \$1,968,095.69                      | \$143,112.18                              |
| <b>Total</b>                |        |                  |                 | <b>\$32,455,000.00</b>              | <b>\$2,360,000.00</b>                     |

\* Lease agreement for the Commercial - Parcel 2 included a limitation on the amount of District annual assessments to not exceed \$0.90 per sq ft

\*\* Sale agreement for the Commercial - Parcel 17 and Multi-Family - Parcel 17 included a limitation on the amount of District annual assessments to not exceed \$0.50 per sq ft for all uses, which equals \$0.50 per sq ft for commercial uses and \$662.39 per dwelling unit for residential uses based on 234 dwelling units occupying 310,000 sq ft

**Bond Assumptions:** 28-year total maturity, 26 total annual principal repayments, 5.00% coupon rate

**Notes:** Administrative costs of the District are funded via assessments

# The MidCity Improvement District

## Proposed Bond Schedule

| Period Ending | Principal              | Interest               | CAPI                    | DSR                     | Net Payment            |
|---------------|------------------------|------------------------|-------------------------|-------------------------|------------------------|
| 11/1/2021     |                        |                        |                         |                         |                        |
| 11/1/2022     |                        | \$1,419,906.25         | (\$1,419,906.25)        |                         | \$0.00                 |
| 11/1/2023     |                        | \$1,622,750.00         | (\$1,622,750.00)        |                         | \$0.00                 |
| 11/1/2024     | \$635,000.00           | \$1,622,750.00         | (\$202,843.75)          |                         | \$2,054,906.25         |
| 11/1/2025     | \$665,000.00           | \$1,591,000.00         |                         |                         | \$2,256,000.00         |
| 11/1/2026     | \$700,000.00           | \$1,557,750.00         |                         |                         | \$2,257,750.00         |
| 11/1/2027     | \$735,000.00           | \$1,522,750.00         |                         |                         | \$2,257,750.00         |
| 11/1/2028     | \$770,000.00           | \$1,486,000.00         |                         |                         | \$2,256,000.00         |
| 11/1/2029     | \$810,000.00           | \$1,447,500.00         |                         |                         | \$2,257,500.00         |
| 11/1/2030     | \$850,000.00           | \$1,407,000.00         |                         |                         | \$2,257,000.00         |
| 11/1/2031     | \$895,000.00           | \$1,364,500.00         |                         |                         | \$2,259,500.00         |
| 11/1/2032     | \$940,000.00           | \$1,319,750.00         |                         |                         | \$2,259,750.00         |
| 11/1/2033     | \$985,000.00           | \$1,272,750.00         |                         |                         | \$2,257,750.00         |
| 11/1/2034     | \$1,035,000.00         | \$1,223,500.00         |                         |                         | \$2,258,500.00         |
| 11/1/2035     | \$1,085,000.00         | \$1,171,750.00         |                         |                         | \$2,256,750.00         |
| 11/1/2036     | \$1,140,000.00         | \$1,117,500.00         |                         |                         | \$2,257,500.00         |
| 11/1/2037     | \$1,195,000.00         | \$1,060,500.00         |                         |                         | \$2,255,500.00         |
| 11/1/2038     | \$1,255,000.00         | \$1,000,750.00         |                         |                         | \$2,255,750.00         |
| 11/1/2039     | \$1,320,000.00         | \$938,000.00           |                         |                         | \$2,258,000.00         |
| 11/1/2040     | \$1,385,000.00         | \$872,000.00           |                         |                         | \$2,257,000.00         |
| 11/1/2041     | \$1,455,000.00         | \$802,750.00           |                         |                         | \$2,257,750.00         |
| 11/1/2042     | \$1,530,000.00         | \$730,000.00           |                         |                         | \$2,260,000.00         |
| 11/1/2043     | \$1,605,000.00         | \$653,500.00           |                         |                         | \$2,258,500.00         |
| 11/1/2044     | \$1,685,000.00         | \$573,250.00           |                         |                         | \$2,258,250.00         |
| 11/1/2045     | \$1,770,000.00         | \$489,000.00           |                         |                         | \$2,259,000.00         |
| 11/1/2046     | \$1,855,000.00         | \$400,500.00           |                         |                         | \$2,255,500.00         |
| 11/1/2047     | \$1,950,000.00         | \$307,750.00           |                         |                         | \$2,257,750.00         |
| 11/1/2048     | \$2,055,000.00         | \$210,250.00           |                         | (\$5,250.00)            | \$2,260,000.00         |
| 11/1/2049     | \$2,150,000.00         | \$107,500.00           |                         | (\$2,257,500.00)        | \$0.00                 |
| <b>Total</b>  | <b>\$32,455,000.00</b> | <b>\$29,292,906.25</b> | <b>(\$3,245,500.00)</b> | <b>(\$2,262,750.00)</b> | <b>\$56,239,656.25</b> |

**Note:** Assumes Delivery Date of 12/15/21; final maturity of 11/1/49; 2 years capitalized interest; fully funded DSRF; 5.0% interest rate

**Exhibit "A"**

| <b>Parcel Number</b> | <b>Owner</b>                          | <b>Assessment</b>      |
|----------------------|---------------------------------------|------------------------|
| 043533               | MID-CITY OWNER LLC                    | \$76,099.70            |
| 551535               | MC2A LLC                              | \$147,607.18           |
| 551540               | MID CITY OWNER LLC                    | \$73,475.57            |
| 018321               | MID CITY OWNER LLC                    | \$418,177.28           |
| 551537               | MIDCITY PLACEMAKERS LLC               | \$348,602.23           |
| 552521               | MID CITY OWNER LLC                    | \$300,229.84           |
| 552522               | MIDCITY PLACEMAKERS LLC               | \$369,926.06           |
| 552514               | MIDCITY PLACEMAKERS LLC               | \$266,348.95           |
| 552515               | MIDCITY PLACEMAKERS LLC               | \$269,366.70           |
| 552516               | MIDCITY PLACEMAKERS LLC               | \$154,692.32           |
| 551538               | MIDCITY PLACEMAKERS LLC               | \$150,257.55           |
| 552519               | MID CITY OWNER LLC                    | \$997,191.98           |
| 552520               | MID CITY OWNER LLC                    | \$262,412.76           |
| 570940               | MID CITY OWNER LLC                    | \$944,685.93           |
| 552523               | MID CITY OWNER LLC                    | \$3,821,385.79         |
| 551542               | MID CITY OWNER LLC                    | \$100,401.40           |
| 556533               | MID CITY OWNER LLC                    | \$933,132.64           |
| 556538               | VND HOSPITALITY-HUNTSVILLE INDIGO LLC | \$881,706.87           |
| 556535               | MID CITY OWNER LLC                    | \$2,389,385.10         |
| 556534               | MID CITY OWNER LLC                    | \$933,132.64           |
| 556537               | MID CITY OWNER LLC                    | \$364,564.81           |
| 552538               | MID CITY OWNER LLC                    | \$198,366.15           |
| 552539               | MIDCITY RESIDENTIAL LLC               | \$3,708,941.92         |
| 551544               | MID CITY OWNER LLC                    | \$493,234.74           |
| 552518               | MID CITY OWNER LLC                    | \$1,570,845.43         |
| 560926               | MID CITY OWNER LLC                    | \$0.00                 |
| 552542               | MID CITY OWNER LLC                    | \$1,018,636.97         |
| 560925               | MID CITY OWNER LLC                    | \$176,921.16           |
| 109062               | COMPASS LIVING AL 2019 LLC            | \$2,099,302.07         |
| 109063               | MIDCITY SOUTH LLC                     | \$1,665,528.22         |
| 131836               | MIDCITY SOUTH LLC                     | \$2,098,067.31         |
| 551543               | MID CITY OWNER LLC                    | \$3,254,277.05         |
| 551536               | MID CITY OWNER LLC                    | \$0.00                 |
| 130769               | MADISON PLAZA ASSOCIATES LLC          | \$1,502,607.18         |
| 007229               | MADISON PLAZA ASSOCIATES LLC          | \$0.00                 |
| 131847               | MADISON PLAZA ASSOCIATES LLC          | \$465,488.51           |
| 137156               | MADISON PLAZA ASSOCIATES LLC          | \$0.00                 |
| 552513               | MIDCITY PLACEMAKERS LLC               | \$0.00                 |
| 552537               | CITY OF HUNTSVILLE                    | \$0.00                 |
| 552543               | CITY OF HUNTSVILLE                    | \$0.00                 |
| 558448               | CITY OF HUNTSVILLE                    | \$0.00                 |
| 552541               | MID CITY OWNER LLC                    | \$0.00                 |
| <b>Total</b>         |                                       | <b>\$32,455,000.00</b> |

# MIDCITY IMPROVEMENT DISTRICT

First Supplemental  
Special Assessment  
Methodology Report

January 14, 2022



Provided by:

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## **1.0 Introduction**

### **1.1 Purpose**

This First Supplemental Special Assessment Methodology Report (the “Supplemental Report”) was developed to supplement the Revised Master Special Assessment Methodology Report (the “Master Report”) dated December 7, 2021 and to provide a supplemental financing plan and a supplemental special assessment methodology for the 399,771 square feet of commercial land uses, 232 hotel rooms, and 1,176 residential multi-family dwelling units that comprise the first phase (the “Phase 1”) of the MidCity Improvement District (the “District”), located in the City of Huntsville, Madison County, Alabama (the “City”). This Supplemental Report was developed in relation to funding by the District of a portion of the public infrastructure improvements contemplated to be provided by the District (the “Improvement Plan”) and financed with proceeds of capital improvement bonds and promissory notes issued by the District and repaid with special assessments levied by the City and collected by the District.

### **1.2 Scope of the Supplemental Report**

This Supplemental Report presents the projections for financing a portion of the Improvement Plan described in the MidCity Improvement District District Improvement Plan dated June 17, 2021 (the “Engineer’s Report”) prepared by Garver (the “District Engineer”), and describes the method for the allocation of special benefits and the apportionment of special assessments resulting from the provision and funding of a portion of the Improvement Plan to Phase 1.

### **1.3 Special Benefits and General Benefits**

Improvements undertaken and funded in part by the District as part of the Improvement Plan create special benefits and peculiar benefits, different in kind and degree than general benefits, for properties within the District, as well as general benefits to the areas outside the District and to the public at large. However, as discussed within this Supplemental Report, these general benefits are incidental in nature and are readily distinguishable from the special benefits which accrue to peculiar property within the District as the Improvement Plan enables properties within the boundaries of the District to be developed.

There is no doubt that the general public and property owners outside the District will benefit from the provision of the Improvement Plan. However, these benefits are only incidental since the Improvement Plan is designed to provide special benefits peculiar to property within the District, including but not limited to allowing the development of property therein. Properties within the District are directly served by the Improvement Plan and depend upon the Improvement Plan to satisfy the requirements of their development entitlements. This fact alone clearly demonstrates the special benefits which the properties located within the District receive.

The Improvement Plan will provide the public infrastructure improvements necessary to make the lands within the District developable and saleable. The installation of such improvements will cause the value of the developable and saleable lands within the District to increase by more than the sum of the financed costs of the individual components of the Improvement Plan. Even though the exact value of the special benefits provided by the Improvement Plan is hard to estimate at this point, it is nevertheless greater than the costs associated with providing the same.

The special benefits provided to the property owners within the District are greater than the costs associated with providing these benefits. As set forth in the Engineer's Report, the District Engineer estimates that the District's Improvement Plan that is necessary to support full development of property within the District will cost approximately \$147,445,549. The District projects that financing costs required to fund a portion of the Improvement Plan for Phase 1 will total an estimated amount of \$19,063,332.71\*, while the cost of issuance of future bonds, the funding of debt service reserves and capitalized interest, will total an estimated \$12,984,765.23\*.

#### **1.4 Organization of the Supplemental Report**

*Section Two* describes the current development plan as proposed by the Developer, as defined in *Section 2* below.

*Section Three* provides a summary of the Improvement Plan as set forth in the Engineer's Report.

*Section Four* discusses the financing program for Phase 1.

*Section Five* sets out the special assessment methodology for Phase 1.

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\* Preliminary, subject to change

## 2.0 Development Program

### 2.1 Overview

The District serves the MidCity Huntsville development (the "Development"), a mixed-use development that encompasses approximately 75.31 +/- acres located within the municipal boundaries of the City of Huntsville, Madison County, Alabama. The land within the District is bounded on the north by University Drive, generally by a line along the East side of Madison Plaza, by State Route 255 along the west, and by Corporate Drive along the south.

### 2.2 The Development Plan

The current development plan for the land contained within the District envisioned a total of 892,034 square feet of commercial land uses, 382 hotel rooms, and 1,650 residential multi-family dwelling units, although the planned land uses and unit numbers may change throughout the development period. Land development is projected to occur in two (2) or more phases over a multi-year period, with development within Phase 1 of the District projected to comprise of a total of 399,771 square feet of commercial land uses, 232 hotel rooms, and 1,176 residential multi-family dwelling units.

The development of land within the District has in the past been conducted and is expected in the future to be conducted by Mid-City Owner, LLC or one of its affiliated companies (the "Developer"). Table 1 in the *Appendix* illustrates the development plan for land in Phase 1 and Future Phases of the District as currently proposed by the Developer in summary and in detailed formats. **Please note that the development plan may change in the aggregate and in the specific development of particular parcels of land within the District and the information provided in Table 1 reflects the current plan as provided to the District by the Developer.**

## 3.0 Improvement Plan

### 3.1 Overview

The infrastructure costs to be funded by the District were determined by the District Engineer in the Engineer's Report. Only infrastructure that may qualify for bond financing by the District under Chapter 99A of Title 11, Code of Alabama, 1975, as amended (the "Act"), was included in these estimates.

### 3.2 The Improvement Plan

The Improvement Plan needed to serve the planned development within the District is projected to consist of improvements that, according to the District Engineer, are designed to comprise master infrastructure and as such serve and benefit all land uses within the District and will comprise an interrelated system of improvements, which means all of the improvements will serve the entire District and will be interrelated such that they will reinforce one another. The specific improvements are described in more detail in the Engineer's Report; however, they generally consist of utilities (water and sewer), public roadways and parking (including storm sewer), street lighting and electrical, pedestrian facilities/public parks/landscaping, public art, and parks.

Integral to the success of the Development was the involvement of the City, which prior to the establishment of the District entered into a public-private partnership with the Developer. Such partnership was memorialized by various agreements between the City and the Developer, wherein the City agreed to fund on behalf of the Developer certain public infrastructure improvements. According to the Engineer's Report, the City's total investment to-date totals approximately \$76,528,692 and when added to the expected future investment of another approximately \$43,595,481 is expected to total approximately \$120,124,173, while the Developer's own investment to-date totals approximately \$4,821,376 and when added to the expected future investment of another approximately \$22,500,000 is expected to total approximately \$27,321,376. At the time of this writing the District expects to fund a total of \$25,000,000 in the Developer's share of the Improvement Plan costs, thereby the \$27,321,376 total becoming in part de-facto Developer's/District's investment.

The installation of improvements is conducted in multiple stages generally coinciding with development proceeding in multiple phases. At the time of this writing, the total cost of the Improvement Plan, including both the City's investment on behalf of the Developer as well as Developer's/District's investment, is projected to total \$147,445,549. Table 2 in the *Appendix* illustrates the specific components of the Improvement Plan as well as the parties responsible for funding of such infrastructure improvements. Please note that at present time, the District intends to finance the acquisition/construction costs in the estimated amount of \$15,624,368.60\*.

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\* Preliminary, subject to change

## **4.0 Financing Program**

### **4.1 Overview**

As noted above, the District is embarking on a program of funding capital improvements which will facilitate the continuing development of lands within the District. It is the District's intention to finance a portion of the costs of the Improvement Plan for Phase 1 with proceeds of Special Assessment Revenue Bonds, Series 2022 (the "Bonds") in the estimated principal amount of \$16,850,000\* and a portion of the costs of the Improvement Plan for Phase 1 with proceeds of Capital Improvement Promissory Notes, Series 2022 (the "Promissory Notes") in the estimated principal amount of \$2,214,428.32\*. As the Bonds and Promissory Notes in the estimated combined principal amount of \$19,063,332.71\* will finance only a portion of the costs of the Improvement Plan in the combined estimated amount of \$15,624,368.60\*, less than the total amount projected to be funded by the District estimated at \$25,000,000\*, the District expects to issue additional indebtedness in the future and also that the City and the Developer will contribute additional infrastructure valued at approximately \$131,821,180.40\*.

### **4.2 Types of Bonds Proposed**

The proposed financing plan for the District provides for the issuance of the Bonds in the estimated amount of \$16,850,000\* to defray estimated construction/acquisition costs of \$13,419,940.28\* and Promissory Notes in the estimated amount of \$2,214,428.32\* to defray estimated construction/acquisition costs of \$2,204,428.32\*. The Bonds are projected to be issued on or about February 3, 2022 with a coupon rate of 4.75% and are projected to be structured to be amortized in 26 annual installments following an approximately 22-month capitalized interest period. Interest payments on the Bonds are projected to be made every May 1 and November 1 commencing on May 1, 2022, and principal payments on the Bonds are projected to be made every November 1 commencing on November 1, 2024. The Promissory Notes are projected to be issued on February 3, 2022 with a coupon rate of 4.75% and are projected to be structured to be amortized in 28 annual installments. Interest payments on the Promissory Notes are projected to be made every May 1 and November 1 commencing on May 1, 2022, and principal payments on the Bonds are projected to be made every November 1 commencing on November 1, 2022.

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\* Preliminary, subject to change

In order to finance an estimated \$13,419,940.28\* in improvement costs with the proceeds of the Bonds, the District will need to borrow more funds and incur indebtedness in the total estimated amount of \$16,850,000\*. The difference is comprised of debt service reserve, capitalized interest, underwriter's discount and costs of issuance. Similarly, in order to finance an estimated \$2,204,428.32\* in improvement costs with the proceeds of the Promissory Notes, the District will need to borrow more funds and incur indebtedness in the total estimated amount of \$2,214,428.32\*. The difference is costs of issuance. The estimated sources and uses of funding for the Bonds are presented in Table 3 in the *Appendix*, as well as in the Proposed Bond Schedule, which is also included in the *Appendix*. The estimated sources and uses of funding for the Promissory Notes are presented in Table 4 in the *Appendix*, as well as in the Proposed Promissory Notes Schedule, which is also included in the *Appendix*.

## **5.0 Revised Assessment Methodology**

### **5.1 Overview**

The issuance of the Bonds and Promissory Notes provides the District with a portion of the funds necessary to construct/acquire the infrastructure improvements which are part of the Improvement Plan outlined in *Section 3.2* and described in more detail by the District Engineer in the Engineer's Report. These improvements lead to special and general benefits, with special benefits accruing to the properties within the boundaries of the District and general benefits accruing to areas outside the District and being only incidental in nature. The debt incurred in financing the infrastructure construction/acquisition will be paid off by assessing properties that derive special and peculiar benefits from the Improvement Plan. All properties that receive special benefits from the Improvement Plan will be assessed for their fair share of the debt issued in order to finance the construction/acquisition of the Improvement Plan.

### **5.2 Benefit Allocation**

The Improvement Plan will serve and provide benefit to all land in the District, which is currently projected to be developed in two (2) or more phases over a multi-year period, with development within Phase 1 of the District projected to comprise of a total of 399,771 square feet of commercial land uses, 232 hotel rooms, and 1,176 residential multi-family dwelling units.

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\* Preliminary, subject to change

The improvements that are part of the Improvement Plan have a logical connection to the special and peculiar benefits received by the land within the District, as without such improvements, the development of the properties within the District would not be possible. Based upon the connection between the improvements and the special and peculiar benefits to the land within the District, the District can assign or allocate a portion of the District's debt through the imposition of non-ad valorem assessments, to the land receiving such special and peculiar benefits. Even though these special and peculiar benefits are real and ascertainable, the precise amount of the benefit cannot yet be calculated with mathematical certainty. However, such benefit is more valuable than the cost of, or the actual non-ad valorem assessment amount levied on that parcel.

In conformance with the Master Report, the benefit associated with the Improvement Plan is proposed to be allocated to the different land use types in proportion to the density of development and intensity of use of the capital improvements that are part of the Improvement Plan as measured by a standard unit called an Equivalent Residential Unit ("ERU"). Table 5 in the *Appendix* illustrates the numbers of units/numbers of square feet for each land use within the Phase 1 and within the Future Phases, ERU weights that are proposed to be assigned to the different land uses contemplated to be developed within the District based on the relative density of development and the intensity of use of infrastructure, and the total ERU counts for each land use category. Utilizing the ERU weights from Table 5, Table 6 in the *Appendix* illustrates the allocation of costs of improvements that comprise the Improvement Plan and are estimated by the District Engineer to total \$147,445,549 to all land uses projected to be developed in the District.

In order to facilitate the marketing of the units in the Development, the Developer requested that the District limit the amount of the principal amount of the Bonds and Promissory Notes to certain predetermined levels, especially so for the Commercial Parcel 2, Multi-Family Parcel 17, and Commercial Parcel 17. In order to accomplish that goal, the Developer will agree as part of the Completion Agreement and/or Acquisition Agreement to contribute certain infrastructure improvements, which when combined with the improvements already funded by the City on behalf of the Developer, or improvements, which are expected to be funded by the City on behalf of the Developer in the future, are projected to total an amount

estimated at \$122,445,549\* and which comprise the difference between the total cost of the Improvement Plan at \$147,445,549 and that portion of the Improvement Plan actually financed with the proceeds of the Bonds, the Promissory Notes and any future indebtedness anticipated to be issued by the District in the estimated total amount of \$25,000,000\*, which represents a required “buy down” of assessment levels. The amount of \$25,000,000\* is comprised of the amount financed with proceeds of the Bonds in the estimated amount of \$13,419,940.28\*, the amount financed with proceeds of the Promissory Notes in the estimated amount of \$2,204,428.32\*, and the amount financed with proceeds of the future indebtedness anticipated to be issued by the District in the estimated amount of \$9,375,631.40\*. Because there is ample infrastructure (estimated at \$41,095,481\*) left to be developed for the project above and beyond what the District will finance, the required contribution is expected to be made through the ordinary course of development of the project.

Following the cost allocation illustrated in Table 6 in the *Appendix*, Table 7 in the *Appendix* illustrates the apportionment of the assessment associated with the Bonds (the “Bond Assessment”) and Table 8 in the *Appendix* illustrates the apportionment of the assessment associated with the Promissory Notes (the “Promissory Note Assessment”). Tables 7 and 8 also illustrate the apportionment of the annual assessment required to pay the principal and interest payments on the Bonds and Promissory Notes to the land use categories proposed to be developed within the District, while Tables 9 and 10 in the *Appendix* illustrates the same information on a per parcel basis.

### **5.3 Assigning Debt**

The land within Phase 1 has already been developed into 101,441 square feet of commercial land uses/is under contract to be developed into 298,330 square feet of commercial land uses, 232 hotel rooms, and 1,176 residential multi-family dwelling units and thus the exact location and the number of types of land uses are known. Consequently, the Bond Assessment and the Promissory Note Assessment can be levied on specific parcels of developed land/land under contract to be developed based on the number of and types of land uses and the figures as illustrated in Tables 9 and 10 in the *Appendix*, and Bond Assessment in the estimated amount of \$16,850,000\* can be levied on parcels of land developed/land under contra to be developed with a total of 189,771 square feet of

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\* Preliminary, subject to change

commercial land uses, 232 hotel rooms, and 1,176 residential multi-family dwelling units, while Promissory Note Assessment in the estimated amount of \$2,214,428.32\* can be levied on parcels of land developed/land under contract to be developed with 210,000 square feet of commercial land uses.

The balance of the land, totaling approximately 26.79 +/- gross acres outside of Phase 1 remains undeveloped/not under contract to be developed and will not be assessed.

#### **5.4 Lienability Test: Special and Peculiar Benefit to the Property**

As first discussed in *Section 1.3*, Special Benefits and General Benefits, the implementation of the Improvement Plan creates special and peculiar benefits to properties within the District. The improvements that are part of the Improvement Plan benefit all assessable properties within the District and accrue to all such properties on an equal ERU basis.

The Improvement Plan can be shown to be creating special and peculiar benefits to the properties within the District. The special and peculiar benefits resulting from each improvement are:

- a. added use of the property;
- b. added enjoyment of the property;
- c. decreased insurance premiums;
- d. increased marketability and value of the property.

The improvements that are part of the Improvement Plan make the land in the District developable and saleable and provide special and peculiar benefits which are greater than the benefits of any single category of improvements. These special and peculiar benefits are real and ascertainable, but not yet capable of being calculated and assessed in terms of numerical value; however, such benefits are more valuable than either the cost of, or the actual assessment levied for, the improvement or debt allocated to the parcel of land.

#### **5.5 Lienability Test: Reasonable and Fair Apportionment of the Duty to Pay**

A reasonable estimate of the proportion of special and peculiar benefits received from the provision of the Improvement Plan is delineated in Table 5 in the *Appendix*.

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\* Preliminary, subject to change

The apportionment of the assessments is fair and reasonable because it was conducted on the basis of consistent application of the methodology described in *Section 5.2* across all assessable property within Phase 1 according to reasonable estimates of the special and peculiar benefits derived from the improvements that are part of the Improvement Plan.

Accordingly, no acre or parcel of property within Phase 1 will be liened for the payment of any non-ad valorem special assessment more than the determined special benefit peculiar to that property.

## **5.6 True-Up Mechanism**

The Assessment Methodology described herein is based on conceptual information obtained from the Developer prior to full completion of development of Phase 1. As development occurs it is possible that the planned land uses and unit numbers may change. The mechanism for maintaining the methodology over the changes is referred to as a true-up.

All changes within parcels will be permitted subject to the following true-up mechanism. If a particular parcel of land has been designated for, for instance, 10,000 square feet and the final building is developed with a total of 12,500 square feet, that parcel will still be subject to the payment of Bond Assessment or Promissory Note Assessment, whichever is applicable, based on its original 10,000 square feet; however, that will also automatically reduce that parcel's Bond Assessment or Promissory Note Assessment per square foot in proportion to the increase in its actual number of square feet of building versus the number of square feet of building projected in this Supplemental Report. The rationale for this adjustment is that the increase in the final number of square feet and increase in development density did not require any additional infrastructure from the District, so the property owner should not have to pay any additional cost.

Conversely, if a particular parcel of land has been designated for, for instance, 10,000 square feet and the final building is developed with a total of 8,000 square feet, that parcel will still be subject to the payment of Bond Assessment and Promissory Note Assessment, whichever is applicable, based on its original 10,000 square feet; however, that will also automatically increase that parcel's Bond Assessment or Promissory Note Assessment per square foot in proportion to the decrease in its actual number of square feet of building versus the number of square feet of building projected in this Supplemental Report. The rationale for this adjustment is that the

decrease in the final number of square feet and decrease in development density did not relieve the District from providing this parcel of land with infrastructure sufficient to serve the needs of that parcel based on the original and higher density of development and did not decrease the costs of providing same by the District.

The number of units within each parcel will be certified by the Developer and confirmed by the District Engineer.

## **5.7 Assessment Roll**

The Bond Assessment in the estimated amount of \$16,850,000\* and the Promissory Note Assessment in the estimated amount of \$2,214,428.32\* will be assessed as shown in Exhibit "A". Excluding interest and costs of collection.

## **6.0 Additional Stipulations**

### **6.1 Overview**

Wrathell, Hunt and Associates, LLC was retained by the District to prepare a methodology to fairly allocate the special assessments related to the District's Improvement Plan. Certain financing, development and engineering data was provided by members of District Staff and/or the Developer. The allocation methodology described herein was based on information provided by those professionals. Wrathell, Hunt and Associates, LLC makes no representations regarding said information transactions beyond restatement of the factual information necessary for compilation of this Supplemental Report. For additional information on the structure of the Bonds and Promissory Notes and related items, please refer to the Offering Statement associated with this transaction.

**Wrathell, Hunt and Associates, LLC does not represent the District as a Municipal Advisor or Securities Broker nor is Wrathell, Hunt and Associates, LLC registered to provide such services as described in Section 15B of the Securities and Exchange Act of 1934, as amended. Similarly, Wrathell, Hunt and Associates, LLC does not provide the District with financial advisory services or offer investment advice in any form.**

## 7.0 Appendix

Table 1

# The MidCity Improvement District

### Development Plan - Summary

| Land Use               | Unit of Measurement | Phase 1 Units Financed with Bonds | Phase 1 Units Financed with Promissory Note | Total Phase 1 Units | Future Phases Units | Total Number of Units |
|------------------------|---------------------|-----------------------------------|---|---------------------|---------------------|-----------------------|
| <u>Non-Residential</u> |                     |                                   |   |                     |                     |                       |
| Commercial             | Square Foot         | 189,771                           | 210,000                                     | 399,771             | 492,263             | 892,034               |
| Hotel                  | Hotel Room          | 232                               | 0   | 232                 | 150                 | 382                   |
| <u>Residential</u>     |                     |                                   |   |                     |                     |                       |
| Multi-Family           | Dwelling Unit       | 1,176                             | 0   | 1,176               | 474                 | 1,650                 |

### Development Plan - Phase 1 Detail

| Parcel   | Main Tenant Name | Land Use     | Unit of Measurement | Number of Square Feet | Number of Hotel Rooms | Number of Dwelling Units |
|--|------------------|--------------|---------------------|-----------------------|-----------------------|--------------------------|
| <b>Phase 1 Units Financed with Bonds</b>           |                  |              |                     |                       |                       |                          |
| 1  | The Camp         | Commercial   | Square Foot         | 5,800                 |                       |                          |
| 2  | Trader Joe's     | Commercial   | Square Foot         | 12,500                |                       |                          |
| 3  | MCO              | Commercial   | Square Foot         | 5,600                 |                       |                          |
| 5  | Dave & Buster's  | Commercial   | Square Foot         | 26,569                |                       |                          |
| 6  | REI & High Point | Commercial   | Square Foot         | 52,620                |                       |                          |
| 7  | Blue Oak         | Commercial   | Square Foot         | 31,452                |                       |                          |
| 7  | Aloft            | Hotel        | Hotel Room          |                       | 120                   |                          |
| 8  | The Wellory      | Commercial   | Square Foot         | 15,000                |                       |                          |
| 8  | The Wellory      | Multi-Family | Dwelling Unit       |                       |                       | 325                      |
| 9  | Indigo           | Hotel        | Hotel Room          |                       | 112                   |                          |
| 9  | Anthem           | Multi-Family | Dwelling Unit       |                       |                       | 320                      |
| 10   | Metronome        | Commercial   | Square Foot         | 30,230                |                       |                          |
| 10   | Metronome        | Multi-Family | Dwelling Unit       |                       |                       | 297                      |
| 17   | Compass          | Commercial   | Square Foot         | 10,000                |                       |                          |
| 17   | Compass          | Multi-Family | Dwelling Unit       |                       |                       | 234                      |
| Sub-Total  |                  |              |                     | 189,771               | 232                   | 1,176                    |
| <b>Phase 1 Units Financed with Promissory Note</b> |                  |              |                     |                       |                       |                          |
| 9  |                  | Commercial   | Square Foot         | 60,000                |                       |                          |
| Plaza  |                  | Commercial   | Square Foot         | 150,000               |                       |                          |
| Sub-Total  |                  |              |                     | 210,000               | 0                     | 0                        |
| <b>Total</b>                                       |                  |              |                     | <b>399,771</b>        | <b>232</b>            | <b>1,176</b>             |

Table 2

# The MidCity Improvement District

## Improvement Plan

| Improvement                                       | City's<br>Investment on<br>Behalf of<br>Developer | Developer's/<br>District's<br>Investment | Total                |
|---|---|--|----------------------|
| <u>Current Investment</u>                         |   |  |                      |
| Land Acquisition                                  | \$0   | \$2,342,700                              | \$2,342,700          |
| Utilities (Water and Sewer)                       | \$4,427,358                                       | \$178,686                                | \$4,606,044          |
| Public Roadways/Parking (including Storm Sewer)   | \$22,490,216                                      | \$593,110                                | \$23,083,326         |
| Street Lighting and Electrical                    | \$4,041,635                                       | \$32,237                                 | \$4,073,872          |
| Pedestrian Facilities/Public Parks/Landscaping    | \$293,000   | \$989,041                                | \$1,282,041          |
| Public Art  | \$0   | \$89,088                                 | \$89,088             |
| West Huntsville Park (Amphitheater)               | \$43,000,000                                      | \$353,398                                | \$43,353,398         |
| Open Space (South Park)                           | \$0   | \$0                                      | \$0                  |
| Design, Engineering, Survey, Permitting, Planning | \$2,276,483                                       | \$243,116                                | \$2,519,599          |
| <b>Total</b>                                      | <b>\$76,528,692</b>                               | <b>\$4,821,376</b>                       | <b>\$81,350,068</b>  |
| <u>Future Investment</u>                          |   |  |                      |
| Land Acquisition                                  | \$0   | \$0                                      | \$0                  |
| Utilities (Water and Sewer)                       | \$3,835,700                                       | \$0                                      | \$3,835,700          |
| Public Roadways/Parking (including Storm Sewer)   | \$10,070,681                                      | \$0                                      | \$10,070,681         |
| Street Lighting and Electrical                    | \$2,025,500                                       | \$0                                      | \$2,025,500          |
| Pedestrian Facilities/Public Parks/Landscaping    | \$2,413,600                                       | \$13,000,000                             | \$15,413,600         |
| Public Art  | \$0   | \$5,000,000                              | \$5,000,000          |
| West Huntsville Park (Amphitheater)               | \$12,500,000                                      | \$2,500,000                              | \$15,000,000         |
| Open Space (South Park)                           | \$12,000,000                                      | \$0                                      | \$12,000,000         |
| Design, Engineering, Survey, Permitting, Planning | \$750,000   | \$2,000,000                              | \$2,750,000          |
| <b>Total</b>                                      | <b>\$43,595,481</b>                               | <b>\$22,500,000</b>                      | <b>\$66,095,481</b>  |
| <u>Total Current and Future Investment</u>        |   |  |                      |
| Land Acquisition                                  | \$0   | \$2,342,700                              | \$2,342,700          |
| Utilities (Water and Sewer)                       | \$8,263,058                                       | \$178,686                                | \$8,441,744          |
| Public Roadways/Parking (including Storm Sewer)   | \$32,560,897                                      | \$593,110                                | \$33,154,007         |
| Street Lighting and Electrical                    | \$6,067,135                                       | \$32,237                                 | \$6,099,372          |
| Pedestrian Facilities/Public Parks/Landscaping    | \$2,706,600                                       | \$13,989,041                             | \$16,695,641         |
| Public Art  | \$0   | \$5,089,088                              | \$5,089,088          |
| West Huntsville Park (Amphitheater)               | \$55,500,000                                      | \$2,853,398                              | \$58,353,398         |
| Open Space (South Park)                           | \$12,000,000                                      | \$0                                      | \$12,000,000         |
| Design, Engineering, Survey, Permitting, Planning | \$3,026,483                                       | \$2,243,116                              | \$5,269,599          |
| <b>Total</b>                                      | <b>\$120,124,173</b>                              | <b>\$27,321,376</b>                      | <b>\$147,445,549</b> |

Table 3

## The MidCity Improvement District

### Estimated Sources and Uses of Funds - Bonds

**Sources**

Bond Proceeds:

|                      |            |                        |
|----------------------|------------|------------------------|
|                      | Par Amount | \$16,850,000.00        |
| <b>Total Sources</b> |            | <b>\$16,850,000.00</b> |

**Uses**

|                   |                           |                        |
|-------------------|---------------------------|------------------------|
|                   | Project Fund              | \$13,419,940.28        |
|                   | Debt Service Reserve Fund | \$1,144,350.00         |
|                   | Capitalized Interest Fund | \$1,396,209.72         |
|                   | Underwriter's Discount    | \$337,000.00           |
|                   | Costs of Issuance         | \$552,500.00           |
| <b>Total Uses</b> |                           | <b>\$16,850,000.00</b> |

**Note:** Assumes Delivery Date of 02/03/2022; final maturity of 11/01/2049; 22 months of capitalized interest; fully funded DSRF; 4.75% interest rate

Table 4

## The MidCity Improvement District

### Estimated Sources and Uses of Funds - Promissory Notes

**Sources**

Promissory Note Proceeds:

|                      |            |                       |
|----------------------|------------|-----------------------|
|                      | Par Amount | \$2,214,428.32        |
| <b>Total Sources</b> |            | <b>\$2,214,428.32</b> |

**Uses**

|                   |                   |                       |
|-------------------|-------------------|-----------------------|
|                   | Project Fund      | \$2,204,428.32        |
|                   | Costs of Issuance | \$10,000.00           |
| <b>Total Uses</b> |                   | <b>\$2,214,428.32</b> |

**Note:** Assumes Delivery Date of 02/03/2022; final maturity of 11/01/2049; 4.75% interest rate

Table 5

# The MidCity Improvement District

## Benefit Allocation

| Land Use   | Unit of Measurement | Total Number of Units | ERU per Unit | Total ERU        | Percent of Total |
|--|---------------------|-----------------------|--------------|------------------|------------------|
| <b>Phase 1</b>   |                     |                       |              |                  |                  |
| <b>Phase 1 Units Financed with Bonds</b>                     |                     |                       |              |                  |                  |
| <u>Non-Residential</u>                                       |                     |                       |              |                  |                  |
| Commercial   | Square Foot         | 189,771               | 0.0030       | 569.313          | 11.300%          |
| Hotel  | Hotel Room          | 232                   | 1.000        | 232.000          | 4.605%           |
| <u>Residential</u>   |                     |                       |              |                  |                  |
| Multi-Family   | Dwelling Unit       | 1,176                 | 1.200        | 1,411.200        | 28.011%          |
| <b>Sub-Total Phase 1 Units Financed with Bonds</b>           |                     |                       |              | <b>2,212.513</b> | <b>43.916%</b>   |
| <b>Phase 1 Units Financed with Promissory Note</b>           |                     |                       |              |                  |                  |
| <u>Non-Residential</u>                                       |                     |                       |              |                  |                  |
| Commercial   | Square Foot         | 210,000               | 0.0030       | 630.000          | 12.505%          |
| <b>Sub-Total Phase 1 Units Financed with Promissory Note</b> |                     |                       |              | <b>630.000</b>   | <b>12.505%</b>   |
| <b>Future Phases</b>   |                     |                       |              |                  |                  |
| <u>Non-Residential</u>                                       |                     |                       |              |                  |                  |
| Commercial   | Square Foot         | 492,263               | 0.0030       | 1,476.789        | 29.312%          |
| Hotel  | Hotel Room          | 150                   | 1.000        | 150.000          | 2.977%           |
| <u>Residential</u>   |                     |                       |              |                  |                  |
| Multi-Family   | Dwelling Unit       | 474                   | 1.200        | 568.800          | 11.290%          |
| <b>Sub-Total Future Phases</b>                               |                     |                       |              | <b>2,195.589</b> | <b>43.580%</b>   |
| <b>Total</b>   |                     |                       |              | <b>5,038.102</b> | <b>100.000%</b>  |

Table 6

# The MidCity Improvement District

## Capital Improvement Program Cost Allocation

| Land Use   | Total Number of Units | Total Cost Allocation*  | Total Developer Contribution** | Total Cost Financed with Bonds |
|--|-----------------------|-------------------------|--------------------------------|--------------------------------|
| <b>Phase 1</b>   |                       |                         |                                |                                |
| <b>Phase 1 Units Financed with Bonds</b>                     |                       |                         |                                |                                |
| <u>Non-Residential</u>                                       |                       |                         |                                |                                |
| Commercial   | 167,271               | \$14,686,104.66         | \$12,930,214.52                | \$1,755,890.14                 |
| Commercial - Parcel 2 ***                                    | 12,500                | \$1,097,478.39          | \$979,384.02                   | \$118,094.37                   |
| Commercial - Parcel 17 ****                                  | 10,000                | \$877,982.71            | \$825,496.33                   | \$52,486.39                    |
| Hotel  | 232                   | \$6,789,732.99          | \$5,328,511.93                 | \$1,461,221.06                 |
| <u>Residential</u>   |                       |                         |                                |                                |
| Multi-Family   | 942                   | \$33,082,388.68         | \$24,677,218.41                | \$8,405,170.27                 |
| Multi-Family - Parcel 17 ****                                | 234                   | \$8,217,918.21          | \$6,590,840.16                 | \$1,627,078.05                 |
| <b>Sub-Total Phase 1 Units Financed with Bonds</b>           |                       | <b>\$64,751,605.66</b>  | <b>\$51,331,665.37</b>         | <b>\$13,419,940.28</b>         |
| <b>Phase 1 Units Financed with Promissory Note</b>           |                       |                         |                                |                                |
| <u>Non-Residential</u>                                       |                       |                         |                                |                                |
| Commercial   | 210,000               | \$18,437,637.00         | \$16,233,208.68                | \$2,204,428.32                 |
| <b>Sub-Total Phase 1 Units Financed with Promissory Note</b> |                       | <b>\$18,437,637.00</b>  | <b>\$16,233,208.68</b>         | <b>\$2,204,428.32</b>          |
| <b>Future Phases</b>   |                       |                         |                                |                                |
| <u>Non-Residential</u>                                       |                       |                         |                                |                                |
| Commercial   | 492,263               | \$43,219,840.50         | \$38,535,055.91                | \$4,684,784.59                 |
| Hotel  | 150                   | \$4,389,913.57          | \$3,533,398.63                 | \$856,514.94                   |
| <u>Residential</u>   |                       |                         |                                |                                |
| Multi-Family   | 474                   | \$16,646,552.27         | \$12,812,220.39                | \$3,834,331.87                 |
| <b>Sub-Total Future Phases</b>                               |                       | <b>\$64,256,306.34</b>  | <b>\$54,880,674.94</b>         | <b>\$9,375,631.40</b>          |
| <b>Total</b>   |                       | <b>\$147,445,549.00</b> | <b>\$122,445,549.00</b>        | <b>\$25,000,000.00</b>         |

\* Please note that cost allocations to units herein are based on the ERU benefit allocations illustrated in Table 4

\*\* Developer Contribution includes the contribution of the City on behalf of the Developer

\*\*\* Lease agreement for the Commercial - Parcel 2 included a limitation on the amount of District annual assessments to not exceed \$0.90 per sq ft

\*\*\*\* Sale agreement for the Commercial - Parcel 17 and Multi-Family - Parcel 17 included a limitation on the amount of District annual assessments to not exceed \$0.50 per sq ft for all uses, which equals \$0.50 per sq ft for commercial uses and \$662.39 per dwelling unit for residential uses based on 234 dwelling units occupying 310,000 sq ft

Table 7

## The MidCity Improvement District

Assessment Apportionment - Summary - Phase 1 Units Financed with Bonds

| Land Use                    | Total Number of Units | Total Bond Assessment Apportionment | Bond Assessment Apportionment per Unit | Annual Bond Assessment Debt Service per Unit |
|-----------------------------|-----------------------|-------------------------------------|--|--|
| <u>Non-Residential</u>      |                       |                                     |  |  |
| Commercial                  | 167,271               | \$2,204,685.58                      | \$13.18                                | \$0.96                                       |
| Commercial - Parcel 2 *     | 12,500                | \$148,278.62                        | \$11.86                                | \$0.87                                       |
| Commercial - Parcel 17 **   | 10,000                | \$65,901.61                         | \$6.59                                 | \$0.48                                       |
| Hotel                       | 232                   | \$1,834,700.78                      | \$7,908.19                             | \$577.39                                     |
| <u>Residential</u>          |                       |                                     |  |  |
| Multi-Family                | 942                   | \$10,553,483.56                     | \$11,203.27                            | \$817.97                                     |
| Multi-Family - Parcel 17 ** | 234                   | \$2,042,949.86                      | \$8,730.55                             | \$637.43                                     |
| <b>Total</b>                |                       | <b>\$16,850,000.00</b>              |  |  |

\* Lease agreement for the Commercial - Parcel 2 included a limitation on the amount of District annual assessments to not exceed \$0.90 per sq ft

\*\* Sale agreement for the Commercial - Parcel 17 and Multi-Family - Parcel 17 included a limitation on the amount of District annual assessments to not exceed \$0.50 per sq ft for all uses, which equals \$0.50 per sq ft for commercial uses and \$662.39 per dwelling unit for residential uses based on 234 dwelling units occupying 310,000 sq ft

**Bond Assumptions:** 28-year total maturity, 26 total annual principal repayments, 4.75% coupon rate

**Notes:** Administrative costs of the District are funded via assessments

Table 8

## The MidCity Improvement District

Assessment Apportionment - Summary - Phase 1 Units Financed with Promissory Note

| Land Use        | Total Number of Units | Total Promissory Note Assessment Apportionment | Promissory Note Assessment Apportionment per Unit | Annual Promissory Note Assessment Debt Service per Unit |
|-----------------|-----------------------|--|---|---|
| Non-Residential | 210,000               | \$2,214,428.32                                 | \$10.54   | \$0.76  |
| <b>Total</b>    |                       | <b>\$2,214,428.32</b>                          |   |   |

**Promissory Note Assumptions:** 28-year total maturity, 28 total annual principal repayments, 4.75% coupon rate

**Notes:** Administrative costs of the District are funded via assessments

Table 9

# The MidCity Improvement District

## Assessment Apportionment - Detail - Phase 1 Units Financed with Bonds

| Land Use                    | Parcel | Main Tenant Name | Total Number of Units | Total Bond Assessment Apportionment | Total Annual Bond Assessment Debt Service |
|-----------------------------|--------|------------------|-----------------------|-------------------------------------|---|
| Commercial                  | 1      | The Camp         | 5,800                 | \$76,445.87                         | \$5,581.42                                |
| Commercial - Parcel 2 *     | 2      | Trader Joe's     | 12,500                | \$148,278.62                        | \$10,826.02                               |
| Commercial                  | 3      | MCO              | 5,600                 | \$73,809.80                         | \$5,388.95                                |
| Commercial                  | 5      | Dave & Buster's  | 26,569                | \$350,187.97                        | \$25,567.69                               |
| Commercial                  | 6      | REI & High Point | 52,620                | \$693,548.53                        | \$50,636.91                               |
| Commercial                  | 7      | Blue Oak         | 31,452                | \$414,547.48                        | \$30,266.67                               |
| Hotel                       | 7      | Aloft            | 120                   | \$948,983.16                        | \$69,286.53                               |
| Commercial                  | 8      | The Wellory      | 15,000                | \$197,704.82                        | \$14,434.69                               |
| Multi-Family                | 8      | The Wellory      | 325                   | \$3,641,063.86                      | \$265,838.95                              |
| Hotel                       | 9      | Indigo           | 112                   | \$885,717.62                        | \$64,667.43                               |
| Multi-Family                | 9      | Anthem           | 320                   | \$3,585,047.49                      | \$261,749.12                              |
| Commercial                  | 10     | Metronome        | 30,230                | \$398,441.12                        | \$29,090.72                               |
| Multi-Family                | 10     | Metronome        | 297                   | \$3,327,372.20                      | \$242,935.91                              |
| Commercial - Parcel 17 **   | 17     | Compass          | 10,000                | \$65,901.61                         | \$4,811.56                                |
| Multi-Family - Parcel 17 ** | 17     | Compass          | 234                   | \$2,042,949.86                      | \$149,158.51                              |
| <b>Total</b>                |        |                  |                       | <b>\$16,850,000.00</b>              | <b>\$1,230,241.09</b>                     |

\* Lease agreement for the Commercial - Parcel 2 included a limitation on the amount of District annual assessments to not exceed \$0.90 per sq ft

\*\* Sale agreement for the Commercial - Parcel 17 and Multi-Family - Parcel 17 included a limitation on the amount of District annual assessments to not exceed \$0.50 per sq ft for all uses, which equals \$0.50 per sq ft for commercial uses and \$662.39 per dwelling unit for residential uses based on 234 dwelling units occupying 310,000 sq ft

**Bond Assumptions:** 28-year total maturity, 26 total annual principal repayments, 4.75% coupon rate

**Notes:** Administrative costs of the District are funded via assessments

Table 10

# The MidCity Improvement District

Assessment Apportionment - Detail - Phase 1 Units Financed with Promissory Note

| Land Use     | Parcel | Main Tenant Name | Total Number of Units | Total Promissory Note Assessment Apportionment | Total Annual Promissory Note Assessment Debt Service |
|--------------|--------|------------------|-----------------------|--|--|
| Commercial   | 9      |                  | 60,000                | \$632,693.81                                   | \$45,352.45  |
| Commercial   | Plaza  |                  | 150,000               | \$1,581,734.52                                 | \$113,381.13   |
| <b>Total</b> |        |                  |                       | <b>\$2,214,428.32</b>                          | <b>\$158,733.58</b>                                  |

**Promissory Note Assumptions:** 28-year total maturity, 28 total annual principal repayments, 4.75% coupon rate

**Notes:** Administrative costs of the District are funded via assessments

# The MidCity Improvement District

## Proposed Bond Schedule

| Period<br>Ending | Principal              | Interest               | CAPI                    | DSR                     | Net Payment            |
|------------------|------------------------|------------------------|-------------------------|-------------------------|------------------------|
| 1/31/2022        |                        |                        |                         |                         |                        |
| 11/1/2022        |                        | \$595,834.72           | (\$595,834.72)          |                         | \$0.00                 |
| 11/1/2023        |                        | \$800,375.00           | (\$800,375.00)          |                         | \$0.00                 |
| 11/1/2024        | \$340,000.00           | \$800,375.00           |                         |                         | \$1,140,375.00         |
| 11/1/2025        | \$360,000.00           | \$784,225.00           |                         |                         | \$1,144,225.00         |
| 11/1/2026        | \$375,000.00           | \$767,125.00           |                         |                         | \$1,142,125.00         |
| 11/1/2027        | \$395,000.00           | \$749,312.50           |                         |                         | \$1,144,312.50         |
| 11/1/2028        | \$410,000.00           | \$730,550.00           |                         |                         | \$1,140,550.00         |
| 11/1/2029        | \$430,000.00           | \$711,075.00           |                         |                         | \$1,141,075.00         |
| 11/1/2030        | \$450,000.00           | \$690,650.00           |                         |                         | \$1,140,650.00         |
| 11/1/2031        | \$470,000.00           | \$669,275.00           |                         |                         | \$1,139,275.00         |
| 11/1/2032        | \$495,000.00           | \$646,950.00           |                         |                         | \$1,141,950.00         |
| 11/1/2033        | \$520,000.00           | \$623,437.50           |                         |                         | \$1,143,437.50         |
| 11/1/2034        | \$545,000.00           | \$598,737.50           |                         |                         | \$1,143,737.50         |
| 11/1/2035        | \$570,000.00           | \$572,850.00           |                         |                         | \$1,142,850.00         |
| 11/1/2036        | \$595,000.00           | \$545,775.00           |                         |                         | \$1,140,775.00         |
| 11/1/2037        | \$625,000.00           | \$517,512.50           |                         |                         | \$1,142,512.50         |
| 11/1/2038        | \$655,000.00           | \$487,825.00           |                         |                         | \$1,142,825.00         |
| 11/1/2039        | \$685,000.00           | \$456,712.50           |                         |                         | \$1,141,712.50         |
| 11/1/2040        | \$720,000.00           | \$424,175.00           |                         |                         | \$1,144,175.00         |
| 11/1/2041        | \$750,000.00           | \$389,975.00           |                         |                         | \$1,139,975.00         |
| 11/1/2042        | \$790,000.00           | \$354,350.00           |                         |                         | \$1,144,350.00         |
| 11/1/2043        | \$825,000.00           | \$316,825.00           |                         |                         | \$1,141,825.00         |
| 11/1/2044        | \$865,000.00           | \$277,637.50           |                         |                         | \$1,142,637.50         |
| 11/1/2045        | \$905,000.00           | \$236,550.00           |                         |                         | \$1,141,550.00         |
| 11/1/2046        | \$950,000.00           | \$193,562.50           |                         |                         | \$1,143,562.50         |
| 11/1/2047        | \$995,000.00           | \$148,437.50           |                         |                         | \$1,143,437.50         |
| 11/1/2048        | \$1,040,000.00         | \$101,175.00           |                         | (\$2,575.00)            | \$1,138,600.00         |
| 11/1/2049        | \$1,090,000.00         | \$51,775.00            |                         | (\$1,141,775.00)        | \$0.00                 |
| <b>Total</b>     | <b>\$16,850,000.00</b> | <b>\$14,243,059.72</b> | <b>(\$1,396,209.72)</b> | <b>(\$1,144,350.00)</b> | <b>\$28,552,500.00</b> |

**Note:** Assumes Delivery Date of 02/03/2022; final maturity of 11/01/2049; interest capitalized until 11/01/2023; fully funded DSRF; 4.75% interest rate

# The MidCity Improvement District

## Proposed Promissory Note Schedule

| Period<br>Ending | Principal             | Interest              | Net Payment           |
|------------------|-----------------------|-----------------------|-----------------------|
| 1/31/2022        |                       |                       |                       |
| 11/1/2022        | \$39,439.33           | \$87,654.45           | \$127,093.78          |
| 11/1/2023        | \$41,312.70           | \$103,311.98          | \$144,624.67          |
| 11/1/2024        | \$43,275.05           | \$101,349.62          | \$144,624.67          |
| 11/1/2025        | \$45,330.61           | \$99,294.06           | \$144,624.67          |
| 11/1/2026        | \$47,483.82           | \$97,140.86           | \$144,624.67          |
| 11/1/2027        | \$49,739.30           | \$94,885.37           | \$144,624.67          |
| 11/1/2028        | \$52,101.92           | \$92,522.76           | \$144,624.67          |
| 11/1/2029        | \$54,576.76           | \$90,047.92           | \$144,624.67          |
| 11/1/2030        | \$57,169.15           | \$87,455.52           | \$144,624.67          |
| 11/1/2031        | \$59,884.69           | \$84,739.99           | \$144,624.67          |
| 11/1/2032        | \$62,729.21           | \$81,895.46           | \$144,624.67          |
| 11/1/2033        | \$65,708.85           | \$78,915.83           | \$144,624.67          |
| 11/1/2034        | \$68,830.02           | \$75,794.65           | \$144,624.67          |
| 11/1/2035        | \$72,099.44           | \$72,525.23           | \$144,624.67          |
| 11/1/2036        | \$75,524.17           | \$69,100.51           | \$144,624.67          |
| 11/1/2037        | \$79,111.57           | \$65,513.11           | \$144,624.67          |
| 11/1/2038        | \$82,869.36           | \$61,755.31           | \$144,624.67          |
| 11/1/2039        | \$86,805.66           | \$57,819.01           | \$144,624.67          |
| 11/1/2040        | \$90,928.93           | \$53,695.74           | \$144,624.67          |
| 11/1/2041        | \$95,248.05           | \$49,376.62           | \$144,624.67          |
| 11/1/2042        | \$99,772.34           | \$44,852.34           | \$144,624.67          |
| 11/1/2043        | \$104,511.52          | \$40,113.15           | \$144,624.67          |
| 11/1/2044        | \$109,475.82          | \$35,148.85           | \$144,624.67          |
| 11/1/2045        | \$114,675.92          | \$29,948.75           | \$144,624.67          |
| 11/1/2046        | \$120,123.03          | \$24,501.65           | \$144,624.67          |
| 11/1/2047        | \$125,828.87          | \$18,795.80           | \$144,624.67          |
| 11/1/2048        | \$131,805.74          | \$12,818.93           | \$144,624.67          |
| 11/1/2049        | \$138,066.51          | \$6,558.16            | \$144,624.67          |
| <b>Total</b>     | <b>\$2,214,428.32</b> | <b>\$1,817,531.63</b> | <b>\$4,031,959.96</b> |

**Note:** Assumes Delivery Date of 02/03/2022; final maturity of 11/01/2049; 4.75% interest rate

**Exhibit "A"**

| <b>Parcel Number</b> | <b>Owner</b>                          | <b>Bond Assessment</b> | <b>Promissory Note Assessment</b> | <b>Total</b>           |
|----------------------|---------------------------------------|------------------------|-----------------------------------|------------------------|
| 043533               | MID-CITY OWNER LLC                    | \$76,445.87            | \$0.00                            | \$76,445.87            |
| 551535               | MC2A LLC                              | \$148,278.62           | \$0.00                            | \$148,278.62           |
| 551540               | MID CITY OWNER LLC                    | \$73,809.80            | \$0.00                            | \$73,809.80            |
| 018321               | MID CITY OWNER LLC                    | \$0.00                 | \$0.00                            | \$0.00                 |
| 551537               | MIDCITY PLACEMAKERS LLC               | \$350,187.97           | \$0.00                            | \$350,187.97           |
| 552521               | MID CITY OWNER LLC                    | \$0.00                 | \$0.00                            | \$0.00                 |
| 552522               | MIDCITY PLACEMAKERS LLC               | \$0.00                 | \$0.00                            | \$0.00                 |
| 552514               | MIDCITY PLACEMAKERS LLC               | \$267,560.53           | \$0.00                            | \$267,560.53           |
| 552515               | MIDCITY PLACEMAKERS LLC               | \$270,592.00           | \$0.00                            | \$270,592.00           |
| 552516               | MIDCITY PLACEMAKERS LLC               | \$155,395.99           | \$0.00                            | \$155,395.99           |
| 551538               | MIDCITY PLACEMAKERS LLC               | \$150,941.04           | \$0.00                            | \$150,941.04           |
| 552519               | MID CITY OWNER LLC                    | \$0.00                 | \$0.00                            | \$0.00                 |
| 552520               | MID CITY OWNER LLC                    | \$263,606.43           | \$0.00                            | \$263,606.43           |
| 570940               | MID CITY OWNER LLC                    | \$948,983.16           | \$0.00                            | \$948,983.16           |
| 552523               | MID CITY OWNER LLC                    | \$3,838,768.68         | \$0.00                            | \$3,838,768.68         |
| 551542               | MID CITY OWNER LLC                    | \$0.00                 | \$80,691.38                       | \$80,691.38            |
| 556533               | MID CITY OWNER LLC                    | \$786,090.15           | \$121,037.08                      | \$907,127.22           |
| 556538               | VND HOSPITALITY-HUNTSVILLE INDIGO LLC | \$885,717.62           | \$0.00                            | \$885,717.62           |
| 556535               | MID CITY OWNER LLC                    | \$2,012,867.20         | \$309,928.27                      | \$2,322,795.47         |
| 556534               | MID CITY OWNER LLC                    | \$786,090.15           | \$121,037.08                      | \$907,127.22           |
| 556537               | MID CITY OWNER LLC                    | \$0.00                 | \$0.00                            | \$0.00                 |
| 552538               | MID CITY OWNER LLC                    | \$0.00                 | \$0.00                            | \$0.00                 |
| 552539               | MIDCITY RESIDENTIAL LLC               | \$3,725,813.33         | \$0.00                            | \$3,725,813.33         |
| 551544               | MID CITY OWNER LLC                    | \$0.00                 | \$0.00                            | \$0.00                 |
| 552518               | MID CITY OWNER LLC                    | \$0.00                 | \$0.00                            | \$0.00                 |
| 560926               | MID CITY OWNER LLC                    | \$0.00                 | \$0.00                            | \$0.00                 |
| 552542               | MID CITY OWNER LLC                    | \$0.00                 | \$0.00                            | \$0.00                 |
| 560925               | MID CITY OWNER LLC                    | \$0.00                 | \$0.00                            | \$0.00                 |
| 109062               | COMPASS LIVING AL 2019 LLC            | \$2,108,851.47         | \$0.00                            | \$2,108,851.47         |
| 109063               | MIDCITY SOUTH LLC                     | \$0.00                 | \$0.00                            | \$0.00                 |
| 131836               | MIDCITY SOUTH LLC                     | \$0.00                 | \$0.00                            | \$0.00                 |
| 551543               | MID CITY OWNER LLC                    | \$0.00                 | \$0.00                            | \$0.00                 |
| 551536               | MID CITY OWNER LLC                    | \$0.00                 | \$0.00                            | \$0.00                 |
| 130769               | MADISON PLAZA ASSOCIATES LLC          | \$0.00                 | \$1,207,627.08                    | \$1,207,627.08         |
| 007229               | MADISON PLAZA ASSOCIATES LLC          | \$0.00                 | \$0.00                            | \$0.00                 |
| 131847               | MADISON PLAZA ASSOCIATES LLC          | \$0.00                 | \$374,107.44                      | \$374,107.44           |
| 137156               | MADISON PLAZA ASSOCIATES LLC          | \$0.00                 | \$0.00                            | \$0.00                 |
| 552513               | MIDCITY PLACEMAKERS LLC               | \$0.00                 | \$0.00                            | \$0.00                 |
| 552537               | CITY OF HUNTSVILLE                    | \$0.00                 | \$0.00                            | \$0.00                 |
| 552543               | CITY OF HUNTSVILLE                    | \$0.00                 | \$0.00                            | \$0.00                 |
| 558448               | CITY OF HUNTSVILLE                    | \$0.00                 | \$0.00                            | \$0.00                 |
| 552541               | MID CITY OWNER LLC                    | \$0.00                 | \$0.00                            | \$0.00                 |
| <b>Total</b>         |                                       | <b>\$16,850,000.00</b> | <b>\$2,214,428.32</b>             | <b>\$19,064,428.32</b> |

**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

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## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “**Disclosure Agreement**”) dated February \_\_\_\_, 2022, is executed and delivered by the MidCity Improvement District (the “**Issuer**” or the “**District**”), Rex Commercial Properties, Inc., Mid-City Owner, LLC, MidCity Placemakers, LLC, MidCity South, LLC, MidCity Residential, LLC, Madison Plaza Associates, LLC and Blue Oak HSV, LLC (collectively, the “**Developer**”) and Wrathell Hunt & Associates, LLC, as Dissemination Agent (together with its successors and assigns, the “**Dissemination Agent**”) in connection with the issuance by the Issuer of its \$\_\_\_\_\_ aggregate principal amount of Special Assessment Revenue Bonds, Series 2022 (the “**Bonds**”). The Bonds are being issued pursuant to the Master Trust Indenture, dated February 1, 2022, as supplemented by the First Supplemental Trust Indenture, dated February 1, 2022 (together, the “**Indenture**”), both by and between the District and U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America and having corporate trust offices in Fort Lauderdale, Florida, as trustee (the “**Trustee**”). The Issuer, the Developer and the Dissemination Agent covenant and agree as follows:

1. **Purpose of this Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer, the Developer, and the Dissemination Agent for the benefit of the Beneficial Owners (as defined herein) of the Bonds and to assist the Participating Underwriter (as defined herein) of the Bonds in complying with the Rule (as defined herein). The Issuer has no reason to believe that this Disclosure Agreement does not satisfy the requirements of the Rule and the execution and delivery of this Disclosure Agreement is intended to comply with the Rule. To the extent it is later determined by a court of competent jurisdiction, a governmental regulatory agency, or an attorney specializing in federal securities law, that the Rule requires the Issuer or other Obligated Person (as defined herein) to provide additional information, the Issuer and each Obligated Person agree to promptly provide such additional information.

The provisions of this Disclosure Agreement are supplemental and in addition to the provisions of the Indenture with respect to reports, filings and notifications provided for therein, and do not in any way relieve the Issuer, the Trustee or any other person of any covenant, agreement or obligation under the Indenture (or remove any of the benefits thereof) nor shall anything herein prohibit the Issuer, the Trustee or any other person from making any reports, filings or notifications required by the Indenture or any applicable law.

2. **Definitions.** Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Indenture. The following capitalized terms as used in this Disclosure Agreement shall have the following meanings:

“Annual Filing Date” shall have such meaning as is set forth in Section 3(a) hereof.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i)(A) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Assessment Area” shall mean that portion of the District subject to Assessments.

“Assessments” shall mean the non-ad valorem special assessments pledged to the payment of the Bonds pursuant to the Indenture.

“Audited Financial Statements” means the financial statements (if any) of the Issuer for any given prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Audited Financial Statements Filing Date” means the date set forth in Section 3(a) hereof by which the Audited Financial Statements are to be filed with each Repository if the same are not included as part of the Annual Report.

“Beneficial Owner” shall mean any person which, (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” means any day other than (a) a Saturday, Sunday or a day on which the Trustee is required, or authorized or not prohibited by law or executive order, to close for business and is closed; or (b) a day on which the New York Stock Exchange is closed.

“Development” shall have the meaning ascribed thereto in the Limited Offering Memorandum.

“Disclosure Representative” shall mean (i) as to the Issuer, the District Manager or its designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time as the person responsible for providing information to the Dissemination Agent; and (ii) as to each entity comprising an Obligated Person (other than the Issuer), the individuals executing this Disclosure Agreement on behalf of such entity or such person(s) as such entity shall designate in writing to the Dissemination Agent from time to time as the person(s) responsible for providing information to the Dissemination Agent.

“Dissemination Agent” shall mean the Issuer or an entity appointed by the Issuer to act in the capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer pursuant to Section 8 hereof. Wrathell Hunt & Associates, LLC, has been designated as the initial Dissemination Agent hereunder.

“District Manager” shall mean Wrathell Hunt & Associates, LLC, or a successor District Manager.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosures located at <http://emma.msrb.org/>.

“EMMA Compliant Format” shall mean a format for any document provided to the MSRB, which is in an electronic format and is accompanied by identifying information, all as prescribed by the MSRB.

“Fiscal Year” shall mean the period commencing on October 1 and ending on September 30 of the subsequent year, or such other period of time provided by applicable law.

“Limited Offering Memorandum” shall mean the final offering document relating to the Bonds.

“Listed Events” shall mean any of the events listed in Section 6(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board.

“Obligated Person(s)” shall mean, with respect to the Bonds, those person(s) who are either generally or through an enterprise, fund, or account of such persons committed by contract or other arrangement to support payment of all, or a part of the obligations on such Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), which person(s) shall include the Issuer and the Developer, and its affiliates, successors or assigns (excluding homebuyers who are end users), for so long as the Developer or its affiliates, successors or assigns (excluding homebuyers who are end users) are the owner of District lands responsible for payment of at least 20% of the Assessments.

“Participating Underwriter” shall mean FMSbonds, Inc.

“Quarterly Filing Date” shall mean for the quarter ending: (i) March 31, each May 1; (ii) June 30, each August 1; (iii) September 30, each November 1; and (iv) December 31, each February 1 of the following year. The first Quarterly Filing Date shall be May 1, 2022.

“Quarterly Report” shall mean any Quarterly Report provided by any Obligated Person (other than the Issuer) pursuant to, and as described in, Section 5 of this Disclosure Agreement.

“Repository” shall mean each entity authorized and approved by the SEC (as hereinafter defined) from time to time to act as a repository for purposes of complying with the Rule. The Repositories approved by the SEC may be found by visiting the SEC’s website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the Repository recognized by the SEC for such purpose is the MSRB, which currently accepts continuing disclosure submissions through its EMMA web portal. As used herein, “Repository” shall include the State Repository, if any.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same has and may be amended from time to time.

“SEC” means the Securities and Exchange Commission.

“State” shall mean the State of Alabama.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purposes of the Rule, if any.

3. **Provision of Annual Reports.**

(a) The Issuer shall, or shall cause the Dissemination Agent to, by April 1 of the calendar year following the end of each Fiscal Year of the Issuer (the “Annual Filing Date”), beginning April 1, 2023, with respect to the Annual Report for the Fiscal Year ending September 30, 2022, provide to any Repository in electronic format as prescribed by such Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above, but in no event later than the earlier of the date required to be filed with the State pursuant to applicable State law and September 30 of the following year (“Audited Financial Statements Filing Date”), for the filing of the Annual Report if they are not available by that date. If the Audited Financial Statements are not available at the time of the filing of the Annual Report, District unaudited financial statements shall be submitted as part of the Annual Report and Audited Financial Statements shall be subsequently provided pursuant to this Section 3(a). If the Issuer’s Fiscal Year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 6.

(b) If on the fifteenth (15<sup>th</sup>) day prior to each Annual Filing Date or the Audited Financial Statements Filing Date, as applicable, the Dissemination Agent has not received a copy of the Annual Report or Audited Financial Statements, as applicable, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be via email) to remind the Issuer of its undertaking to provide the Annual Report or Audited Financial Statements, as applicable, pursuant to Section 3(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report or the Audited Financial Statements, as applicable, in accordance with Section 3(a) above, or (ii) advise the Dissemination Agent that the Issuer will not be able to file the Annual Report or Audited Financial Statements, as applicable, within the times required under this Disclosure Agreement, state the date by which the Annual Report or the Audited Financial Statements for such year, as applicable, will be provided, if available, and instruct the Dissemination Agent that a Listed Event as described in Section 6(a)(17) has occurred and to immediately send a notice to the Repository in substantially the form attached hereto as **Exhibit A** in accordance with Section 6.

(c) If the Dissemination Agent has not received an Annual Report by 12:00 noon on the first (1<sup>st</sup>) Business Day following the Annual Filing Date or the Audited Financial Statements by 12:00 noon on the first (1<sup>st</sup>) Business Day following the Audited Financial Statements Filing Date, if applicable, then a Listed Event as described in Section 6(a)(17) shall have occurred and the Dissemination Agent shall send a notice to the Repository in substantially the form attached as Exhibit A in accordance with Section 6 (unless the Dissemination Agent has already filed such Listed Event Notice pursuant to Section 3(b)).

(d) The Dissemination Agent shall:

(1) determine prior to each Annual Filing Date and Quarterly Filing Date, as applicable, the name, address and filing requirements of the Repository; and

(2) promptly upon fulfilling its obligations under Sections 3(a) and 5(a), file a notice with the Issuer and/or Obligated Person, as applicable, certifying the Annual Report, Audited Financial Statement, and/or Quarterly Report, as applicable, has been provided pursuant to this Disclosure Agreement, stating the date(s) such was provided and listing all Repositories with which it was filed.

(e) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an EMMA Compliant Format.

4. **Content of Annual Reports.**

(a) Each Annual Report shall contain or incorporate by reference the following Annual Financial Information with respect to the Issuer. All information in the Annual Report shall be presented for the Fiscal Year the Annual Report represents:

(1) The amount of Assessments levied;

(2) The amount of Assessments collected;

(3) If available, the amount of Assessment delinquencies greater than one hundred fifty (150) days, and, in the event that delinquencies amount to more than ten percent (10%) of the amounts of the Assessments due in any year, a list of delinquent property owners.

(4) If available, the amounts received by the District from the collection of delinquent Assessments, if any.

(5) All fund balances in all Funds and Accounts for the Bonds. Upon request, the Issuer shall provide any Beneficial Owners and the Dissemination Agent with this information more frequently than annually and, in such case, shall provide such information within thirty (30) days of the written request of the Beneficial Owners.

(6) The total amount of Bonds Outstanding.

(7) The amount of principal and interest due on the Bonds.

(8) The most recent Audited Financial Statements of the Issuer. Pursuant to Section 3(a), if the Audited Financial Statements are not available at the time of the filing of the Annual Report, District unaudited financial statements

shall be submitted as part of the Annual Report and Audited Financial Statements shall be subsequently provided.

(9) Any amendment or waiver of a provision of this Disclosure Agreement, if any, required pursuant to Section 10 herein.

(b) To the extent any of the items set forth in Sections 4(a)(1) through 4(a)(7) above are included in the Audited Financial Statements referred to in subsection (7) above, they do not have to be separately set forth if the Annual Financial Statement is filed by the Annual Filing Date. Any or all of the items listed above may be incorporated by specific reference to other documents, including limited offering memorandums and official statements of debt issues of the Issuer or related public entities, which are available to the public on EMMA (or any successor Repository's website). The Issuer shall clearly identify each such other document so incorporated by reference.

(c) The Issuer and each Obligated Person agree to supply, in a timely fashion, any information reasonably requested by the Dissemination Agent that is necessary in order for the Dissemination Agent to carry out its duties under this Disclosure Agreement. The Issuer acknowledges and agrees that the information to be collected and disseminated by the Dissemination Agent will be provided by the Issuer, Obligated Persons and others. The Dissemination Agent's duties do not include authorship or production of any materials, and the Dissemination Agent shall have no responsibility hereunder for the content of the information provided to it by the Issuer, an Obligated Person or others as thereafter disseminated by the Dissemination Agent.

(d) Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

## 5. **Quarterly Reports.**

(a) Each Obligated Person (other than the Issuer), so long as it is an Obligated Person for purposes of this Disclosure Agreement, shall, or shall cause the Dissemination Agent to, by each Quarterly Filing Date provide to any Repository in electronic format as prescribed by such Repository a Quarterly Report which is consistent with the requirements of Section 5(b) of this Disclosure Agreement.

(b) Each Quarterly Report shall contain an update of the following information with respect to such reporting Obligated Person to the extent available for the quarter the Quarterly Report represents:

(1) A description of the infrastructure improvements in the District that have been completed and that are currently under construction, including infrastructure financed by the Bonds.

(2) The number of assessable units planned for property in the Assessment Area owned by the Obligated Person;

(3) The number of platted assessable units in the Assessment Area owned by the Obligated Person;

(4) The number of assessable units Obligated Person has under contract with builders, and the name of such builder;

(5) The number of assessable units closed with a builder by such Obligated Person, and the name of such builder;

(6) The number and type of assessable units Obligated Person has under construction in the Assessment Area;

(7) The number and type of assessable units Obligated Person has constructed in the Assessment Area;

(8) The number of assessable units Obligated Person has under contract with retail end-users in the Assessment Area;

(9) The number of assessable units Obligated Person has closed with retail end-users in the Assessment Area;

(10) The estimated date of complete build-out of assessable units in the Assessment Area owned by the Obligated Person;

(11) Any change to the number or type of assessable units planned to be developed in the Assessment Area by the Obligated Person;

(12) Whether the Obligated Person has made any bulk sale of the land subject to the Assessments other than as contemplated by the Limited Offering Memorandum;

(13) Materially adverse changes or determinations to permits/approvals for the development of the Assessment Area which necessitate changes to the land use plans of such Obligated Person;

(14) Updated plan of finance (i.e., change in status of any credit enhancement, issuance of additional bonds to complete project, draw on credit line of Developer, additional mortgage debt, etc.); and

(15) Any event that would have a material adverse impact on the implementation of the Development as described in the Limited Offering Memorandum or on the Obligated Person's ability to undertake the Development as described in the Limited Offering Memorandum.

(c) Any of the items listed in subsection (b) above may be incorporated by reference from other documents which have been submitted to each of the Repository or the SEC. The Quarterly Report shall clearly identify each such other document so incorporated by reference

(d) If an Obligated Person sells, assigns or otherwise transfers ownership of real property in the Assessment Area (a “**Transferor Obligated Person**”) to a third party, which will in turn cause such third party to qualify as an Obligated Person for purposes of this Disclosure Agreement as a result thereof (a “**Transfer**”), the Transferor Obligated Person hereby agrees to use its best efforts to contractually obligate such third party to agree to comply with the disclosure obligations of an Obligated Person hereunder for so long as such third party is an Obligated Person hereunder, to the same extent as if such third party were a party to this Disclosure Agreement. The Transferor Obligated Person shall notify the District and the Dissemination Agent in writing of any Transfer within five (5) Business Days of the occurrence thereof. In the event that the Transferor Obligated Person remains an Obligated Person hereunder following any Transfer, nothing herein shall be construed to relieve the Transferor Obligated Person from its obligations hereunder.

(e) If on the fifteenth (15th) day prior to each Quarterly Filing Date the Dissemination Agent has not received a copy of the Quarterly Report due on such Quarterly Filing Date, the Dissemination Agent shall contact the Obligated Person in writing (which may be by e-mail) to remind the Obligated Person of its undertaking to provide the Developer Report pursuant to this Section 5. Upon such reminder, the Obligated Person shall either (i) provide the Dissemination Agent with an electronic copy of the Quarterly Report in accordance with Section 5(a) above, or (ii) instruct the Dissemination Agent in writing that the Obligated Person will not be able to file the Quarterly Report within the time required under this Disclosure Agreement and state the anticipated date by which such Quarterly Report will be provided.

(f) If the Dissemination Agent has not received a Quarterly Report that contains, at a minimum, the information in Section 5(b) of this Disclosure Agreement by 12:00 noon on the first (1<sup>st</sup>) Business Day following each Quarterly Filing Date, a Listed Event described in Section 6(a)(17) shall have occurred and the Dissemination Agent shall send a notice to the Repository in substantially the form attached as Exhibit A in accordance with Section 6.

## 6. **Reporting of Listed Events.**

(a) Pursuant to the provisions of this Section 6, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds and each applicable Obligated Person (other than the Issuer) shall give, or cause to be given, notice of the occurrence of numbers 10, 12, 13, 15, 16, and 17 of the following events as they pertain to such Obligated Person (and the Issuer shall not be responsible therefor), to the Dissemination Agent in writing in sufficient time in order to allow the Dissemination Agent to file notice of the occurrence of such Listed Event in a timely manner not in excess of ten (10) Business Days after the occurrence of the event, with the exception of the event described in numbers 17, 18, and 19 below, which notice shall be given in a timely manner:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on the debt service reserves reflecting financial difficulties;

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;\*
- (5) Substitution of credit or liquidity providers, or their failure to perform;\*
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Owners of the Bond, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material. Releases, substitutions, or sales to buyers who are end-users and do not qualify as Obligated Persons hereunder shall not be considered material;
- (11) Rating changes;\*
- (12) Bankruptcy, insolvency, receivership or similar event of an Obligated Person (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person);
- (13) Consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material;

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\* On the date of issuance, the Bonds are neither rated nor credit or liquidity enhanced.

(15) Incurrence of a financial obligation (as defined by the Rule) of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect holders of the Bonds, if material;

(16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of an Obligated Person, any of which reflect financial difficulties; and

(17) Failure to provide (A) any Annual Report or Audited Financial Statement as required under this Disclosure Agreement that contains, in all material respects, the information required to be included therein under Section 4(a) of this Disclosure Agreement, or (B) any Quarterly Report as required under this Disclosure Agreement that contains, in all material respects, the information required to be included therein under Section 5(b) of this Disclosure Agreement;

(18) Any amendment to the accounting principles to be followed by the District in preparing its financial statements as required pursuant to Section 10 hereof; and

(19) Change in the Issuer's Fiscal Year as required pursuant to Section 3(a) hereof.

(b) The notice required to be given in paragraph 6(a) above shall be filed with any Repository, in electronic format as prescribed by such Repository. If the Dissemination Agent has been instructed by the Issuer or an Obligated Person to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with each Repository.

7. **Termination of Disclosure Agreement.** The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or if the Rule is repealed or no longer in effect. The Developer's obligations shall terminate at such time as the Developer is no longer an Obligated Person or if the Rule is repealed or no longer in effect.

8. **Dissemination Agent.** Upon termination of the Dissemination Agent's services as Dissemination Agent, whether by notice of the Issuer or the Dissemination Agent, the Issuer agrees to appoint a successor Dissemination Agent or, alternatively, agrees to assume all responsibilities of Dissemination Agent under this Disclosure Agreement for the benefit of the Owners of the Bonds. If at any time there is not any other designated Dissemination Agent, the District shall be deemed to be the Dissemination Agent. The initial Dissemination Agent shall be Wrathell Hunt & Associates, LLC. The acceptance of such designation is evidenced by the execution of this Disclosure Agreement by a duly authorized signatory of Wrathell Hunt & Associates, LLC. Wrathell Hunt & Associates, LLC, may terminate its role as Dissemination Agent at any time upon delivery of sixty (60) days prior written notice to the District and each Obligated Person. The District may terminate its agreement hereunder with the Dissemination Agent at any time upon delivery of sixty (60) days prior written notice to the Dissemination Agent and each Obligated Person.

9. **Dissemination Agent Disclaimer.** Wrathell Hunt & Associates, LLC, does not represent the District as a Municipal Advisor or Securities Broker nor is Wrathell Hunt & Associates, LLC, registered to provide such services as described in Section 15B of the Securities and Exchange Act of 1934, as amended. Similarly, Wrathell Hunt & Associates, LLC, does not provide the District with financial advisory services or offer investment advice in any form.

10. **Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Issuer, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment and/or waiver in the next Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change in accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(a); and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Notwithstanding the above provisions of this Section 10, no amendment to the provisions of Section 5(b) hereof may be made without the consent of each Obligated Person, if any.

11. **Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer or other Obligated Person from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report, Quarterly Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer or other Obligated Person chooses to include any information in any Annual Report, Quarterly Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer or other Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Quarterly Report or notice of occurrence of a Listed Event.

12. **Default.** In the event of a failure of the Issuer, the Disclosure Representative, any Obligated Person or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of the Underwriter or the Beneficial Owners of at least fifty percent (50%) aggregate principal amount of Outstanding Bonds and receipt of indemnity satisfactory to the Trustee, shall), or any Beneficial Owner of a Bond may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer, the Disclosure Representative, any Obligated Person or a

Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement by any Obligated Person shall not be deemed a default by the Issuer hereunder and no default hereunder shall be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer, the Disclosure Representative, any Obligated Person, or a Dissemination Agent, to comply with this Disclosure Agreement shall be an action to compel performance.

13. **Duties of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent shall have no obligation to notify any other party hereto of an event that may constitute a Listed Event. The District, each Obligated Person and the Disclosure Representative covenant that they will supply, in a timely fashion, any information reasonably requested by the Dissemination Agent that is necessary in order for the Dissemination Agent to carry out its duties under this Disclosure Agreement. The District, each Obligated Person and the Disclosure Representative acknowledge and agree that the information to be collected and disseminated by the Dissemination Agent will be provided by the District, Obligated Person(s), the Disclosure Representative and others. The Dissemination Agent's duties do not include authorship or production of any materials, and the Dissemination Agent shall have no responsibility hereunder for the content of the information provided to it by the District, any Obligated Person or the Disclosure Representative as thereafter disseminated by the Dissemination Agent. Any filings under this Disclosure Agreement made to the MSRB through EMMA shall be in an EMMA Compliant Format.

14. **Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Issuer, each Obligated Person, the Dissemination Agent, the Trustee, the Underwriter and the Owners of the Bonds (the Dissemination Agent, Participating Underwriter and Owners of the Bonds being hereby deemed express third party beneficiaries of this Disclosure Agreement), and shall create no rights in any other person or entity.

15. **Governing Law.** The laws of the State of Alabama and Federal law shall govern this Disclosure Agreement and venue shall be any state or federal court having jurisdiction in Madison County, Alabama.

16. **Counterparts.** This Disclosure Agreement may be executed in several counterparts and by PDF signature and all of which shall constitute but one and the same instrument.

17. **Trustee Cooperation.** The Issuer represents that the Dissemination Agent is a bona fide agent of the Issuer and the Issuer instructs the Trustee to deliver to the Dissemination Agent at the expense of the Issuer, any information or reports the Dissemination Agent requests in writing.

18. **Binding Effect.** This Disclosure Agreement shall be binding upon each party to this Disclosure Agreement and upon each successor and assignee of each party to this Disclosure Agreement and shall inure to the benefit of, and be enforceable by, each party to this Disclosure Agreement and each successor and assignee of each party to this Disclosure Agreement. Notwithstanding the foregoing, as to any entity comprising the Developer or any assignee or successor thereto that becomes an Obligated Person pursuant to the terms of this Disclosure

Agreement, only successors or assignees to such parties who are, by definition, Obligated Persons, shall be bound or benefited by this Disclosure Agreement.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the undersigned has executed this Disclosure Agreement as of the date and year set forth above.

**MIDCITY IMPROVEMENT DISTRICT, AS  
ISSUER**

[SEAL]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

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

**REX COMMERCIAL PROPERTIES, INC., AS  
DEVELOPER**  
an Alabama corporation

By: \_\_\_\_\_  
Name: Max J. Grelier, III  
As its: Secretary

**MID-CITY OWNER, LLC, AS DEVELOPER**  
an Alabama limited liability company

By: \_\_\_\_\_  
Name: Max J. Grelier, III  
As its: Manager

**MIDCITY PLACEMAKERS, LLC, AS  
DEVELOPER**  
an Alabama limited liability company

By: RCP Capital I, LLC, an Alabama limited  
liability company  
Its: Manager

By: \_\_\_\_\_  
Name: Max Grelier, III  
As its: Manager

**MIDCITY SOUTH, LLC, AS DEVELOPER**  
an Alabama limited liability company

By: RCP Capital I, LLC, an Alabama limited  
liability company

Its: Manager

By: \_\_\_\_\_  
Name: Max Grelier, III  
As its: Manager

**MIDCITY RESIDENTIAL, LLC, AS  
DEVELOPER**  
a Delaware limited liability company

By: Metronome Manager, Inc., an Alabama  
corporation

Its: Manager

By: \_\_\_\_\_  
Name: Max Grelier, III  
As its: Manager

**MADISON PLAZA ASSOCIATES, LLC, AS  
DEVELOPER**  
an Alabama limited liability company

By: RCP Capital, LLC, an Alabama limited  
liability company

Its: Manager

By: \_\_\_\_\_  
Name: Max Grelier, III  
As its: Manager

**BLUE OAK HSV, LLC, AS DEVELOPER**  
an Alabama limited liability company

By: MidCity Manager, Inc, an Alabama  
corporation

By: \_\_\_\_\_  
Name: Max Grelier, III  
As its: Secretary

**WRATHELL HUNT & ASSOCIATES, LLC,**  
**AS DISSEMINATION AGENT**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CONSENTED TO AND AGREED TO BY:**

**DISTRICT MANAGER**

**WRATHELL HUNT & ASSOCIATES,**  
**LLC, AS DISTRICT MANAGER**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ACKNOWLEDGED AND AGREED TO**  
**FOR PURPOSES OF SECTIONS 12, 14**  
**AND 17 ONLY:**

**TRUSTEE**

**U.S. BANK NATIONAL**  
**ASSOCIATION, AS TRUSTEE**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE  
[ANNUAL/ AUDITED FINANCIAL STATEMENTS /QUARTERLY] REPORT**

Name of Issuer: MidCity Improvement District

Name of Bond Issue: \$\_\_\_\_\_ Special Assessment Revenue Bonds, Series 2022

Obligated Person(s): MIDCITY IMPROVEMENT DISTRICT  
REX COMMERCIAL PROPERTIES, INC.  
MID-CITY OWNER, LLC  
MIDCITY PLACEMAKERS, LLC  
MIDCITY SOUTH, LLC  
MIDCITY RESIDENTIAL, LLC  
MADISON PLAZA ASSOCIATES, LLC  
BLUE OAK HSV, LLC

Original Date of Issuance: February \_\_, 2022

CUSIP Numbers: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the [Issuer][Developer] has not provided an [Annual Report] [Audited Financial Statements] [Quarterly Report] with respect to the above-named Bonds as required by [Section 3] [Section 5] of the Continuing Disclosure Agreement dated February \_\_, 2022 by and between the Issuer, Developer and the Dissemination Agent named therein. The Issuer has advised the undersigned that it anticipates that the [Annual Report] [Audited Financial Statements] [Quarterly Report] will be filed by \_\_\_\_\_, 20\_\_\_\_.

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

Wrathell Hunt & Associates, LLC, as Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

cc: Issuer  
Trustee

Exhibit A

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**APPENDIX F**

**AMENDED AND RESTATED URBAN RENEWAL/REDEVELOPMENT AGREEMENT**

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**AMENDED AND RESTATED URBAN RENEWAL/REDEVELOPMENT  
AGREEMENT - PROJECT I  
(MID-CITY)**

**by and between  
THE CITY OF HUNTSVILLE  
and  
MID-CITY OWNER, LLC**

**Dated : December 29, 2016**

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President of the City Council of the  
City of Huntsville, Alabama  
Date: 12/29/2016

**AMENDED AND RESTATED URBAN RENEWAL/REDEVELOPMENT  
AGREEMENT - PROJECT I  
(MID-CITY)**

This Amended and Restated Urban Renewal/Redevelopment Agreement – Project I (Mid-City) (this “Agreement”) is made and entered into on and as of this 29th day of December, 2016 (the “Effective Date”), by and between the City of Huntsville, a municipal corporation under the laws of the State of Alabama (the “City”), and Mid-City Owner, LLC, a Delaware limited liability company (the “Developer”). The City and the Developer are collectively referred to herein from time to time as the “Parties” and, individually, as a “Party”.

W I T N E S S E T H

WHEREAS, on February 11, 2016, the City adopted under Resolution No. 16-87 the Research Park East Urban Renewal and Urban Redevelopment Plan, a copy of which is attached as Exhibit E hereto (the “Plan”) pursuant to Section 24-2-1, *et seq.* and Section 24-3-1, *et seq.* of the Code of Alabama 1975, as amended (the “Alabama Code”), after the City’s unsuccessful attempts over many months to purchase facilities from private enterprises in order to remove blight, crime and other deleterious elements from, and to prevent further blight, crime and other deleterious elements from occurring within and due to certain commercial and related facilities located within, the Plan Area hereinafter defined; and

WHEREAS, the Plan identifies an approximately 500 acre area within the City generally bounded by University Drive on the north, Wynn Drive on the east, Interstate 565 on the south and Research Park Boulevard to the west (the “Plan Area”), that has experienced dramatic decreases in property values and increases in property vacancies, business relocations and crime-related activities, and requires the efforts of the City to redevelop and renew the same using the full powers afforded under Alabama law to public bodies facing such conditions for the overall benefit of the general public; and

WHEREAS, the deleterious conditions existing within the Plan Area have impeded the City’s efforts to induce industrial, commercial, research, and service enterprises to locate within Research Park East, and has resulted in loss of such enterprises from within Research Park East such that occupancy has reached a historic low; and

WHEREAS, the Plan contains multiple types of public improvements for the City to construct and develop within the Plan Area, such as, among other things, public roadway improvements, pedestrian facilities, lighting and landscaping, utility improvements, open space and recreation improvements, all of which the City intends to construct and develop at some point in the future (collectively, the “Plan Public Improvements”); and

WHEREAS, the City may negotiate agreements with developers as it deems necessary, convenient and proper in order to develop all or any part of the Plan Area in accordance with certain stated objectives in the Plan including, among others (i) removing blight and blighting conditions, (ii) restoring the economic vitality of the Plan Area through a mix of compatible and appropriate land uses such as residential, office, retail, services, open space and institutional

uses, (iii) promoting and improving on rational and efficient traffic systems to facilitate traffic flow and access to both public and private facilities while maintaining a balance between vehicular, transit, pedestrian and bicycle modes of travel, (iv) providing open space opportunities for recreational opportunities to the general public, (v) promoting and assisting with the development of new urban centers, neighborhoods, commercial development, and business environments that will further strengthen Cummings Research Park, adjacent neighborhoods and the University of Alabama at Huntsville, and (vi) promoting and assisting residential development within the Plan Area; and

WHEREAS, in furtherance of and pursuant to the Plan, the City has been acquiring certain parcels of real property aggregating approximately twenty-six (26) acres within the Plan Area and hereinafter defined as the Acquired Properties; and

WHEREAS, the Developer is the largest landowner within the Plan Area and has approached the City with plans to design, develop and construct a mixed-use project to be known as “Mid-City Huntsville” to include retail, commercial/office, hotel, multi-family, open space and other improvements and containing those attributes and elements seen in modern mixed-use “live-work-play” developments, all as more particularly described herein (the “Project”), and that would further the objectives of the Plan if developed as represented to the City by the Developer; and

WHEREAS, the Project is proposed to be located on certain parcels within the Plan Area owned by Developer, and other property to be acquired by the Developer within the Plan Area, aggregating approximately one hundred (100) acres and located at the southeast quadrant of University Drive and Research Park Boulevard NW and in close proximity to the Acquired Property (the “Developer Property” and, together with the Acquired Properties, the “Project Site”), which such Project Site is set forth on Exhibit A hereto; and

WHEREAS, the Project Site is wholly located within the Plan Area and is a Priority Zone (as defined in the Plan), is situated in and around an area highly suited for important urban expansion, redevelopment and renewal, and contains key parcels along University Drive that are integral to the City’s ongoing efforts to facilitate industrial development, redevelopment, improved commerce, public entertainment, and quality of life improvements within the City; and

WHEREAS, the Developer has agreed to design, construct and acquire the various components of the Project substantially in accordance with the terms of a detailed development plan containing plans and specifications, layouts, elevations, renderings, descriptions of materials, and size, scale, square footages and activity type descriptions for each facility within the Project, along with other details and information about the Project (hereinafter defined as the “Development Plan”); and

WHEREAS, the Developer plans to complete the Project in three phases (each, a “Phase”, and collectively, the “Phases”), which such Phases are herein more particularly described and referenced as “Phase I”, “Phase II”, and “Phase III” and are generally to be located as shown in Exhibit B hereto; and

WHEREAS, the Developer has represented to the City that the Developer cannot obtain financing for any Phase of the Project until public roadway improvements adjacent to such Phase have been constructed; and

WHEREAS, as a condition to Developer agreeing to design, develop, construct and operate the Project substantially in accordance with a development plan to be prepared by the Developer, the City agreed in the Initial Agreement hereinafter described to accelerate the construction and development of certain of the Plan Public Infrastructure consisting of (i) public roadway improvements within the limitations as to distance from the outside back of curb for all cross sections as set forth on Exhibit C-1 attached hereto (collectively, the “Public Roadway Improvements”), (ii) public utilities (collectively, the “Public Utilities Improvements”), (iii) the relocation of a public culvert as described herein and on Exhibit C-3 hereto (the “Culvert Relocation”), (iv) open space and greenspace (the “Open Space Improvements”), and (v) a connector road providing access to the Project Site via a slip ramp off of Research Park Boulevard NW, (the “Connector Road” and, together with the Public Roadway Improvements, the Public Utilities Improvements, the Culvert Relocation, the Open Space Improvements and other public improvements as may be identified by the City and described in its IFBs, as the same are to be located and shown on Exhibit C-2 attached hereto on land owned or acquired by the City as more particularly described herein; and

WHEREAS, in addition to significantly furthering and promoting the Plan, the City has determined that the Project will inure substantially to the benefit of the City and its citizens by (i) inducing industrial, commercial, research, and service enterprises to locate and remain within Research Park East, (ii) reducing crime and urban blight in the area, (iii) expanding the tax base of the City by attracting to the Project general commercial, business, entertainment and recreational activity and development, (iv) attracting to the Research Park area individuals who desire to live, work, shop and conduct commercial business operations in an urban setting, (v) facilitating the development of other portions of the Research Park area located within and around the vicinity of the Plan Area, (vi) expanding employment opportunities within and surrounding the Plan Area, (vii) promoting health, safety and welfare in the vicinity of the Plan Area, (viii) preserving and improving the aesthetic quality of commercial development, inuring to the economic health of the City, and (ix) enhancing the overall quality of life for the citizens of the City; and

WHEREAS, the Parties heretofore entered into an Urban Renewal/Redevelopment Agreement – Project I (Mid-City) dated May 26, 2016 (the “Initial Agreement”) respecting the design, development, construction and operation of the Project; and

WHEREAS, due to the size, scope and location of the Plan Area, the City has determined it will maximize the goals and objectives of the Plan by locating a destination-type enterprise within the Plan Area to serve as a catalyst for other desired development under the Plan, and following execution of the Initial Agreement the Developer identified such an enterprise (the “Destination Tenant”) willing to locate and operate an approximately 65,000 square foot destination-type facility (the “Destination Facility”) within the Project Site (the “Destination Facility Site”), which such Destination Facility Site is generally shown on Exhibit C-4 hereto; and

WHEREAS, the Destination Tenant has represented to the City and the Developer that many of the public improvements from the Initial Agreement, along with other public capital improvements included or contemplated within the Plan (such as construction of the Public Lakes hereinafter described), must be designed, developed and constructed earlier than currently contemplated and required in the Initial Agreement to satisfy the Destination Tenant's construction and operating schedule, and absent such accelerated schedule it would not be willing to locate operations within the Plan Area; and

WHEREAS, the City has determined that the Destination Tenant will bolster the urban renewal and redevelopment goals of the Plan and allow the same to be achieved in the most timely, effective and publicly-beneficial manner possible, and, accordingly, the City is willing to accelerate development and construction of several of the public improvements from what was provided for in the Initial Agreement, and undertake other actions, activities and agreements as more particularly set forth herein to cause the Destination Tenant to locate within the Project Site; and

WHEREAS, the City has identified certain parcels of real property within the Project Site to acquire from the Developer for certain of the Public Improvements at a price consisting of cash and the exchange of real property of the City to become part of the Destination Facility Site conveyed to the Developer at a value to the City in excess of such land's use value to the City and, further, for the construction of necessary public parking within the Plan Area, all as more particularly described herein, and the Developer has agreed to the sale and exchange of such real property as more particularly described herein; and

WHEREAS, to achieve the goals of the Plan in the manner the City has determined to be in the best interest of the public, the City has agreed to use its good faith efforts to accelerate and commence certain of the Public Improvements consisting of, among other things, (i) the demolition and clearing of existing vertical structures located on the portion of the Destination Facility Site to be conveyed to Developer by the City hereunder, (ii) the construction of temporary and permanent public roadway access to the Destination Facility Site, (iii) the provision of required electric (both temporary and permanent), gas, fire and domestic water, and sanitary sewer infrastructure to the boundary of the Destination Facility Site, and, (iv) the construction of the two public lakes as depicted and described in the original development plan (collectively, the "Public Lakes") to serve as a regional public storm water system, all in accordance with the provisions of this Agreement (all such improvements, together with the public improvements described or referenced above in these recitals, the "Public Improvements") to be located as shown on Exhibit C-2 hereof; and

WHEREAS, the Parties have determined to amend and restate the Initial Agreement to address the required changes therefrom by executing and delivering this Agreement; and

WHEREAS, by entering into this Agreement and causing the Developer to develop, construct, design and install the Project in accordance with heightened design standards and containing a mixture of minimal square footage of retail, commercial/office and other improved uses and minimum hospitality room numbers, as more particularly described herein, the City is proceeding to implement the Plan and, accordingly, this Agreement represents the first

redevelopment project agreement with private entities contemplated by the Plan to remove the current blight and blighting conditions, adverse land use patterns and depressed economic conditions and implement the other goals and objectives of the Plan; and

WHEREAS, the City's obligations hereunder are solely of a public nature because the City will receive sufficient consideration from the Developer in exchange for the obligations and commitments of the City hereunder, and the City possesses all powers necessary to undertake the transactions herein described, but to the extent it may be necessary or desirable the City hereby further finds and determines that its obligations hereunder are being undertaken pursuant to the authority of Amendment 772 to the Constitution of Alabama of 1901, as amended (recodified as Section 94.01 to the Constitution of Alabama of 1901, as amended) ("Amendment 772"), that such obligations are being undertaken by the City in furtherance of any power or authority authorized in Amendment 772, and that the City has determined that the expenditure of public funds and the transfer and conveyance of real property and the provision of other things of value as specified herein will serve a valid and sufficient public purpose, notwithstanding any incidental benefit accruing to any private entity or entities;

NOW THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

#### ARTICLE I PUBLIC IMPROVEMENTS

1.1 General; Development Plan. (a) The City hereby covenants and agrees to accelerate the design, development, and construction of certain of the Plan Public Improvements as more particularly set forth and described in this Agreement and on the condition that the City will have acquired fee simple title to the properties upon which such improvements will be constructed at costs acceptable to the City and the Developer performing its obligations under this Agreement.

(b) The City and Developer hereby acknowledge that, as provided in the Initial Agreement, the Developer delivered to the City and the City approved the development plan described in the Initial Agreement. Following execution of this Agreement, the Developer shall cause Urban Design Associates to prepare and deliver for approval by the City, with the Mayor and Director of Urban Development acting by and on behalf of the City for such purpose, a revised development plan (the "Development Plan") providing for the construction of the Project in three (3) Phases, as more particularly described in this Article III and in phases as depicted on Exhibit B, containing not less than 150,000 square feet of commercial/office space, 250,000 square feet of retail space (which may include, without limitation, the Destination Tenant and the existing cinema currently located in the Plan Area), hospitality improvements aggregating to not less than 100 rooms, and not less than 560 multi-family units, and containing detailed plans and specifications, layouts, elevations, renderings, descriptions of materials, square footages and activity types for each facility or division of a facility and other improvements and amenities to be located within the Project Site, and such other information as may be reasonably required by the City to confirm that the Development Plan is in substantial furtherance of the Plan.

1.2 Phase I Public Improvements. (a) Plans and Specifications. Following the Effective Date of this Agreement and the City's approval of the Development Plan, the City shall prepare preliminary plans and specifications for those Public Improvements to be located in the areas designated "Phase IA", "Phase IB", and "Phase I (Open Space)" on Exhibit C-2 hereto and as such improvements shall be set forth and described in the Development Plan, but subject to the limitations as to distance from the outside back of curb for all cross sections as shown on Exhibit C-1, necessary for Developer to obtain financing for Phase I of the Project, and whatever other public infrastructure improvements the City determines to construct and develop beyond those required for Developer to obtain financing as aforesaid to better promote and achieve the goals of the Plan (collectively, the "Phase I Public Improvements"), which such improvements shall be based upon schematic plans and guidelines for the Public Improvements proposed for the Project to be prepared by Urban Design Associates (the "UDA Guidelines"), and shall submit the final plans and specifications for the Phase I Public Improvements to the Developer for approval by December 31, 2016.

(b) IFBs for Phase I Public Improvements. (i) Within thirty (30) days after the plans and specifications for the Phase I Public Improvements have been fully designed and approved by the Parties as described in paragraph (a) above and in Section 1.5 below, the City shall prepare the invitations for bids and related documentation (referred to herein from time to time, collectively, as the "Phase I Public Improvements IFBs" and, individually, as a "Phase I Public Improvements IFB") the City deems necessary for bidding of the Phase I Public Improvements, which such Phase I Public Improvements IFBs shall be subject to the reasonable approval of the Developer. A Phase I Public Improvements IFB shall be deemed approved by the Developer unless the Developer provides a written objection thereto to the City within five (5) business days of Developer's receipt of such Phase I Public Improvements IFB.

(ii) Within fifteen (15) days (or such longer period as shall be agreed to by Developer and the City, with the Mayor or Director of Urban Development herein authorized to act on behalf of the City for such purpose) after approval by the Developer and the City of the Phase I Public Improvements IFBs as herein described and (B) satisfaction (or waiver thereof) by the Developer and/or the City of the following conditions (collectively, the "Phase I Public Improvements Developer Conditions"), the City shall submit the Phase I Public Improvements IFBs for bidding:

(1) the City has obtained, pursuant to Section 4.2 hereof, fee simple title (or other rights determined by the City as sufficient for the construction of the Phase I Public Improvements) to those portions of real property within the Project Site not otherwise owned by the City upon which the Phase I Public Improvements referenced in such Phase I Public Improvements IFBs will be constructed, along with whatever rights or privileges shall be necessary or desirable to other areas within or around the Project Site for the City to construct the Phase I Public Improvements;

(2) Developer shall have submitted a request for a demolition permit with respect to Phase I (hereinafter defined) of the Project;

(3) Developer shall have recorded the Declaration (hereinafter defined) with respect to the Phase I Site (hereinafter defined) as provided in Section 3.7 hereof and performed its other obligations under Section 3.7;

(4) For those portions of the Phase I Public Improvements within the areas designated "Phase IA" and "Phase I (Open Space)" on Exhibit C-2 hereto, the Destination Tenant shall have provided a letter to the City representing that the Destination Tenant has determined to locate within the City;

(5) Developer shall have demolished and cleared all existing vertical structures (excluding the existing JCPenney and Sears buildings) necessary for the City to construct, develop and install the Phase I Public Improvements; and

(6) Unless the general contractor for Phase I of the Project is a Nationally Recognized Construction Firm (hereinafter defined), Developer's general contractor shall have obtained a payment bond and a performance bond from a surety company licensed to issue such bonds in the State of Alabama and reasonably acceptable to the City with respect to such Phase of the Project (a "Construction Bond"), and the City shall have been added as an obligee to such bonds under a dual obligee rider in form and substance acceptable to the City (with the Mayor and Director of Urban Development herein authorized to act on behalf of the City for such purpose).

(iii) The City shall issue a notice to proceed to the winning responders to the Phase I Public Improvements IFBs no later than the fifteenth (15th) day after the date that the City awards the construction of the Phase I Public Improvements and following delivery to the City by the Developer of evidence reasonably satisfactory to the City that the Developer has obtained funding or material commitments for funding necessary to construct Phase I of the Project.

(c) Timing of Construction of Phase I Public Improvements. (i) The City agrees to use its good faith efforts to complete the Phase I Public Improvements to be located within the areas designated "Phase IA" and "Phase I (Open Space)" on Exhibit C-2 (1) by the dates indicated under the sections entitled "PHASE IA" and "UNIVERSITY DRIVE" on Exhibit C-2A hereof for the improvements so listed under said sections, and (2) by March 1, 2018 for all other Phase I Public Improvements to be located within the areas designated "Phase IA" and "Phase I (Open Space)" on Exhibit C-2 hereof; provided, that the Phase I Public Improvements Developer Conditions are satisfied in sufficient time to allow the City to commence construction of such Phase I Public Improvements by April 1, 2017; and, provided further, that in the event

completion of construction of such Phase I Public Improvements is delayed due to acts of the public enemy, acts of terrorism, acts of any government in either its sovereign or proprietary capacity, fires, floods, hurricanes, epidemics, quarantine restrictions, freight embargoes, strikes, or unusually severe weather (not including normal seasonal inclement weather), then such completion deadlines shall be extended by the time of such delay on the condition the City shall notify Developer of such conditions in the manner similar to a Notice of Delay (as hereinafter defined). Anything in the foregoing to the contrary notwithstanding, in the event Developer fails to commence construction of the Destination Facility by March 1, 2017, all deadlines described or referenced in this paragraph (c) shall be extended by such period of time as shall equal the number of days between March 1, 2017 and the date Developer shall have commenced construction of the Destination Facility.

(ii) The City agrees to use its good faith efforts to complete the Phase I Public Improvements to be located within the areas designated "Phase IB" on Exhibit C-2 by (1) by the dates indicated under the section entitled "PHASE IB" on Exhibit C-2A hereof for the improvements so listed under said section, and (2) by March 1, 2018 for all other Phase I Public Improvements to be located within the areas designated "Phase IB" on Exhibit C-2 hereof; provided, that the Phase I Public Improvements Developer Conditions are satisfied in sufficient time to allow the City to commence construction of such Phase I Public Improvements by May 1, 2017; and, provided further, that in the event completion of construction of such Phase I Public Improvements is delayed due to acts of the public enemy, acts of terrorism, acts of any government in either its sovereign or proprietary capacity, fires, floods, hurricanes, epidemics, quarantine restrictions, freight embargoes, strikes, or unusually severe weather (not including normal seasonal inclement weather), then such completion deadlines shall be extended by the time of such delay on the condition the City shall notify Developer of such conditions in the manner similar to a Notice of Delay (as hereinafter defined). Anything in the foregoing to the contrary notwithstanding, in the event Developer fails to commence construction of the Destination Facility by March 1, 2017, all deadlines described or referenced in this paragraph (c) shall be extended by such period of time as shall equal the number of days between March 1, 2017 and the date Developer shall have commenced construction of the Destination Facility.

(d) Regional Public Storm Water System. The Parties agree that at such time as the Developer shall have applied to the City for a demolition permit for Phase I of the Project and the City shall have obtained or been given, at no cost to the City, fee simple title to real property for the Culvert Relocation, along with all easements and access necessary to construct the Culvert Relocation, then the City shall begin the Culvert Relocation and shall work expeditiously and in good faith with Developer to cause the same to be substantially completed at such time as construction of the Public Lakes is substantially completed so that the combined improvements shall serve as a regional public storm water system.

1.3 Phase II Public Improvements. (a) Plans and Specifications. Within thirty (30) days after the Developer shall have (1) submitted requests for building permits related to at least fifty percent (50%) of the aggregate square footage of Phase I of the Project, and (2) requested in writing that the City proceed with the Phase II Public Improvements, the City shall begin preparing preliminary plans and specifications for those Public Improvements to be located in the areas designated "Phase II" and "Phase II (Open Space)" on Exhibit C-2 hereof, as such improvements shall be set forth and described in the Development Plan, but subject to the

limitations as to distance from the outside back of curb for all cross sections as shown on Exhibit C-1, necessary for Developer to obtain financing for Phase II of the Project, and whatever other public infrastructure improvements the City determines to construct and develop beyond those required for Developer to obtain financing as aforesaid (collectively, the “Phase II Public Improvements”), which such improvements shall be based upon the UDA Guidelines, and shall submit the final plans and specifications for the Phase II Public Improvements to the Developer for approval within one hundred eighty (180) days of the City’s initial preparations thereof.

(b) IFBs for Phase II Public Improvements. (i) Following satisfaction of the requirements of paragraph (a) immediately above and within thirty (30) days after the Developer shall have provided written notice to the City that the Developer has commenced construction of at least fifty percent (50%) of the aggregate square footage of Phase I of the Project and completed construction of at least twenty-five percent (25%) of the aggregate square footage of Phase I of the Project, unless such conditions shall be waived or otherwise modified (though if modified, only at the written request of the Developer) in writing by the City at its sole discretion, with the Mayor and the Director of Urban Development herein authorized to act on behalf of the City for such purpose, the City shall prepare the invitations for bids and related documentation (referred to herein from time to time, collectively, as the “Phase II Public Improvements IFBs” and, individually, as a “Phase II Public Improvements IFB”) the City deems necessary for bidding of the Phase II Public Improvements, which such Phase II Public Improvements IFBs shall be subject to the reasonable approval of the Developer. A Phase II Public Improvements IFB shall be deemed approved by the Developer unless the Developer provides a written objection thereto to the City within five (5) business days of Developer’s receipt of such Phase II Public Improvements IFB.

(ii) Within fifteen (15) days (or such longer period as shall be agreed to by Developer and the City, with the Mayor or Director of Urban Development herein authorized to act on behalf of the City for such purpose) after: (A) at least twenty-five percent (25%) of the aggregate square footage of the buildings located in Phase I have been opened to the public for business, (B) the Developer and the City have approved the Phase II Public Improvements IFBs as described in paragraph (b)(i) above and Section 1.5 below, and (C) satisfaction by Developer of the following conditions (collectively, the “Phase II Public Improvements Developer Conditions”), the City shall submit the Phase II Public Improvements IFBs for bidding:

(1) the City has obtained, pursuant to Section 4.2 hereof, fee simple title (or other rights determined by the City as sufficient for the construction of the Phase II Public Improvements) to those portions of real property within the Project Site not otherwise owned by the City upon which the Phase II Public Improvements referenced in such Phase II Public Improvements IFBs will be constructed, along with whatever rights or privileges shall be necessary or desirable to other areas within or around the Project Site for the City to construct the Phase II Public Improvements;

(2) Developer shall have submitted a request for a grading permit with respect to Phase II of the Project;

(3) Developer shall have recorded the Declaration with respect to the Phase II Site (hereinafter defined) as provided in Section 3.7 hereof and performed its other obligations under Section 3.7;

(4) Developer shall have demolished and cleared all existing vertical structures necessary for the City to construct, develop and install the Phase II Public Improvements; and

(5) Unless the general contractor for Phase II of the Project is a Nationally Recognized Construction Firm, Developer's general contractor shall have obtained a Construction Bond with respect to Phase II of the Project, and the City shall have been added as an obligee to such bonds under a dual obligee rider in form and substance acceptable to the City.

(iii) The City shall issue a notice to proceed to the winning responders to the Phase II Public Improvements IFBs no later than the fifteenth (15th) day after the date that the City awards the construction of the Phase II Public Improvements and following delivery to the City by the Developer of evidence reasonably satisfactory to the City that the Developer has obtained funding or material commitments for funding necessary to cover the costs of the Developer to construct Phase II of the Project.

(c) Timing of Construction of Phase II Public Improvements. The City agrees to use its good faith efforts to complete the Phase II Public Improvements within two hundred forty (240) days following the issuance of a notice to proceed to the winning responders to the Phase II Public Improvements IFBs.

1.4 Public Parking Improvements. The City hereby covenants and agrees to construct and develop those public parking improvements as shall be set forth and described in the Development Plan on the Public Parking Land (as hereinafter defined) on the condition that the Developer shall have first obtained building permits for the retail components of those facilities to be constructed within the areas designated "Phase I" on Exhibit B hereto and located adjacent to the Public Parking Land. The City shall have no obligation to obtain construction contracts for such improvements or to otherwise begin the bidding process for the construction and acquisition of such improvements unless and until the Developer shall have satisfied the conditions set forth in this Section 1.4.

1.5 Certain Provisions Referable to Public Improvements Development.

(a) With respect to each phase of the Public Improvements, the City and the Developer shall work diligently and in good faith to agree upon the plans and specifications for said phase within thirty (30) days following the Developer's initial receipt thereof from the City for review as set forth above, and once approved such plans and specifications shall not be changed except for changes determined by the Director of Urban Development, herein authorized to act on behalf of the City for such purpose, as being necessary for public safety or otherwise required due to (i) increases in costs beyond the City's cost estimate to design,

develop, and construct such phase of the Public Improvements or (ii) issues experienced during construction of such phase of the Public Improvements so that changes are reasonably necessary for the City to perform its obligations hereunder; and, further, any other changes to such plans and specifications shall be subject to written approval by the Developer and the Director of Urban Development, herein authorized to act on behalf of the City for such purpose.

(b) The Parties hereto agree that neither the Developer nor any Person directly or indirectly Controlling, Controlled by or under Common Control with the Developer may submit a response to any invitation for bid from the City for any of the Public Improvements. As used in this Agreement, (i) "Control" means the ownership (direct or indirect) by one Person of an interest in the profits and capital and the right to manage and control the day to day affairs of another Person and, further, includes any grammatical variation thereof, including "Controlled" and "Controlling", (ii) "Common Control" means that two Persons are both controlled by the same other Person, and (iii) "Person" means an individual, partnership, firm, association, corporation, trust, governmental agency, administrative tribunal or other form of business or legal entity.

## ARTICLE II REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of the City. (a) The City, by action of the City Council, has duly authorized the execution, delivery and performance of this Agreement.

(b) Neither the authorization, execution and delivery of, nor the performance of, this Agreement by the City, violates, constitutes a default under or a breach of (i) any agreement, instrument, contract, mortgage, ordinance, resolution or indenture to which the City is a party or to which the City or its assets or properties are subject or (ii) any law, judgment, decree, order, ordinance, rule, regulation, consent or resolution applicable to the City or any of its assets or properties.

(c) There is not now pending nor, to the knowledge of the City, threatened, any litigation affecting the City which questions (i) the validity or organization of the City, (ii) the members, titles or positions of the members of the City Council or the manner in which the officers of the City are selected, or (iii) the subject matter of this Agreement.

2.2 Representations and Warranties of Developer. (a) The Developer is duly organized and validly existing as a limited liability company under the laws of the State of Delaware and has duly authorized its execution, delivery and performance of this Agreement.

(b) Neither the execution and delivery of this Agreement, nor the performance hereof, by the Developer requires any consent of, filing with or approval of, or notice to, or hearing with any person or entity (including, but not limited to, any governmental or quasi-governmental entity), except for such consents, filings, notices and hearings described herein, or already held or maintained.

(c) Neither the authorization, execution and delivery of, nor the performance of, this Agreement by the Developer, violates, constitutes a default under or a breach of (i) the

Developer's certificate of incorporation or other organizational documents of the Developer, (ii) any agreement, instrument, contract, mortgage or indenture to which the Developer is a party or to which the Developer or its assets are subject, or (iii) any judgment, decree, order, ordinance, regulation, consent or resolution applicable to the Developer or any of its assets.

(d) There is not now pending nor, to the knowledge of the Developer, threatened, any litigation affecting the Developer which questions the validity or organization of the Developer, or any of the representations and warranties of the Developer contained herein.

(e) The Developer has no present intent to transfer or assign this Agreement or to undergo a Change of Control with any entity or person except as already disclosed to the City in writing.

### ARTICLE III

#### CONSTRUCTION OF PROJECT; DECLARATION OF RESTRICTIVE COVENANTS

3.1 Construction of the Project. The Developer hereby covenants and agrees to design, develop, construct, and install the Project in accordance with the Development Plan and within the timeframes described below in this Article III. The Parties agree that, following approval by the City as aforesaid, the Developer may not change the Development Plan without the prior written consent of the City, with the Mayor and Director of Urban Development herein authorized to act on behalf of the City for such purpose, unless such change (whether by a single change or by an aggregation of changes over time) neither (i) increases or decreases the square footage of any particular use of a particular Phase depicted in the Development Plan by more than fifteen percent (15%), (ii) increases or decreases the aggregate square footage of all uses of a particular Phase depicted in the Development Plan by more than fifteen percent (15%), (iii) increases or decreases the number of facilities constructed for a particular Phase as shown in the Development Plan, or (iv) changes or modifies the exterior facade, construction, materials or other aesthetic elements of any portions of a particular Phase as shown in the Development Plan, and, further, prior to such change the Developer provides written notice to the City of the same including all information relevant to such change including, without limitation, the revised drawings, plans, specifications and other materials necessary for the City to ascertain the Developer's compliance with this Section 3.1. Any other changes to the Development Plan shall be subject to prior written consent by the City, with the Mayor and the Director of Urban Development herein authorized to act on behalf of the City for such purpose.

3.2 Phase I. (a) At such time as Developer commences construction of Phase I of the Project, which is generally identified as being within the areas designated within "Phase I" on Exhibit B hereof on those portions of the Project Site depicted for such Phase in the Development Plan (the "Phase I Site"), Developer shall use its good faith efforts to complete construction of at least eighty percent (80%) of the aggregate square footage of the buildings located in the Phase I Site in accordance with the requirements of this Section 3.2 within twenty (20) months after commencing such construction. Phase I shall include construction of the retail, commercial/office, amenities, hotel, and multi-family uses and square footages as and to the extent depicted for such Phase in the Development Plan.

(b) The Developer agrees that at all times during the Phase I Retail Testing Period, the retail and/or restaurant tenants or occupants comprising at least seventy percent (70%) of the leased or owned Phase I retail square footage then constructed shall be retail or restaurant enterprises that did not relocate into the Project from inside the market area depicted on Exhibit D hereto (the “Market Area”), unless listed in the Existing Mall Tenants List (the “Phase I Retail Space Square Footage Tenant Requirement”). If a tenant in Phase I has the right to assign its lease or sublease its premises without procuring the prior consent or approval of Developer or an affiliate thereof, then any assignee or sublessee of such tenant to said premises shall not be considered to be a retail or restaurant enterprise that relocated into the Project from inside the Market Area. As used herein, “Phase I Retail Testing Period” shall mean the period ending thirty-seven (37) months after (1) completion of construction of eighty percent (80%) of the aggregate square footage of the buildings located in Phase I, or (2) if at least eighty percent (80%) of the aggregate square footage of construction of the buildings located in Phase I have not been completed by the 5<sup>th</sup> anniversary of the Effective Date, the 5<sup>th</sup> anniversary of the Effective Date if elected by the City within 10 days of said 5<sup>th</sup> anniversary; and as used herein, “Existing Mall Tenants List” shall mean the list of tenants set forth on Exhibit B-1 attached hereto.

The Developer agrees to provide to the City, on each Testing Date following commencement of the Phase I Retail Testing Period, reports and such supporting or other information as the City shall reasonably require showing, as of each Testing Date (i) the total amount of Phase I retail and/or restaurant square footage then constructed, (ii) the total amount of Phase I retail and/or restaurant square footage then leased and/or occupied by retail and restaurants, and (iii) the name and identity of each lessee and/or, if not leased, owner, of such space, and the amount of square footage leased by each lessee or, if not leased, owned by such owner. As used in this Section 3.2(b), “Testing Date” shall be the last calendar day of the sixth (6<sup>th</sup>) full calendar month immediately following commencement of the Phase I Retail Testing Period, and the last calendar day of each set of consecutive sixth calendar months immediately thereafter (each such set of six calendar months, a “Subsequent Semiannual Period”) through and including the last day of the fifth (5<sup>th</sup>) Subsequent Semiannual Period for a total of six (6) Testing Dates. By way of example, if the Phase I Retail Testing Period began on January 8, 2017, the Testing Dates would be as follows:

|                |                  |
|----------------|------------------|
| Testing Date 1 | July 31, 2017    |
| Testing Date 2 | January 31, 2018 |
| Testing Date 3 | July 31, 2018    |
| Testing Date 4 | January 31, 2019 |
| Testing Date 5 | July 31, 2019    |
| Testing Date 6 | January 31, 2020 |

Upon a default by the Developer of this Section 3.2(b) to satisfy the Phase I Retail Space Square Footage Tenant Requirement as of any Testing Date, which such default is not cured within 90 days of notice by the City, or failure of Developer to timely provide the reports and supporting information to the City within ten (10) days of notice from the City of Developer’s failure to timely provide such reports and supporting information, Developer shall remit and pay to the City an amount equal to 50% of the total cost incurred by the City in developing and constructing all of the Public Improvements referable to Phase I of the Project,

which such payment obligation of Developer shall survive expiration of the Phase I Retail Testing Period if the default or failure occurred prior to the close of the Phase I Retail Testing Period.

(c) In the event commencement of construction of Phase I is delayed due to events of force majeure or a City Delay (hereinafter defined), each of the commencement date and completion date for such construction as set forth in subsection (a) of this Section 3.2 shall be extended by the time of such event or delay. In the event completion of construction of Phase I is delayed due to events of force majeure or City Delay, the completion date for such construction as set forth in subsection (a) of this Section 3.2 shall be extended by the time of such delay.

3.3 Phase II. (a) At such time as Developer commences construction of Phase II of the Project, which is generally identified as being within the areas designated within "Phase II" on Exhibit B hereto, on those portions of the Project Site depicted for such Phase in the Development Plan (the "Phase II Site") Developer shall use its good faith efforts to complete construction of at least eighty percent (80%) of the aggregate square footage of the buildings located in Phase II on the Phase II Site in accordance with the requirements of this Section 3.3 within twenty (20) months after commencing such construction. Phase II shall include construction of the retail, commercial/office, amenities, hotel, and multi-family uses and square footages as and to the extent depicted for such Phase in the Development Plan.

(b) The Developer agrees that, at all times during the Phase II Retail Testing Period, the retail and/or restaurant tenants or occupants comprising at least seventy percent (70%) of the leased or owned Phase II retail square footage then constructed shall be retail or restaurant enterprises that did not relocate into the Project from inside the market area depicted on Exhibit D hereto, unless listed in the Existing Mall Tenants List (the "Phase II Retail Space Square Footage Tenant Requirement"). If a tenant in Phase II has the right to assign its lease or sublease its premises without procuring the prior consent or approval of Developer or an affiliate thereof, then any assignee or sublessee of such tenant to said premises shall not be considered to be a retail or restaurant enterprise that relocated into the Project from inside the Market Area. As used herein, "Phase II Retail Testing Period" shall mean the period ending thirty-seven (37) months after (1) completion of construction of eighty percent (80%) of the aggregate square footage of construction of the buildings located in Phase II, or (2) if at least eighty percent (80%) of the aggregate square footage of construction of the buildings located in Phase II have not been completed by the 5<sup>th</sup> anniversary of the Effective Date, the 5<sup>th</sup> anniversary of the Effective Date if elected by the City within 10 days of said 5<sup>th</sup> anniversary.

The Developer agrees to provide to the City, on each Testing Date following commencement of the Phase II Retail Testing Period, reports and such supporting or other information as the City shall reasonably require showing, as of each Testing Date (i) the total amount of Phase II retail and/or restaurant square footage then constructed, (ii) the total amount of Phase II retail and/or restaurant square footage then leased and/or occupied by retail and restaurants, and (iii) the name and identity of each lessee and/or, if not leased, owner, of such space, and the amount of square footage leased by each lessee or, if not leased, owned by such owner. As used in this Section 3.3(b), "Testing Date" shall be the last calendar day of the sixth (6<sup>th</sup>) full calendar month immediately following commencement of the Phase II Retail Testing

Period, and the last calendar day of each set of consecutive sixth calendar months immediately thereafter (each such set of six calendar months, a “Subsequent Semiannual Period”) through and including the last day of the fifth (5<sup>th</sup>) Subsequent Semiannual Period for a total of six (6) Testing Dates. By way of example, if the Phase II Retail Testing Period began on January 8, 2017, the Testing Dates would be as follows:

|                |                  |
|----------------|------------------|
| Testing Date 1 | July 31, 2017    |
| Testing Date 2 | January 31, 2018 |
| Testing Date 3 | July 31, 2018    |
| Testing Date 4 | January 31, 2019 |
| Testing Date 5 | July 31, 2019    |
| Testing Date 6 | January 31, 2020 |

Upon a default by the Developer of this Section 3.2(b) to satisfy the Phase II Retail Space Square Footage Tenant Requirement as of any Testing Date, which such default is not cured within 90 days of notice by the City, or failure of Developer to timely provide the reports and supporting information to the City within ten (10) days of notice from the City of Developer’s failure to timely provide such reports and supporting information, Developer shall remit and pay to the City an amount equal to 50% of the total cost incurred by the City in developing and constructing all of the Public Improvements referable to Phase II of the Project, which such payment obligation of Developer shall survive expiration of the Phase II Retail Testing Period if the default or failure occurred prior to the close of the Phase II Retail Testing Period.

(c) In the event commencement of construction of Phase II is delayed due to events of force majeure or City Delay, each of the commencement date and completion date for such construction as set forth in subsection (a) of this Section 3.3 shall be extended by the time of such delay. In the event completion of construction of Phase II is delayed due to events of force majeure or City Delay, the completion date for such construction as set forth in subsection (a) of this Section 3.3 shall be extended by the time of such delay.

3.4 Phase III. (a) At such time as Developer commences construction of Phase III of the Project, which is generally identified as being within the areas designated within “Phase III” on Exhibit B hereto, on those portions of the Project Site depicted for such Phase in the Development Plan (the “Phase III Site”), Developer shall use its good faith efforts to complete at least eighty percent (80%) of the aggregate square footage of construction of the buildings located in Phase III on the Phase III Site in accordance with the requirements of this Section 3.4 within twenty (20) months after commencing such construction. Phase III shall include construction of the retail, commercial/office, amenities, hotel, and multi-family uses and square footages as depicted for such Phase in the Development Plan.

(b) In the event commencement of construction of Phase III is delayed due to events of force majeure or City Delay, each of the commencement date and completion date for such construction as set forth in subsection (a) of this Section 3.4 shall be extended by the time of such delay. In the event completion of construction of Phase III is delayed due to events of force majeure or City Delay, the completion date for such construction as set forth in subsection (a) of this Section 3.4 shall be extended by the time of such delay.

3.5 Construction of Project. (a) All improvements within the Project shall be constructed by the Developer in accordance with and as set forth in the Development Plan.

(b) As used in this Agreement (i) "City Delay" shall mean any default by the City of its obligations under this Agreement that will directly delay performance by the Developer of its construction and development obligations hereunder and for which a Notice of Delay (as hereinafter defined) shall have been timely provided by the Developer to the City as set forth in Section 3.5(c) hereof; (ii) the phrase "complete", "completed" or "completion", as used with respect to construction of any improvements within a Phase of the Project shall be deemed to have occurred at such time as a certificate of occupancy shall have been delivered for such improvements; (iii) "commencement of construction" or "commenced construction" shall be deemed to have occurred at such time as, with respect to the improvements to be constructed, the Developer has caused to be poured and completed the foundation and all footings for the improvements; (iv) "force majeure" shall mean acts of the public enemy, acts of terrorism, acts of any government in either its sovereign or proprietary capacity (other than acts taken by the City in accordance with this Agreement), fires, floods, hurricanes, epidemics, quarantine restrictions, freight embargoes, strikes, or unusually severe weather (not including normal seasonal inclement weather) for which a Notice of Delay (as hereinafter defined) shall have been timely provided by Developer to the City as set forth in Section 3.5(c) hereof; and (v) the phrase "Nationally Recognized Construction Firm" shall mean a construction firm that has the performance record, net worth and reputation such that it is regularly not required to post payment and performance bonds for projects similar to the Phase (or portion thereof) of the Project to be constructed and as reasonably approved by the City, with the Mayor and Director of Urban Development herein authorized to act on behalf of the City for such purpose.

(c) The Developer agrees that within ten (10) days of an event of force majeure or City Delay, the Developer shall give the City written notice (a "Notice of Delay") containing a description of such event of force majeure or City Delay, an explanation of how the Developer anticipates such event of force majeure or City Delay will affect the Developer's performance under the Agreement, what actions the Developer plans to undertake in order to address the conditions caused by the event of force majeure or City Delay, and an estimate of how long the Developer anticipates the event of force majeure or City Delay will delay the Developer in meeting its commitments under the Agreement.

(d) The City hereby covenants and agrees not to unreasonably withhold, condition or delay issuance of certificates of occupancy for any of the improvements within the Project.

3.6 Developer Internal Roadways. The Developer may, in its sole discretion, construct certain other internal roadways on the Project Site (the "Developer Internal Roadways") and may further, in its sole discretion, dedicate the Developer Internal Roadways to the City pursuant to a general warranty deed; provided, that the City shall not be obligated to accept such dedication unless the Developer Internal Roadways are designed and constructed in accordance with all applicable laws, ordinances, rules and regulations in effect as of the time of such dedication.

3.7 Declaration of Restrictive Covenants. The Developer hereby understands, acknowledges, and agrees that the commitments of the City herein stated are being made primarily to attract individuals who desire to live, work, and play in a modern mixed-use, “live-work-play” environment, and that such objective would not be fully realized should the Project Site be used for other uses. Accordingly, the Developer shall record in the Office of the Judge of Probate of Madison County, Alabama, a declaration of restrictive covenants, the form and content of which shall be mutually acceptable to the Developer and the City (the “Declaration”), which shall (a) require that the Development Plan and any amendments thereto be approved by the City; (b) establish certain use restrictions and heightened design and development standards for each of the Phases comprising the Project, which use restrictions and heightened design and development standards shall be binding on the Project Site for a period of twenty (20) years; and (c) provide for such other restrictive covenants and easements as may be necessary and desirable for the implementation and construction of the Project in accordance with the Development Plan and for the operation of the Project within the Plan Area. To the extent not terminated as a result of the City’s exercise of its rights under the Plan, the Developer and the City shall further cause to be released any and all existing easements encumbering the Project Site including, but not limited to, that certain Construction Operating and Reciprocal Easement Agreement between Madison Square Associates, Ltd. (Developer being the successor in interest to Madison Square Associates, Ltd.) and various other parties dated June 27, 1983 (“COREA Agreement”), and specifically including those easements set out in Article IV - Reciprocal Common Area Easements therein, which COREA Agreement is recorded at Volume 617, Pages 190 – 263, in the Probate Court of Madison County, Alabama.

#### ARTICLE IV PROPERTY ACQUISITION FOR PUBLIC IMPROVEMENTS

4.1 General. The City hereby covenants and agrees to expedite, whether by purchase or through other actions taken under Alabama law, the acquisition of the Priority Zone 1 property as identified in the Plan for necessary Public Improvements pursuant to the City obligations in this Agreement (such properties, collectively, the “Acquired Properties” and, individually, an “Acquired Property”). Anything in this Agreement to the contrary notwithstanding, the City shall not be obligated or required hereunder or otherwise to purchase or acquire an Acquired Property at a price beyond what the City reasonably believes is fair, reasonable and acceptable for the same, whether such price is set by the offeree, a court or other regulatory or governmental body, or otherwise.

4.2 Real Property for Public Improvements and Property Exchange. (a) In order to enable the City to construct and develop certain portions of the Public Improvements the Developer hereby covenants and agrees to convey fee simple title to the City to certain real property within the Project Site consisting of approximately twenty-six (26) acres generally described and set forth on Exhibit F-1 hereto and as finally determined by the Developer and the Mayor, with the Mayor acting by and on behalf of the City (the “Initial Public Improvements Land”), with any and all vertical structures thereon, less and except the existing JC Penney building and Sears building, having been demolished and cleared to the reasonable satisfaction of the City, along with approximately eight (8) acres of real property generally described on Exhibit F-2 hereto and as finally determined by the Developer and the Mayor, with the Mayor acting by and on behalf of the City (the “Public Parking Land”), with any and all vertical structures

thereon having been demolished and cleared to the reasonable satisfaction of the City, upon which the City intends to construct and develop public parking facilities. In exchange for the Initial Public Improvements Land and the Public Parking Land, the Developer shall receive approximately seven (7) acres of real property located within the Project Site generally described and set forth on Exhibit F-3 hereto (the “City Conveyed Land”), with any and all vertical structures thereon having been demolished and cleared to the reasonable satisfaction of the Developer. The parties hereto agree that the price for the various parcels of land to be exchanged and sold shall equal \$8.00 per square foot. The City Conveyed Land consists of land the City has acquired in pursuit of the Plan, which the City acquired at a cost of approximately \$8.00/per square foot (the “City Acquired Price”). The Parties hereto shall work together in good faith to identify the final property descriptions for the Initial Public Improvements Land, the Public Parking Land and the City Conveyed Land and, within 45 days thereafter (but in no event after February 15, 2017), to approve, execute and deliver such instruments as shall be necessary and desirable to describe and cause to be transferred and conveyed the Initial Public Improvements Land and the Public Parking Land to the City, and the City Conveyed Land to the Developer. The Mayor is further authorized to cause to be delivered to the Developer such funds as shall be necessary to cover the balance of the purchase price (computed using the City Acquired Price) for the Initial Public Improvements Land and the Public Parking Land to the extent the final acreage thereof exceeds the acreage of the City Conveyed Land. As soon as reasonably practicable following the Effective Date, the City shall use its good faith and diligent efforts to complete the acquisition of any remaining parcels located within the Plan Area as may be necessary for the City to complete and perform its commitments under this Agreement and under the Plan.

(b) The City has determined that the use value to the City, as such term and phrase is used in the provisions of Section 24-2-1 et seq. and Section 24-3-1 et. seq of the Alabama Code is less than the aforesaid price of \$8.00 per square foot for the City Conveyed Land, but Developer has agreed to acquire the same at a value per square foot of not less than the City Acquired Price, and the City has determined that the price per square foot for those portions conveyed to Developer and received from Developer under Section 4.2(a) hereof is fair, sufficient and reasonable.

(c) In order to enable the City to construct and develop any other Public Improvements contemplated hereunder, the Developer hereby covenants and agrees to work in good faith with the City to identify and convey to the City fee simple title to those portions of real property within the Project Site upon which such Public Improvements will be constructed. The City agrees to work in good faith with the Developer to identify and convey to the Developer certain real property necessary for the Project and which such property the City shall have been able to determine has a value, together with other covenants and agreements of the Developer herein, that is fair, sufficient and reasonable in exchange for the property conveyed in furtherance of this Section 4.2 to the Developer for the Project. The Parties agree to use their good faith efforts to identify and determine any such properties to be sold or exchanged.

(d) The Mayor is hereby authorized to act by and on behalf of the City in executing such purchase agreements, documents, and other instruments and agreements as shall be necessary or desirable to consummate and complete acquisition by the City of the Initial Public

Improvements Land and to consummate and complete the City's sale and conveyance of the City Conveyed Land as described herein.

(e) If the Developer has not commenced construction of that portion of Phase I of the Project to be located within the areas designated "Phase I" and located adjacent to the Public Parking Land on Exhibit B hereto as set forth in Section 1.4 hereof within two years following the Effective Date, the City shall have the right at its sole discretion at any time thereafter to sell and convey the Public Parking Land to any third party or to make use of such property as the City shall otherwise determine; provided, Developer shall first be given the right to purchase and acquire all, but not less than all, of the Public Parking Land from the City at a price equal to the price per square foot paid by the City to acquire the same as set forth in the HUD Statement executed at the time of the City's acquisition of the Public Parking Land.

(f) The Developer hereby covenants and agrees to provide, at no charge or expense to the City, such U&D easements or other easements as shall be necessary or desirable over land not owned by the City for the construction and delivery of the Public Improvements or the provision of utility or other services therefrom provided (i) such easements are reasonably necessary for the purposes sought, (ii) located over land owned or controlled by the Developer, and (iii) in a location deemed mutually acceptable to the City and the Developer. If Developer and the City are unable to agree to a mutually acceptable location then the City shall not be required to provide the improvements referable to the proposed easement, anything in this Agreement to the contrary notwithstanding.

#### ARTICLE V OTHER AGREEMENTS AMONG PARTIES

5.1 Rezoning. The City, through its Department of Urban Development, agrees to work in good faith with the Developer in seeking the appropriate zoning classification or appropriate variances related to the Project Site to the extent rezoning or variances are needed in order to accomplish the Project.

5.2 Approvals. The City agrees to use reasonable good faith efforts to facilitate the processing of City approvals for the construction and development of the Project, it being the understanding of the Parties that nothing in this Section 5.2 or elsewhere in this Agreement is, or shall be deemed to be, an agreement of the City to waive any City approvals required for the Project.

5.3 Expenses of Project. The Developer shall be responsible for all costs of Project construction and for payment of its own fees with respect to the construction and development of the Project.

5.4 Compliance with Laws. (a) The Developer shall cause all construction activities to be conducted in compliance with all applicable laws, ordinances, rules and regulations of any governmental authority, including, without limitation, all applicable licenses, permits, building codes, restrictive covenants, zoning and subdivision ordinances and flood, disaster and environmental protection laws ("Applicable Laws"). It is expressly understood, acknowledged and agreed that approval by the City of the Development Plan as herein provided shall not be

deemed an approval or waiver of any compliance by the Developer or the Project with any Applicable Laws.

(b) The Developer shall cause all agreements between it and any architect, contractor, subcontractor or other business performing any work in connection with the Project to require such architect, contractor, subcontractor or other business to obtain all necessary permits, licenses and approvals for such work. It is understood and acknowledged that the City will not waive or otherwise permit the waiver of any taxes, fees or related expenses, or fees for any permits, licenses or approvals that must be obtained from the City or any other governmental authority in connection with the Project that otherwise would be applicable.

5.5 Public Amphitheater. The Parties acknowledge that the City is undertaking a study to determine whether part of the Project Site would be a suitable location to construct a public amphitheater (the "Amphitheater") for public events, plays, concerts, and other similar events and would help promote commerce, entertainment, industry, tourism and overall quality of life in the City. If the City, in its sole discretion, determines to construct the Amphitheater the Parties shall work together in good faith to negotiate terms of a definitive agreement respecting the same including, but not limited to, such terms as may govern dedication by the Developer of any real property to be the site for the Amphitheatre, providing rights or access to such portions of the Project Site as shall be necessary for development of the Amphitheater, and providing sufficient parking in connection with the use of the Amphitheater.

## ARTICLE VI EVENTS OF DEFAULT AND REMEDIES

6.1 Events of Default by City. (a) Any one or more of the following shall constitute an event of default under this Agreement by the City (herein called a "City Event of Default") (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) the dissolution or liquidation of the City, or the filing by the City of a voluntary petition in bankruptcy, or the City's seeking of or consenting to or acquiescing in the appointment of a receiver of all or substantially all of its property, or the adjudication of the City as a bankrupt, or any assignment by the City for the benefit of its creditors, or the entry by the City into an agreement of composition with its creditors, or if a petition or answer is filed by the City proposing the adjudication of the City as a bankrupt or its reorganization, arrangement or debt readjustment under any present or future federal bankruptcy code or any similar federal or state law in any court, or if any such petition or answer is filed by any other person and such petition or answer shall not be stayed or dismissed within sixty (60) days; or

(ii) failure by the City to perform or observe any of its agreements or covenants contained in this Agreement, which

failure shall have continued for a period of thirty (30) days after written notice thereof from the Developer, unless (A) the Developer shall agree in writing to an extension of such period prior to its expiration, or (B) during such thirty (30) day period or any extension thereof, the City has commenced and is diligently pursuing appropriate corrective action, or (C) the City is by reason of force majeure at the time prevented from performing or observing the agreement or covenant with respect to which the City is delinquent.

(b) If a City Event of Default exists, the sole and exclusive remedy of the Developer shall be specific performance. The Developer shall not be entitled to any other damages whatsoever, including, without limitation, incidental or consequential damages, whether arising at law or in equity.

## 6.2 Events of Default by Developer.

(a) Any one or more of the following shall constitute an event of default under this Agreement by the Developer (herein called a "Developer Event of Default") (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) at any time prior to the completion by the Developer of its obligations hereunder, the dissolution or liquidation of the Developer, or the filing by the Developer of a voluntary petition in bankruptcy, or the Developer's seeking of or consenting to or acquiescing in the appointment of a receiver of all or substantially all of its property, or the adjudication of the Developer as a bankrupt, or any assignment by the Developer for the benefit of its creditors, or the entry by the Developer into an agreement of composition with its creditors, or if a petition or answer is filed by the Developer proposing the adjudication of the Developer as a bankrupt or its reorganization, arrangement or debt readjustment under any present or future federal bankruptcy code or any similar federal or state law in any court, or if any such petition or answer is filed by any other person and such petition or answer shall not be stayed or dismissed within sixty (60) days;

(ii) failure by the Developer to perform or observe any of its agreements or covenants contained in this Agreement, which failure shall have continued for a period of thirty (30) days after written notice thereof from the City, unless (A) the City shall agree in writing to an extension of such period prior to its expiration, or (B) during such thirty (30) day period or any extension thereof, the Developer has commenced and is diligently pursuing appropriate corrective action, or (C) the Developer is by reason of force

majeure at the time prevented from performing or observing the agreement or covenant with respect to which it is delinquent;

(iii) an event of default under the Declaration; or

(iii) a Change of Control of the Developer, other than when the entity surviving the Change of Control of Developer satisfies the conditions for being a Permitted Change of Control Entity as set forth in Exhibit G hereof and at least 30 days prior to the date of the Change of Control the City has been provided all information necessary to enable the City to independently verify the same, prior to completion of Phase I and Phase II of the Project that occurs without the prior written consent of the City (which such consent shall not be unreasonably conditioned, withheld or delayed).

(b) If a Developer Event of Default exists, in addition to the payment obligations of the Developer heretofore described, the City shall have all rights and remedies, both legal and equitable, provided by law, including without limitation the specific performance of any covenant or agreement of the Developer herein contained.

(c) As used in this Agreement, “Change of Control” means either (i) the acquisition by any Person of direct or indirect beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934) of fifty percent (50%) or more of the combined voting power of the then-outstanding securities, membership interests, or other interests of the Developer, however accomplished and whether effected voluntarily or by operation of law, or (ii) the consummation of a merger, consolidation, reorganization, statutory share exchange, or similar form of corporate transaction involving the Developer, the sale or other disposition of all or substantially all of the Developer’s assets.

6.3 Remedies Subject to Applicable Law. All rights, remedies and powers provided in this Article VI may be exercised only to the extent the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article V are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that the same will not render this Agreement invalid or unenforceable.

ARTICLE VII  
MISCELLANEOUS

7.1 Restrictions on Assignment; Conditions Precedent. Except as otherwise expressly set forth below in this Section 7.1, the Developer shall not have the right to assign or otherwise transfer its rights or obligations under this Agreement, and any purported assignment, transfer, encumbrance or hypothecation of this Agreement or any of the rights or obligations hereunder in violation of this Section 7.1 shall be null and void and of no force or effect. Notwithstanding the foregoing, if, and to the extent, permitted herein, the Developer may transfer its rights under this Agreement only upon the satisfaction of each of the following conditions precedent:

(a) The proposed transferee shall be subject to the City's prior written approval unless (i) the proposed transferee satisfies the requirements set forth on Exhibit G hereto for being a Permitted Transferee, and (ii) the City is given not less than thirty (30) days prior written notice of the proposed assignment or transfer, which such notice shall contain all information necessary to enable the City to independently verify that the proposed transferee is a Permitted Transferee; and

(b) Prior to the effective date of the proposed transfer, the Developer and proposed transferee have delivered to the City an executed and acknowledged assignment and assumption agreement ("Assumption Agreement") acceptable to the City. Such Assumption Agreement shall include provisions regarding: (i) the rights and interest proposed to be transferred to the proposed transferee; (ii) the obligations of the Developer under this Agreement that the proposed transferee will assume; and (iii) the proposed transferee's acknowledgment that such transferee has reviewed and agrees to be bound by this Agreement and acknowledges the developmental obligations provided in the Declaration. The Assumption Agreement shall also include the name, form of entity, and address of the proposed transferee, and shall provide that the transferee assumes the obligations of the assigning Developer to be assumed by the transferee in connection with the proposed transfer.

7.2 Delivery of Notices. All notices, statements, demands, consents and other communications ("Notices") required or permitted to be given by any Party to another Party pursuant to this Agreement or pursuant to any applicable law or requirement of public authority shall be properly given only if the Notice is: (a) made in writing (whether or not so stated elsewhere in this Agreement); (b) given by one of the methods prescribed in Section 7.3; and (c) sent to the Party to which it is addressed at the address set forth below or at such other address as such Party may hereafter specify by at least five (5) days' prior written notice:

If to the City:

City of Huntsville  
Attention: Mayor  
308 Fountain Circle  
P.O. Box 308  
Huntsville, Alabama 35804  
Fax: (256) 427-5121

With a copy to the attention of:

City of Huntsville  
Attention: City Attorney

308 Fountain Circle  
P.O. Box 308  
Huntsville, Alabama 35804  
Fax: (256) 427-5043

If to the Developer:

c/o Rex Commercial Properties, Inc.  
Attention: Mr. Remy Gross  
920 Bob Wallace Ave., SW, Suite 320  
Huntsville, Alabama 35801  
Fax: \_\_\_\_\_

with a copy to:

Hartman Simons & Wood LLP  
Attention: Jeremy D. Cohen, Esq.  
6400 Powers Ferry Road NW, Suite 400  
Atlanta, Georgia 30339  
Fax: (678) 965-1750

7.3 Methods of Delivery of Notices. Notices may be either: (a) delivered by hand; (b) delivered by a nationally recognized overnight courier (e.g., FedEx) which maintains evidence of receipt; or (c) sent by email or facsimile transmission with a confirmation copy delivered the following day by a nationally recognized overnight courier which maintains evidence of receipt. Notices shall be effective on the date of receipt. If any Notice is not received or cannot be delivered due to a change in address of the receiving party, of which notice was not properly given to the sending party, or due to a refusal to accept by the receiving party, such Notice shall be effective on the date delivery is attempted. A party may change its address for Notices upon delivery of thirty (30) days' prior written notice to the other parties hereto.

7.4 Negation of Partnership. The parties specifically acknowledge that no Party is acting as the agent of the other Party in any respect hereunder, and that each Party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. None of the terms or provisions of this Agreement shall be deemed to create a partnership or joint venture between or among the Parties, or cause them to be considered joint venturers or members of any joint enterprise. This Agreement is not intended and shall not be construed to create any third party beneficiary rights in any person who is not a party or a permitted transferee pursuant to this Agreement; and nothing in this Agreement shall limit or waive any rights any one or more of the Parties may have or acquire against any third person with respect to the terms, covenants or conditions of this Agreement.

7.5 Dedications. Except for the dedication of real property, if any, upon which Public Improvements are to be built by the City under Sections 1.2, 1.3 and 1.4 hereof, and, if applicable, the dedication of the Developer Internal Roadways under Section 3.6 hereof, nothing herein contained shall be deemed to be a gift or dedication of any of the real property described or referred to herein, or any buildings or improvements constructed thereon, to the general public, for the general public, or for any public use or purpose whatsoever.

7.6 Severability. Invalidation of any of the provisions contained in this Agreement, or of the application thereof to any Person, by judgment or court order, shall in no way affect any of the other provisions hereof or the application thereof to any other Person or circumstance and the same shall remain in full force and effect, unless enforcement of this Agreement as so invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement.

7.7 Exhibits. The Exhibits, to which reference is made herein, are deemed incorporated into this Agreement in their entirety by reference thereto.

7.8 Amendment. Except as expressly provided in this Agreement, this Agreement may be modified or amended only by a written instrument, executed by each of the parties to this Agreement.

7.9 Entire Agreement. This written Agreement and the exhibits hereto contain all the representations and the entire agreement among the Parties with respect to the subject matter hereof. Except as otherwise specified in this Agreement, any prior correspondence, memoranda, agreements, warranties or representations are superseded in total by this Agreement and exhibits hereto. Neither the conduct nor actions of the Parties, nor the course of dealing or other custom or practice between or among the Parties or any of them, shall constitute a waiver or modification of any term or provision of this Agreement.

7.10 Ambiguity. The terms, conditions and provisions of this Agreement were agreed to in arm's length negotiations in which each Party was represented by independent counsel of its own choosing. Accordingly, in the event of any ambiguity in this Agreement, such ambiguity shall not be resolved against any Party deemed the principal draftsman of this Agreement or the provision of this Agreement at issue.

7.11 Further Assurances; Covenant to Sign Documents. Each party shall take all actions and do all things, and execute, with acknowledgment or affidavit if required, any and all documents and writings, which may be necessary or proper to achieve the purposes and objectives of this Agreement.

7.12 Governing Law. This Agreement, and the rights and obligations of the parties, shall be governed by and interpreted in accordance with the laws of the State of Alabama.

7.13 Counterpart Execution. For convenience, this Agreement may be executed by the parties in multiple counterparts, each of which shall constitute an original, and all of which, when taken together, shall constitute one and the same Agreement.

7.14 Liabilities of the City. The Developer understands, acknowledges and agrees that the obligations of the City as set forth herein are limited by the limitations imposed on public bodies, municipalities and public corporations by the Constitution of the State of Alabama and under other applicable Alabama law. Anything in this Agreement to the contrary notwithstanding, whether express or implied, in the event the Public Improvements, or any portion thereof, are not constructed or otherwise operational by such time as portions of the Project become available to be open to the public or by any other estimated or intended deadlines, or are designed or constructed in a manner not suitable to the Developer, its tenants, or

any other persons or entities, the sole and exclusive remedy of the Developer shall be specific performance, and the Developer shall not be entitled to any other damages whatsoever, including, without limitation, incidental or consequential damages, whether arising at law or in equity.

7.15 No Waiver. No consent or waiver, express or implied, by any Party hereto or to any breach or default by any other Party in the performance by such other Party of its obligations hereunder shall be valid unless in writing, and no such consent or waiver to or of one breach or default shall constitute a consent or waiver to or of any other breach or default in the performance by such other Party of the same or any other obligations of such Party hereunder. Failure on the part of any Party to complain of any act or failure to act of any other Party or to declare such other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such Party of its rights hereunder. The granting of any consent or approval in any one instance by or on behalf of any Party hereto shall be construed to waive or limit the need for such consent in any other or subsequent instance.

7.16 No Representations or Warranties Concerning Public Improvements. The Developer acknowledges and agrees that the City makes no and disclaims any and all representations and warranties regarding the Public Improvements, including, without limitation, warranties (whether express or implied) regarding the design, construction, functionality, and suitability of the Public Improvements. The Developer further acknowledges and agrees that, pursuant to Article I hereof, it is obligated to review and approve the Plans and Specifications and IFBs regarding the Public Improvements and that such review and approval shall forever estop the Developer from asserting liability of the City for any claimed representations or warranties regarding the Public Improvements.

7.17 Designation of Coordinators. Each of the City and the Developer agree to designate one or more project coordinators to monitor and coordinate the acquisition, design, permitting, and construction of the Phases and the Public Improvements in accordance with this Agreement.

7.18 Initial Agreement. Upon the execution and delivery of this Agreement, the Initial Agreement shall be null and void and have no further force or effect.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed and delivered on its behalf by its duly authorized officer, on and as of the Effective Date.

**CITY OF HUNTSVILLE**

By: Tony Battle  
Mayor

**MID-CITY OWNER, LLC**

By: Remy Gross  
Name: Remy Gross  
Its: Manager

EXHIBIT A

DESCRIPTION OF PROJECT SITE

[See attached]

EXHIBIT B

DEVELOPMENT PHASING

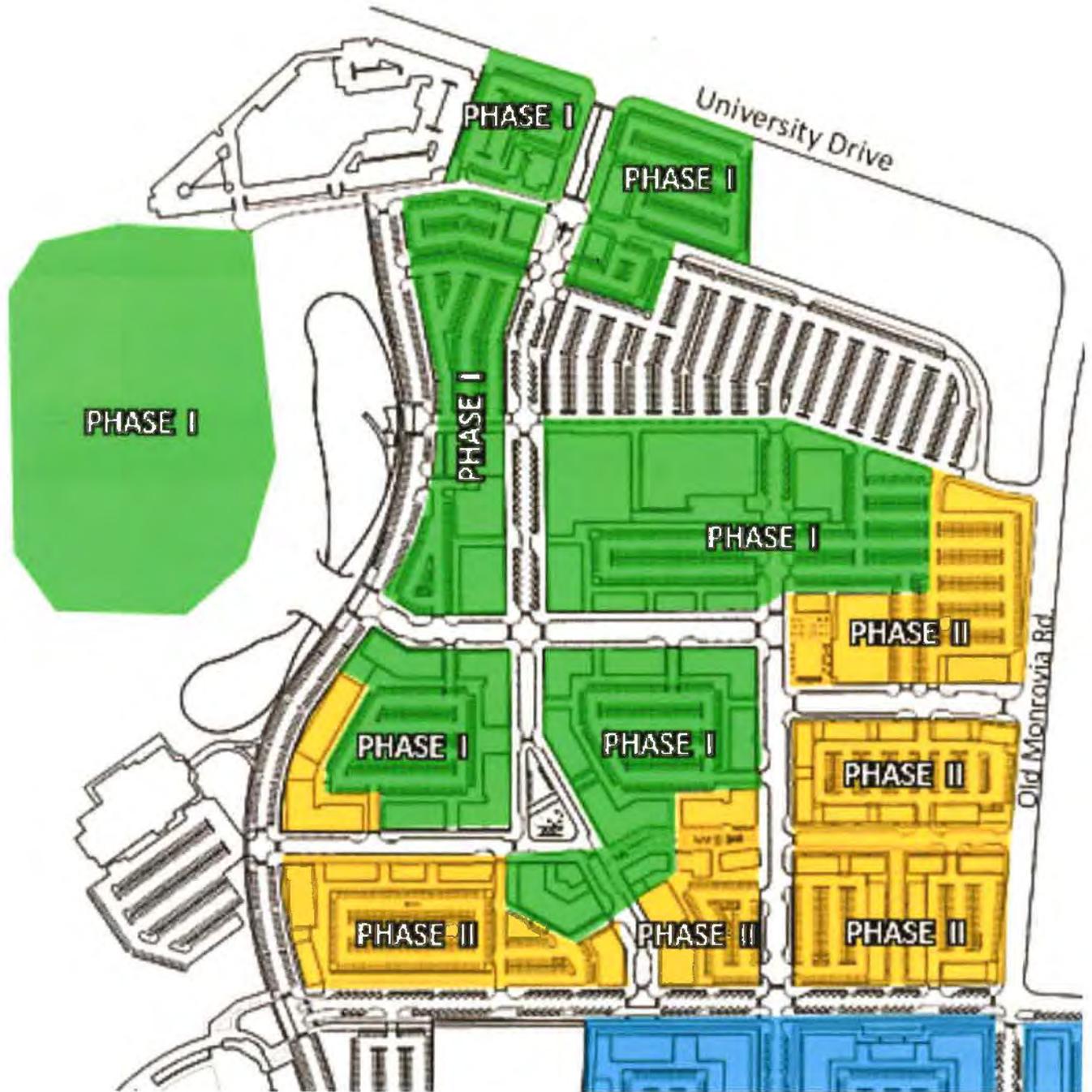


EXHIBIT B-1  
MALL TENANTS

|                                     |   |
|-------------------------------------|---|
| A Family Affair Catering            | Ice                                       |
| Bath & Body Works                   | Innovative Solutions (IVS Massage Chairs) |
| Bath and Body/Storage               | JC Penney                                 |
| Bath Fitter                         | Journeys                                  |
| Beacon Hill Worship Center          | Kids Foot Locker                          |
| Beautiful Eyebrows                  | Lids                                      |
| Beautiful Eyebrows                  | Lunar Golf                                |
| Bench Crafts                        | Madison County Shuttle /LA                |
| Blow Out Full Srvc Salon/Storage    | Magic Touch                               |
| Bran-Neu                            | MasterCuts                                |
| Buffalo Wild Wings                  | Men s Wearhouse and Tux                   |
| Cajun Express                       | Moon s Day Spa                            |
| Candy Works USA, Inc.               | Nail Studio                               |
| Candy Works USA, Inc.               | New Square                                |
| Cellairis                           | Oxford Street                             |
| China King                          | Personally Yours                          |
| BBVA Compass                        | Pretzel Twister                           |
| City Gear                           | R & R Barber and Style                    |
| Claire's                            | Retro-Fitt                                |
| Compass Bank                        | Rex McKinney                              |
| Crown Jewelers                      | Tennessee Coin Amusements                 |
| Design World                        | Robert Morris                             |
| Dillard                             | Rocket City Consignment                   |
| ecoATM, Inc                         | Romano s Macaroni Grill                   |
| ecoATM, Inc                         | Sabah Khan / Time Square                  |
| Ehsan Khan / NYS Collections        | Sears                                     |
| Escape Pod                          | Security Force                            |
| Expedia Cash ATM                    | Shoe Dept. Encore                         |
| Expedia Cash ATM                    | Spencer Gifts                             |
| F.Y.E.                              | Monster Spider Jump                       |
| Finish Line                         | Stylish Babes                             |
| Foot Locker                         | Sustainable Solutions                     |
| FootAction                          | The Lamar Corporation                     |
| Foto Fantasy, Inc (Innovative Foto) | Touchstar Cinemas                         |
| Foto Fantasy, Inc (Innovative Foto) | Trendz                                    |
| Game Galaxy/Another Castle          | Tropical Sno                              |
| GNC Live Well                       | Underground by Journeys                   |
| Gold Rush                           | Victoria s Secret                         |
| Great American Cookie Co.           | Vitamin World                             |
| Greek Gyros Express                 | White Barn Candle                         |
| Hibbett Sporting Goods              | Xpress Weave Bar                          |
| Hot Topic                           | Zales                                     |

EXHIBIT C-1

ROADWAY IMPROVEMENTS CROSS SECTION LIMITATION



EXHIBIT C-2

PUBLIC IMPROVEMENTS LOCATION

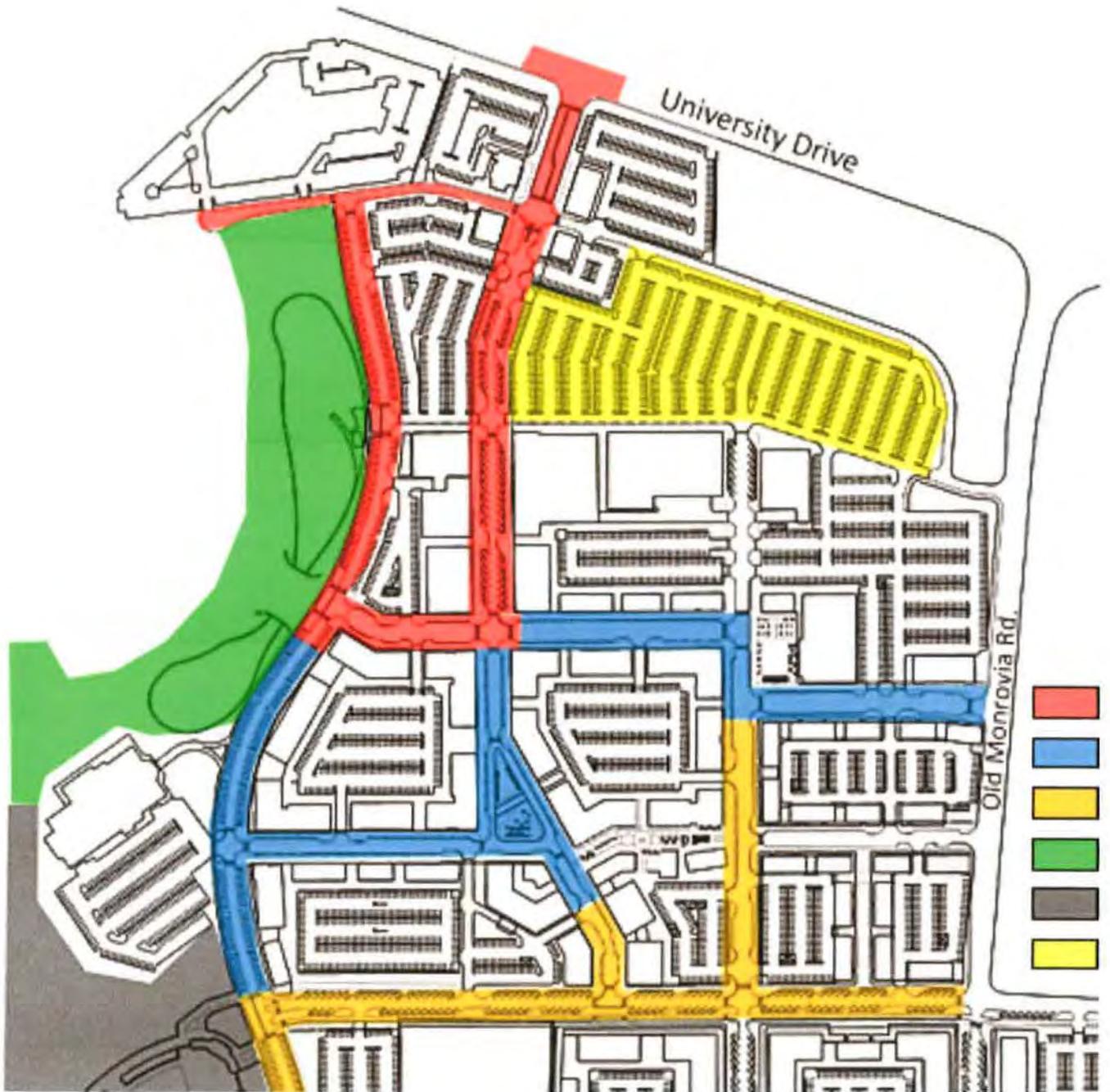


EXHIBIT C-2A

PHASE I PUBLIC IMPROVEMENT SCHEDULE

**PHASE 1A**

| <b>Public Improvement</b>                             | <b>Completion Date</b> |
|---|------------------------|
| Utilities ( <i>Water, Gas, Electrical, Sanitary</i> ) | June 9, 2017           |
| Partial Stormwater (NW Project Area)                  | April 17, 2017         |
| Roadways  | September 19, 2017     |
| Detention Facilities                                  | June 19, 2017          |
| Open Space Hardscape                                  | November 1, 2017       |

**PHASE 1B**

| <b>Public Improvement</b>                             | <b>Completion Date</b> |
|---|------------------------|
| Utilities ( <i>Water, Gas, Electrical, Sanitary</i> ) | September 29, 2017     |
| Roadways  | November 30, 2017      |
| Culvert Relocation                                    | November 30, 2017      |

**UNIVERSITY DRIVE**

| <b>Public Improvement</b>         | <b>Completion Date</b> |
|-----------------------------------|------------------------|
| Intersection Improvements/Signals | September 29, 2017     |

EXHIBIT C-3

CULVERT RELOCATION PLAN



EXHIBIT C-4

DESTINATION/ENTERTAINMENT SITE PLAN



EXHIBIT D  
MARKET AREA

[See attached]

EXHIBIT E

THE PLAN

Exhibit E

EXHIBIT F-1

THE INITIAL PUBLIC IMPROVEMENTS LAND

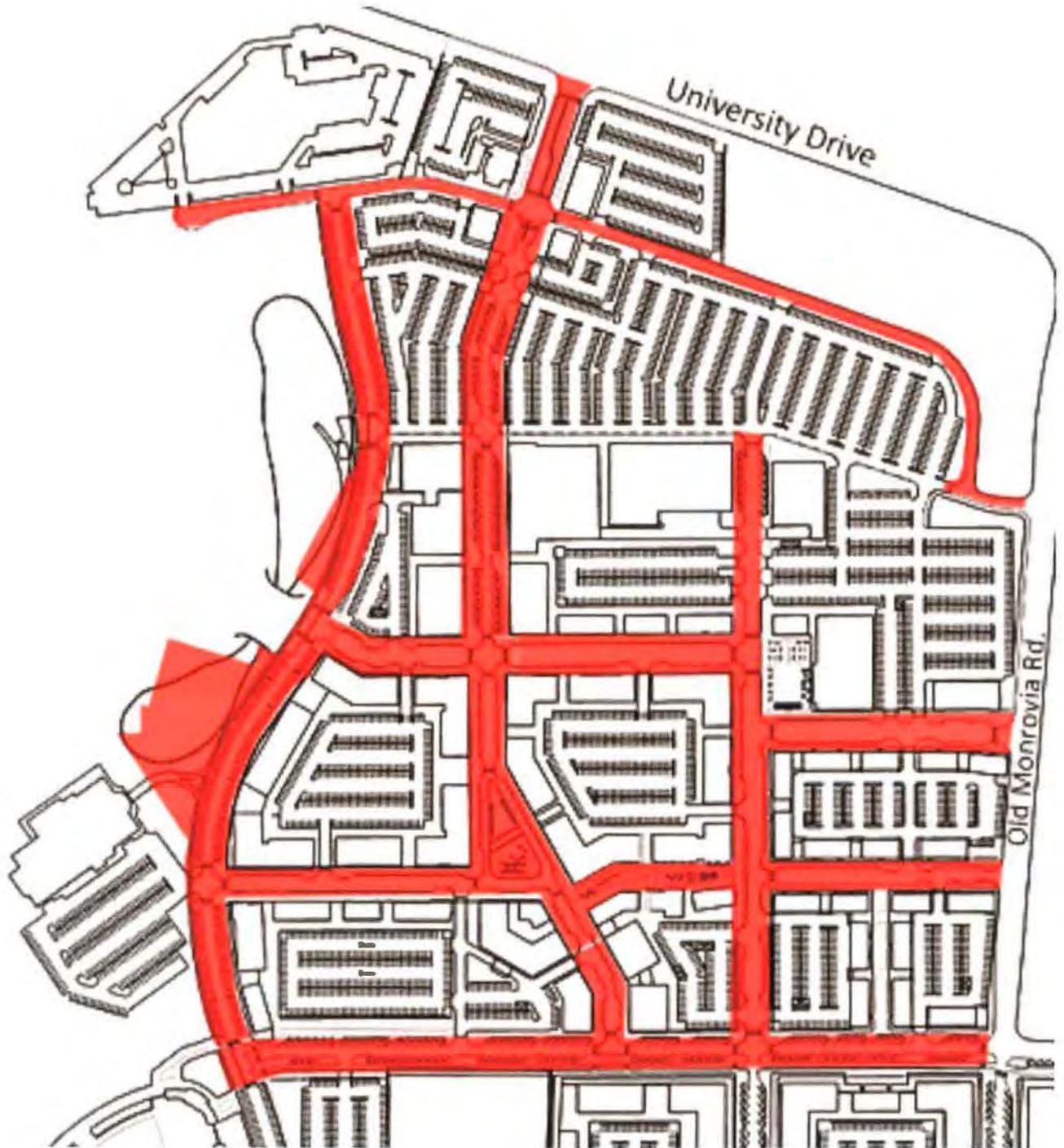


EXHIBIT F-2

THE PUBLIC PARKING LAND

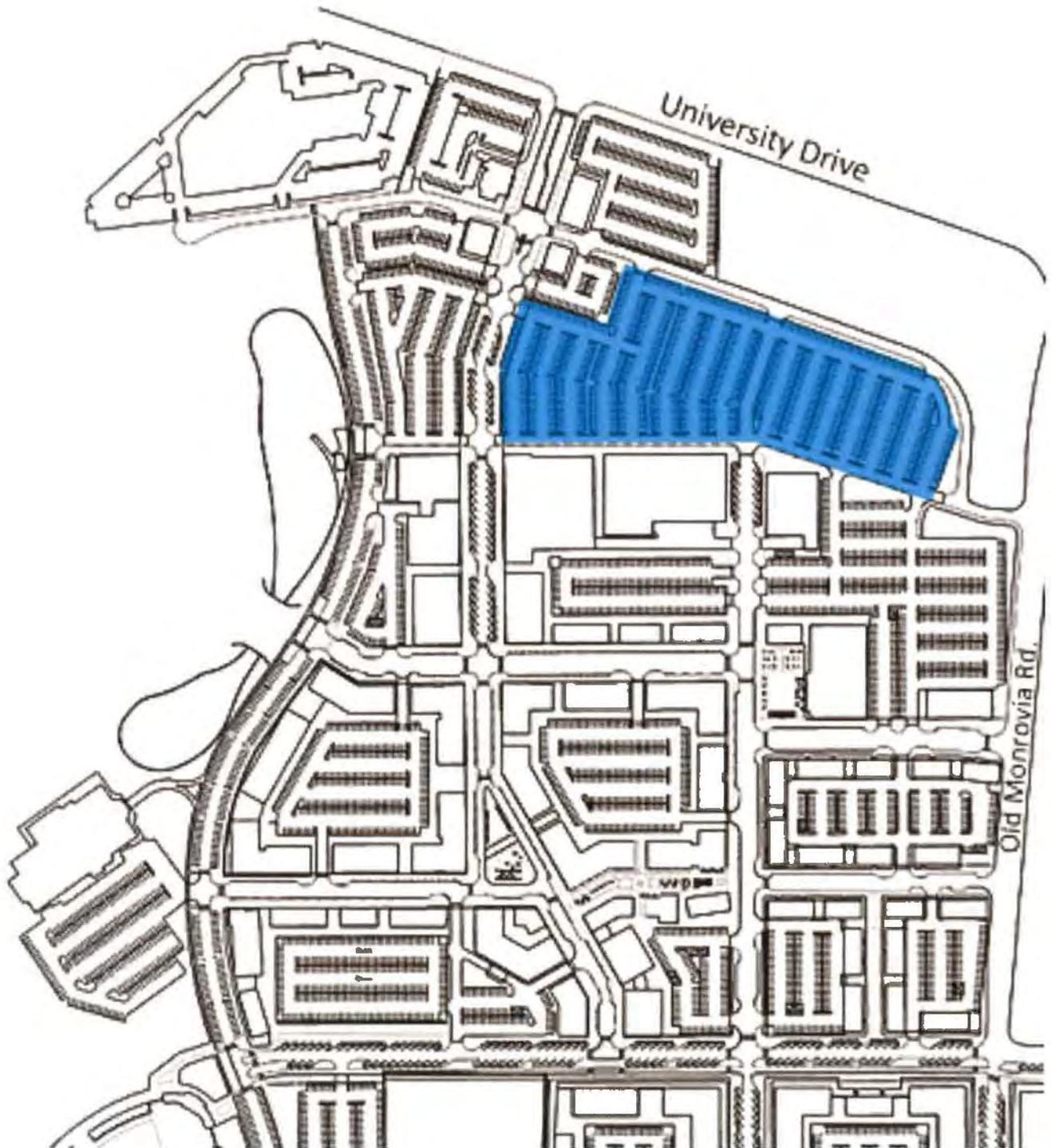


EXHIBIT F-3

THE CITY CONVEYED LAND

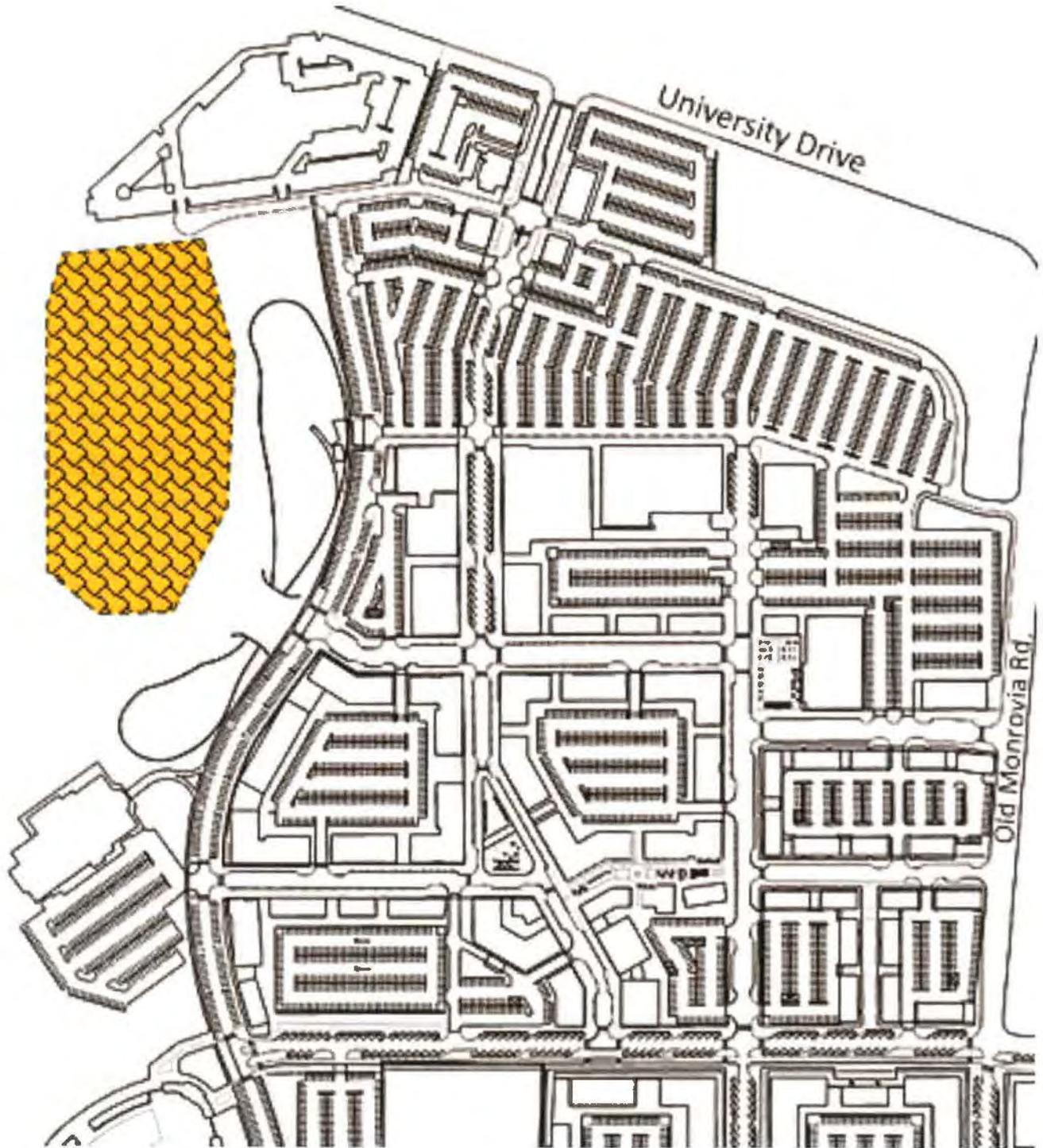


EXHIBIT G

PERMITTED TRANSFEREE  
AND  
PERMITTED CHANGE OF CONTROL ENTITY  
CONDITIONS

An entity that satisfies each of the following criteria and also certifies the same in writing to the City at the time notice of the proposed transfer is required to be delivered to the City pursuant to Section 7.1(a) hereof shall be deemed a “Permitted Transferee”:

1. the entity has at least 10 years of relevant experience developing large, mixed-use commercial projects;
2. the entity, and all affiliates thereof, have not undertaken any action or been subject to an action resulting in the dissolution, insolvency, bankruptcy, receivership, reorganization, debt readjustment or similar actions of such entity or affiliate under the federal bankruptcy code; and
3. within the past 10 years, such entity has not received a material notice of default under any binding agreement that was not cured within the applicable cure period or waived/revoked by the counterparty.

An entity that satisfies each of the following criteria and also certifies the same in writing to the City at least 30 days prior to the proposed Change of Control shall be deemed a “Permitted Change of Control Entity”:

1. the entity has at least 10 years of relevant experience developing large, mixed-use commercial projects;
2. the entity, and all affiliates thereof, have not undertaken any action or been subject to an action resulting in the dissolution, insolvency, bankruptcy, receivership, reorganization, debt readjustment or similar actions of such entity or affiliate under the federal bankruptcy code; and
3. within the past 10 years, such entity has not received a material notice of default under any binding agreement that was not cured within the applicable cure period or waived/revoked by the counterparty.

**APPENDIX G**

**UPDATED BROKER'S OPINION OF VALUE**

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September 20, 2021

Mr. Pfilip Hunt  
Partner  
Wrathell Hunt & Associates, LLC  
500 Harbour Place Drive, #1111  
Tampa, FL 33602

**RE: UPDATED BROKER OPINION OF VALUE  
MIDCITY LAND  
HUNTSVILLE, ALABAMA**

Mr. Hunt:

This letter is in response to a recent request for an updated Broker Opinion of Value of the property commonly referred to as the MidCity Development located at the southeast corner of Research Park Boulevard and University Drive (Highway 72), Huntsville, Alabama which contains approximately 70 acres of land, subdivided into parcels ranging from .5 acres to 5 acres with infrastructure improvements (the "Subject Property").

As discussed in my previous correspondence dated October 28, 2019, the Subject Property was previously a regional mall site located in the heart of the retail corridor of Huntsville, Alabama. It currently is under redevelopment whereby the mall has been razed and the developer/owner is re-purposing the site for a large development to include entertainment, retail, food & beverage and accompanying amenities.

For over 30 years, I have been a commercial real estate broker specializing in leasing, acquisition and disposition of office and land assets in the southeast and, in particular, Huntsville, Alabama. I have been commissioned to submit my opinion based on the subdivision of the acreage into smaller parcels and the integration of the parcels into the overall development of the site.

The immediate market around the Subject Property continues to experience enormous interest since the announcement of the re-purposing of the Subject Property. The initial addition of "Top Golf" conveyed, to the market, that the development was going forward and, together with the recent opening of "Trader Joe's", together with the construction of the apartment complex and parking deck, the interest has only increased. Additionally, Huntsville, as a market, has continued to garner interest from regional, national and institutional investors as "the story" of Huntsville only continues to get better.



As provided in the previous correspondence, both the comparable sales used herein, as well as the values are based on smaller, individual tracts.

| <u>Location</u>                         | <u>Status/Sale</u> | <u>Size</u> | <u>Price</u> | <u>Price/SF</u> | <u>Comment</u> |
|---|--------------------|-------------|--------------|-----------------|----------------|
| SW Corner of Zierdt & Stadium Way       | LOI                | .97 Acres   | \$925,000    | \$21.89         | (1)            |
| Westside of Interpro, South of 1-565    | Pending            | 1.9 Acres   | \$1,654,457  | \$19.99         | (2)            |
| NW Corner of US 72 & Aunt Maud Drive    | 9/420              | 1.34 Acres  | \$1,189,188  | \$20.37         | (3)            |
| W/N of Interpro Dr, Backing up to 1-565 | Contract           | 1.02 Acres  | \$1,110,780  | \$25.00         | (4)            |
| 4935 University Dr                      | 5/9/17             | 2.04 Acres  | \$1,800,000  | \$20.25         | (5)            |

- (1) Located in Town Madison, mixed use setting
- (2) Located west of Town Madison, mixed use setting
- (3) Located in Clift Farms, mixed use setting
- (4) Located west of Town Madison, mixed use setting
- (5) East of Subject Property on University Drive

The comparable list set forth above provides a solid foundation for valuation of the subdivided Subject Property indicating recent values for both tracts located in similar “mixed use” settings and on the main thoroughfare. Based on this, our opinion of value is as follows (see attached legend):

|                        |                      |
|------------------------|----------------------|
| Lot Block A:           | \$27.00 - \$37.00/sf |
| Lot Block B:           | \$22.00- \$27.00/sf  |
| Lot Block C:           | \$19.00- \$20.00/sf  |
| Lot D (Lot 4, Blk 9):  | \$15.00-\$17.00/sf   |
| Lot Block E:           | \$19.00-\$21.00/sf   |
| Lot F (Lot 8, Blk 7):  | \$23.00/sf           |
| Lot Block G:           | \$16.00-\$18.50/sf   |
| Lot Block H:           | \$16.00 - \$17.50/sf |
| Lot Block I:           | \$16.00-\$17.50/sf   |
| Lot J (Lot 1, Blk 10): | \$23.00/sf           |
| Lot K:                 | \$17.50/sf           |
| Lot L (Lot 4, Blk 10): | \$17.50/sf           |
| Lot M:                 | \$12.00/sf           |
| Lot N:                 | \$15.00-\$20.00/sf   |



The values provided herein are considered “current” values. However, as the development matures, the lot values, especially the value of the lots located in the southern part of the development, will likely increase in value jettisoned by the associated improvements.

Thank you. If you have any questions, please do not hesitate to contact me.

Sincerely,

**COLLIERS INTERNATIONAL | ALABAMA**

A handwritten signature in blue ink, appearing to read "Bryson K. Collins". The signature is stylized and fluid, with the first letters of the first and last names being prominent.

Bryson K. Collins  
Senior Vice President

