

**MINUTES  
CITY BOARD OF EDUCATION  
CITY OF MUSCLE SHOALS, ALABAMA**

The City Board of Education of the City of Muscle Shoals, Alabama, met for the Board's regular meeting in the office of the City Superintendent of Education of the City of Muscle Shoals, Alabama, on January 23, 2023, at approximately 6:11 p.m. The meeting followed a work session held at 5:30 p.m. The secretary called the roll with the following results:

Present: Celia Rudolph  
Marilyn Davis  
Cory King  
Absent: Sonya Allman  
Clayton Wood

Also present were Chad Holden, Superintendent and ex-officio Secretary to the Board and custodian of its minutes and records, Kelli Nichols, Assistant Superintendent, and Sherry Langley, Chief School Financial Officer. Administrators present included Sheneta Smith, Wes Pounders, Jason Simmons, Britney Schneider, Diana Ritter, Kevin Davis, and Jeff Madden. Also present were Supervisors Todd Meckes and Richard Templeton. Muscle Shoals Education Association representatives, Chris Porter and Christina Porter, were also in attendance.

Board President, Dr. Celia Rudolph, declared a quorum present and the meeting duly and legally constituted and open for the transaction of business.

A motion to approve the January 23, 2023, agenda was made by Dr. Davis and seconded by Mr. King. No discussion followed and the motion was subsequently approved with three yes votes.

Superintendent Holden stated the next item on the agenda was a video presentation highlighting achievements from Howell Graves Preschool.

Superintendent Holden stated at this time he would like to honor individuals who have been selected as Teacher of the Year for their school. A video presentation highlighting each teacher was shown and each teacher was congratulated and presented with a plaque. Those chosen as the elementary and secondary Teacher of the Year for the district will move forward to compete for the title of Alabama Teacher of the Year.

Muscle Shoals Early Learning Center	Ashley Irons
Howell Graves Preschool	Starkey-Morgan Butler
Highland Park Elementary	*Kayla Passarella
Webster Elementary	Ginni Ogletree (not present)
McBride Elementary	Nancy Winkle
Muscle Shoals Middle School	**Anna Grinnell
Muscle Shoals Career Academy	James Miller
Muscle Shoals High School	Derek Weaver

\*District Elementary Teacher of the Year

\*\*District Secondary Teacher of the Year

Dr. Rudolph asked Dr. Holden if any correspondence had been received that he would like to share with the Board. Superintendent Holden stated he did not have correspondence to share.

Dr. Rudolph proceeded with the meeting agenda.

**I. Business Action Items**

Superintendent Holden read the following resolution regarding Consent Agenda action items:

Consent Agenda Resolution

*For the consent agenda, the Board has been furnished with background material on each item or has discussed the item at a previous meeting. Consent Agenda items will be acted upon with one vote without discussion. If a Board member wants to discuss any item, it will be pulled from the Consent Agenda and voted on separately.*

A. Dr. Holden recommended approval of the following Consent Agenda items:

1. *Minutes – December 15, 2022 (Regular Meeting)*
2. *Minutes – January 8, 2023 (Special Meeting)*
3. *Bills & Accounts for December*
4. *December Financial Report (December bank statements have been reconciled)*
5. *Declaration of Surplus Goods*
6. *Venue Change for Board Meeting 02-27-2023*
7. *New Bank and Investment Account*
8. *2023-2024 MSCS Student Code of Conduct*
9. *2023-2024 School Handbooks*
10. *Commercial Lawn Mower Purchase*
11. *Fryer Purchase (MES/MSMS cafeteria)*

A motion to approve the superintendent's recommendation was made by Mr. King and seconded by Dr. Davis. No discussion followed and the superintendent's recommendation was approved by three yes votes.

*Note: Next Board meeting scheduled for February 27, 2023, will be held at the Muscle Shoals Career Academy.*

B. Dr. Holden recommended approval of the Authorizing Resolution for the Series 2023 Warrants (Bond Issue). A motion to approve the superintendent's recommendation was made by Dr. Davis and seconded by Mr. King. No discussion followed and the superintendent's recommendation was approved by a unanimous roll call vote as follows:

Celia Rudolph	Yes
Marilyn Davis	Yes
Cory King	Yes

The resolution appears at the end of these minutes.

### C. Personnel Report

Superintendent Holden recommended approval of the Personnel Report. A motion to approve the superintendent's recommendation was made by Mr. King and seconded by Dr. Davis. No discussion followed and the superintendent's recommendation was approved by three yes votes.

For the benefit of the audience, the Personnel Report was read by Dr. Holden.

The Personnel Report is shown at the end of these minutes.

## II. *Superintendent's Report/Academic Update/Announcements*

- Congratulations to MSMS art teacher, Anna Grinnell, and HGP kindergarten teacher, Ladeedra McCaulley, for being chosen as the very first Teachers of the Month by the Shoals Chamber of Commerce. On January 13, the awards were presented to Mrs. Grinnell and Mrs. McCaulley in "surprise fashion" along with friends from The Chamber, Northwest Shoals Community College, Mayor Lockhart, Board Vice President Dr. Davis, and business partners, Lost Pizza and Singing River Dentistry.
- On Friday, January 13, members of the MSMS Show Choir traveled to Studio B in Nashville to do a professional recording in the same studio as Elvis Presley and Dolly Parton. We are so proud of these students and the opportunity arranged by their director, Mr. Wilder. They did a great job!
- The 7th and 8th grade concert band did a fantastic job Thursday, January 19, performing at the Alabama Music Educators Association conference. It was a huge honor for the students and directors to be one of two junior high bands selected to perform.
- Three football players have been named 1st Team All State: Jyheam Ingram, Trey Stoddard, and Xavier Johnson. Sam Wright received an honorable mention.
- Mary Anna Trimble was selected as the Times Daily 6A XC Girls Runner of the Year.
- Congratulations to the boys' basketball team for winning the Times Daily Classic.
- "Hot off the press" news: Trey Stoddard has been chosen as the regional winner in the Bryant-Jordan Scholar Athlete Program and will now compete in the statewide competition. Regional nominees will be honored at a banquet April 10 in Birmingham.
- It was mentioned during the Board's work session but once again, Dr. Holden stated he wanted to thank the Board members for the work they do and the community service they commit to when appointed to the Board of Education. It is often a thankless job and does not pay much but they are always available to me when I call. I know they spend a lot of time pouring over long agenda packets and complicated information, and they contribute to discussions during the work sessions. I know for the video audience at home, it sometimes looks like the Board members just arrive for the meetings and vote "yes" on everything, but people do not realize the work and thought (and yes, sometimes disagreement) that goes into preparing for the meetings. When a Board member votes on something, it has often been discussed at length during a work session or maybe even a one-on-one in my office when there have been questions or concerns. The Board is, again, to be commended for their service to Muscle Shoals City Schools.
- MSHS graduate, Lauren Vance, was crowned Miss UNA this weekend. Congratulations to Lauren!

Adjournment

Dr. Rudolph asked if there was any other business to be addressed or any comments from the Board. There being no remarks, Dr. Rudolph declared the meeting adjourned at 6:45 p.m.

Minutes approved:

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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attest:

\_\_\_\_\_  
Chad Holden

SEAL

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**Personnel Report**

01/23/23

**I. Other/Part-time/Special Appointments/Supplemental Assignments**

**1. Mentor stipends (for mentoring new employees)**

- Stephanie Pless at MES (\$500.00 from SDE funds, mentoring Isabella Thompson)
- Carley Malone at MSMS (\$500.00 from SDE funds, mentoring Elizabeth Pierce)
- Robert Gordon at MSMS (\$500.00 from SDE funds, mentoring Emma James)
- Laura Ownby at MSMS (\$250.00 from local funds, mentoring Emily Woods)
- Derek Weaver at HGPS & MSHS (\$250.00 from local funds, mentoring Ty Sizemore)

**2. Coaching assignment and supplement changes (from December resignation of Coach Deavers)**

- Silas "Rip" Flippo, Wrestling, Head Coach – supplement balance of \$1666.68
- Emerson "Ty" Sizemore, Football, Asst. Coach – supplement balance of \$1666.68

**3. Coaching assignment for 3 varsity track assistants (\$500.00 each to be paid from track account)**

- Lavera Bates
- Edith Fuqua
- Lakeria Smith

**4. Coaching assignment for volunteer assistant track coach for 2023 track season**

- Jennifer Williams

**5. Coaching assignment for sponsoring varsity Diamond Dolls (\$750.00 to be paid from high school baseball account)**

- Shelley Berry

**6. Spring Cheer Clinic instruction and/or choreography (to be paid from respective cheer accounts)**

- Sara Pierce (\$300.00, MSMS)
- Hanna Belew (\$400.00, MSHS)

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**Information Only - Not for board action:**

**Leave Request**

- **Rachel Hunter** (Teacher/McBride) has requested (maternity) leave from approximately late March through the remainder of the school year; flexible with medical needs
- **Stephanie Johnson** (teacher/HGPS) has requested leave during January 2023, flexible with medical needs
- **Renita Abernathy** (aide/MES) has returned from medical leave

**Kelly Services Staffing Update**

- **Kelsey Flanagan** – Filling paraprofessional position at WES (worked previously in this position)

**RESOLUTION AUTHORIZING, MAKING SALE,  
AND SPECIFYING THE INTEREST RATES OF  
\$5,190,000 AGGREGATE PRINCIPAL AMOUNT OF  
SPECIAL TAX SCHOOL WARRANTS, SERIES  
2023, DATED THE DATE OF ISSUANCE**

BE IT RESOLVED by the Muscle Shoals City Board of Education, in the State of Alabama, as follows:

Section 1. Definitions. The following words and phrases, wherever used in this resolution, shall be given the following respective meanings, unless the context hereof clearly indicates otherwise:

"*Additional Parity Securities*" means any securities which the Board may at the time of issuance be authorized to issue and for the payment of the principal of and interest on which the Pledged Tax Proceeds may be pledged under the reserved right so to do contained in, and in accordance with the provisions of, Section 7 hereof.

"*Annual Debt Service Requirement*" means, as of any date of determination, the amount of principal and interest maturing with respect to the then outstanding Parity Securities in such Fiscal Year; provided, that the principal amount of any Parity Securities subject to a mandatory redemption requirement during such Fiscal Year shall, for purposes of this definition, be considered as maturing in the Fiscal Year during which such redemption is required and not in the Fiscal Year in which their stated maturity occurs; and provided further, that for purposes of the foregoing formula, Fully Covered Securities shall not be deemed to be outstanding.

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

"*BAM*" means Build America Mutual Assurance Company, or any successor thereto.

"*Board*" means the Muscle Shoals City Board of Education, as it may at any time exist, and includes any successor to its functions.

"*Bond Counsel*" means counsel (or a firm thereof) not employed full time by the Board whose opinions respecting the legality or validity of securities issued by or on behalf of states or political subdivisions thereof are nationally recognized.

"*Called Warrants*" means those of the Warrants that shall have been duly called for redemption prior to maturity in accordance with the provisions of Section 4 hereof.

"*City*" means the City of Muscle Shoals in the State of Alabama.

"*County*" means Colbert County in the State of Alabama.

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

"*Constitution*" means the Constitution of Alabama of 1901.

"*Fiscal Year*" means the period beginning on October 1 of a calendar year and ending on September 30 of the next calendar year.

"*Fully Covered Securities*" means any warrants considered fully paid either under the provisions of Section 22 hereof or under substantially similar provisions.

"*Holder*" means the person in whose name a Warrant is registered on the registry books of the Paying Agent pertaining to the Warrants.

"*Interest Payment Date*" means any June 1 or December 1, commencing June 1, 2023.

"*Late Payment Rate*" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate ("Prime Rate") (any change in

such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 5%, and (ii) the then applicable highest rate of interest on the Warrants and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

"*Overdue Interest*" means interest due but not paid on the Interest Payment Date on which such interest is required to be paid.

"*Overdue Interest Payment Date*" means the date fixed by the Paying Agent, pursuant to the provisions of Section 14 hereof, for the payment of Overdue Interest.

"*Parity Securities*" means the Warrants herein authorized, the Series 2020 Warrants, and any Additional Parity Securities that may hereafter be issued pursuant to the provisions of Section 7 hereof.

"*Paying Agent*" means The Bank of New York Mellon Trust Company, N.A., Birmingham, Alabama, in its capacity as registrar, transfer agent and paying agent with respect to the Warrants.

"*Pledged Tax Proceeds*" means the proceeds received by the Board of the Special Taxes.

"*Policy*" means the municipal bond insurance policy issued by BAM for the Warrants.

"*Record Date*" means the May 15 or November 15, as the case may be, next preceding an Interest Payment Date.

"*Redemption Date*" means the date fixed for redemption of Warrants in any resolution adopted pursuant to the provisions of Section 4 hereof.

"*Redemption Price*" means the price at which any Warrant may be redeemed pursuant to the provisions of Section 4 hereof.

"*Required Rebate*" means any amount that is required, by the provisions of Section 148(f) of the Code and any applicable regulations, to be paid by the Board to the United States of America in order that the Warrants shall not be treated as "arbitrage bonds" within the meaning of Sections 103(b)(2) and 148 of the Code and any applicable regulations promulgated thereunder.

"*Security Documents*" means the resolution, trust agreement, ordinance, loan agreement, bond, note and/or any additional or supplemental document executed in connection with the Warrants.

"*Series 2020 Warrants*" means the Special Tax School Warrants, Series 2020, dated March 3, 2020, of the Board, which were issued in the aggregate principal amount of \$9,095,000 and are outstanding in the aggregate principal amount of \$7,915,000.

"*Special Taxes*" means the portion of the proceeds apportioned, allocated and distributed to the Board (a) of the special privilege or license tax and excise tax levied on certain businesses in the County pursuant to Act No. 89 adopted at the 1962 Special Session of the Legislature of Alabama, as amended, and any tax levied in lieu thereof, and (b) of the special privilege or license tax and excise tax levied in the County pursuant to authorization contained in Section 40-12-4 of the Code of Alabama 1975, as amended, and any tax levied in lieu thereof.

"*State*" means the State of Alabama.

"*Term Warrants*" means any of the Warrants that are subject to mandatory redemption.

"*United States Securities*" means and includes (i) direct obligations of the United States of America, (ii) obligations the principal of and interest on which are unconditionally guaranteed by the said United States, and (iii) money market funds whose investments are limited to the securities described in the foregoing clauses (i) and (ii) of this definition.

"*Warrant Fund*" means the special fund created in Section 8 hereof.

"*Warrants*" means the Special Tax School Warrants, Series 2023, authorized in Section 2 hereof.

"*Herein*," "*hereof*" and other equivalent words refer to this resolution as a whole and not solely to the particular portion thereof in which any such word is used.

The definitions contained in this section shall be deemed applicable whether the words defined are used in the singular or plural. Wherever used herein any noun or pronoun shall be deemed to include both singular and plural and to cover all genders. Reference in this resolution to a section number means the section herein bearing that number.

Section 2. (a) Authorization and Description of the Warrants. Pursuant to authority contained in Article 14 of Chapter 13 of Title 16 of the Code of Alabama 1975, as amended, and for the purposes hereinafter specified, the Board does hereby authorize the issuance of warrants of the Board to be designated Special Tax School Warrants, Series 2023, aggregating \$5,190,000 in principal amount, to be dated their date of issuance (expected to be January 25, 2023), to mature on June 1 and to bear interest from their date until their respective maturities as follows:

<u>Year of Maturity</u>	<u>Principal Amount Maturing</u>	<u>Per Annum Rate</u>
2028	\$275,000	3.00%
2031	410,000	3.00
2033	290,000	3.10
2035	310,000	3.50
2037	330,000	3.75
2039	975,000	4.00
2040	835,000	4.00
2041	865,000	4.00
2042	900,000	4.10

The Warrants shall be initially issued in the Authorized Denominations and registered in the names of the Holders as shall, pursuant to the provisions of Section 18 hereof, be designated by the purchaser.

(b) Payment of Principal. The principal of the Warrants shall be payable at the principal office of the Paying Agent in Birmingham, Alabama, upon presentation and surrender of the Warrants as the same become due and payable.

(c) Interest Rates and Method of Payment. The Warrants shall bear interest from their date until their respective maturities at the per annum rates of interest set forth above (computed on the basis of a 360-day year of twelve consecutive 30-day months). Such interest shall be payable semiannually on each Interest Payment Date until and at the maturity of the Warrants. Interest shall be deemed to have been timely paid if the check or draft therefor is mailed on or before the due date of such interest. Interest on the Warrants shall be payable in lawful money of the United States of America by check or draft mailed by the Paying Agent to the lawful Holders of the Warrants at the respective addresses shown on the registry books of the Paying Agent pertaining to the Warrants as of the June 1 or December 1, as the case may be, next preceding the payment date for such interest.

Section 3. Purposes for Which the Warrants Are Authorized. The Warrants shall be issued to provide funds (a) to pay the costs of acquiring, providing, constructing and equipping certain capital improvements and renovations for use as part of the public school system in the City, including, without limitation, HVAC system upgrades and equipment in various public schools under the jurisdiction of the Board; (b) to provide a municipal bond insurance policy for the Warrants; and (c) to pay the costs of issuance.

Section 4. Redemption Provisions. (a) Optional. Those of the Warrants having stated maturities in 2031 and thereafter shall be subject to redemption at the option of the Board, as a whole or in part (and if in part, those of the maturities to be redeemed to be selected by the Board and in amounts of \$5,000 or any integral multiple thereof), on any date on or after December 1, 2030, at and for a Redemption Price with respect to each such Warrant (or portion thereof) redeemed equal to the principal amount thereof redeemed plus accrued interest to the date fixed for redemption.

(b) Mandatory Redemption. (i) Those of the Warrants having a stated maturity in 2028 shall be subject to scheduled mandatory redemption and payment, and the Board shall redeem and pay such Warrants, at and for a Redemption Price, with respect to each such Warrant or portion thereof to be redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date (those to be redeemed to be selected by the Paying Agent by lot), but only in the following aggregate principal amounts on June 1 in the following years:

<u>Year</u>	<u>Amount Redeemed</u>
2026	\$ 25,000
2027	125,000
2028	125,000 (maturity)

(ii) Those of the Warrants having a stated maturity in 2031 shall be subject to scheduled mandatory redemption and payment, and the Board shall redeem and pay such Warrants, at and for a Redemption Price, with respect to each such Warrant or portion thereof to be redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date (those to be redeemed to be selected by the Paying Agent by lot), but only in the following aggregate principal amounts on June 1 in the following years:

<u>Year</u>	<u>Amount Redeemed</u>
2029	\$130,000
2030	140,000
2031	140,000 (maturity)

(iii) Those of the Warrants having a stated maturity in 2033 shall be subject to scheduled mandatory redemption and payment, and the Board shall redeem and pay such Warrants, at and for a Redemption Price, with respect to each such Warrant or portion thereof to be redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date (those to be redeemed to be selected by the Paying Agent by lot), but only in the following aggregate principal amounts on June 1 in the following years:

<u>Year</u>	<u>Amount Redeemed</u>
2032	\$145,000
2033	145,000 (maturity)

(iv) Those of the Warrants having a stated maturity in 2035 shall be subject to scheduled mandatory redemption and payment, and the Board shall redeem and pay such Warrants, at and for a Redemption Price, with respect to each such Warrant or portion thereof to be redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date (those to be redeemed to be selected by the Paying Agent by lot), but only in the following aggregate principal amounts on June 1 in the following years:

<u>Year</u>	<u>Amount Redeemed</u>	
2034	\$150,000	
2035	160,000	(maturity)

(v) Those of the Warrants having a stated maturity in 2037 shall be subject to scheduled mandatory redemption and payment, and the Board shall redeem and pay such Warrants, at and for a Redemption Price, with respect to each such Warrant or portion thereof to be redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date (those to be redeemed to be selected by the Paying Agent by lot), but only in the following aggregate principal amounts on June 1 in the following years:

<u>Year</u>	<u>Amount Redeemed</u>	
2036	\$160,000	
2037	170,000	(maturity)

(vi) Those of the Warrants having a stated maturity in 2039 shall be subject to scheduled mandatory redemption and payment, and the Board shall redeem and pay such Warrants, at and for a Redemption Price, with respect to each such Warrant or portion thereof to be redeemed, equal to the principal amount thereof plus accrued interest thereon to the Redemption Date (those to be redeemed to be selected by the Paying Agent by lot), but only in the following aggregate principal amounts on June 1 in the following years:

<u>Year</u>	<u>Amount Redeemed</u>	
2038	\$175,000	
2039	800,000	(maturity)

(c) Manner. Any such redemption or prepayment of the Warrants shall be effected in the following manner:

(i) Call. The Board shall by resolution call for redemption and prepayment on a date when they are by their terms subject to redemption Warrants (or principal portions thereof) and shall recite in said resolution (A) that the Board is not in default of the principal of or interest on any of the Warrants, or (B) that all the Warrants then outstanding are to be retired on the Redemption Date; provided, however, that it shall not be necessary for the Board to adopt a resolution in connection with any redemption pursuant to Section 4(b).

(ii) Notice. Not more than sixty (60) days nor less than thirty (30) days prior to the Redemption Date, the Board (or the Paying Agent on behalf of the Board) shall give, or cause to be given, written notice of such redemption and prepayment by United States First Class Mail to the Holder of each of the Warrants (at the address of such registered Holder as such address appears on the registry books of the Paying Agent) the principal of which is, in whole or in part, to be redeemed and prepaid, stating the following: that the Warrants (or principal portions thereof) have been called for redemption and will become due and payable at the Redemption Price and on a specified Redemption Date and that all interest thereon will cease after the Redemption Date. The Holders of any of the Warrants may waive the requirements of this subsection with respect to the Warrants held by them without affecting the validity of the call for redemption of any other Warrants.

(iii) Payment of Redemption Price. The Board shall make available to the Paying Agent, on or prior to the Redemption Date, the total Redemption Price of the Warrants (or portions thereof) that are to be prepaid and redeemed on the Redemption Date.

Upon compliance with the foregoing requirements on its part contained in this subsection, and if the Board is not on the Redemption Date in default on the payment of the principal of or interest on any of the Warrants, the Warrants (or principal portions thereof) called for redemption shall become due and payable at the Redemption Price on the Redemption Date specified in such notice, anything herein or in the Warrants to the contrary notwithstanding, and the Holders thereof shall

then and there surrender them for redemption; provided, however, that in the event that less than all of the outstanding principal of any Warrant is to be redeemed, the registered Holder thereof shall surrender the Warrant that is to be prepaid in part to the Paying Agent in exchange, without expense to the Holder, for a new Warrant of like tenor except in a principal amount equal to the unredeemed portion of the Warrant. All future interest on the Warrants (or principal portions thereof) so called for redemption shall cease to accrue after the Redemption Date. Out of the moneys so deposited with it, the Paying Agent shall make provision for payment of the Warrants (or principal portions thereof) so called for redemption at the Redemption Price and on the Redemption Date.

Section 5. Execution and Registration of the Warrants. The Warrants shall be executed on behalf of the Board by the President of the Board. The official seal of the Board shall be impressed (or otherwise reproduced in facsimile) on each of the Warrants and the execution and the said seal shall be attested with the signature of the Secretary of the Board (it being understood that a condition to the validity of each Warrant is the appearance on such Warrant of a Registration Certificate, substantially in the form hereinafter provided, executed by the manual signature of a duly authorized officer of the Paying Agent).

Section 6. Source of Payment and Pledge of the Pledged Tax Proceeds. The principal of and interest on the Warrants shall be payable solely out of the Pledged Tax Proceeds. The Pledged Tax Proceeds, together with the proceeds derived therefrom, and as allocated to the Board, are hereby irrevocably pledged to the extent necessary to pay the principal of and interest on the Warrants at the respective maturities of the said principal and interest, and the Warrants shall constitute a preferred charge on the Pledged Tax Proceeds, on a parity of lien with the pledge of Pledged Tax Proceeds heretofore made for the benefit of the Series 2020 Warrants, and shall be superior to all pledges of the Pledged Tax Proceeds made after the adoption of this resolution other than any such parity pledge that may hereinafter be made for the benefit of any Additional Parity Securities that may be issued pursuant to the provisions of Section 7 hereof. The Board represents and warrants that it presently has no outstanding obligations of any nature payable from or secured by a pledge of the Pledged Tax Proceeds, or any component thereof, other than the Series 2020 Warrants.

While the Warrants are made payable solely from the Pledged Tax Proceeds, nevertheless in accordance with Section 16-13-98 of the Code of Alabama 1975, as amended, that provision shall not prohibit payment from any other funds that may be available and may be lawfully used therefor under any other provision of law, and the Board agrees that if for any reason moneys shall not be available from the Pledged Tax Proceeds sufficient to pay at their respective maturities the principal of and interest on the Warrants then the Board shall use for that purpose other funds accruing to the Board which may be available and may be lawfully used for that purpose under any other provision of law, including, without limitation, the Pledged Tax Proceeds; provided, that in no event shall the Warrants be payable from such other funds if the effect thereof would be to subject the Warrants to any constitutional debt limit or to any constitutional requirement that they be authorized by vote of the qualified electors of the City or of any portion thereof.

Section 7. Reservation of Privilege to Issue Additional Parity Securities. The Board reserves the privilege to issue at any time and from time to time additional warrants or other securities of the Board that the Board may at the time of such issuance be lawfully authorized to issue and to pledge for payment of the principal thereof and the interest thereon, on a parity of lien and pledge with the pledge of the Pledged Tax Proceeds made in this resolution, and with the pledge of the Pledged Tax Proceeds heretofore made for the benefit of the Series 2020 Warrants, and pro rata and on a parity with the like pledge that may be made for the benefit of each series of the Additional Parity Securities, so much of the Pledged Tax Proceeds as may be necessary to pay the principal of and interest on the Additional Parity Securities at the respective maturities of said principal and interest; provided, that in order to make such parity pledge, the following conditions must exist and be complied with:

(a) At the time such Additional Parity Securities shall be issued, the Board shall have fully complied with all provisions of this resolution then required to be performed including making all payments then required to be made into the Warrant Fund.

(b) Such Additional Parity Securities may only be issued if there has been filed in the office of the Secretary of the Board a certificate of the Custodian of Public School Funds of the City (or of any other public officer who is charged with accounting for the proceeds of the Pledged

Tax Proceeds paid to the Board), dated not more than thirty (30) days prior to the date of issuance of any such Additional Parity Securities, stating that the amount of the Pledged Tax Proceeds paid to the Board during the twelve-month period next preceding the first day of the calendar month in which such additional Parity Securities are to be issued was not less than 130% (or 1.30 times) of the maximum principal and interest maturing during the then current or any subsequent Fiscal Year with respect to the Warrants, any Additional Parity Securities then outstanding, and the Additional Parity Securities to be issued; provided, that in computing the Annual Debt Service Requirement for any Fiscal Year, for the purposes of this paragraph (b), there shall be excluded from such computation the principal of and interest on any securities deemed fully paid under the provisions of Section 22 hereof (or under provisions substantially similar thereto).

(c) Each issue of the Additional Parity Securities shall be given a different series designation, shall have stated maturities of principal on June 1 in the years in which the Additional Parity Securities of that series shall mature, and shall bear interest payable (not less often than semiannually) on June 1 and December 1. Any series may have provisions for redemption prior to maturity and such other provisions not in conflict with this resolution as the Board shall determine advisable and shall set forth in the proceedings in which the Additional Parity Securities of that series are authorized to be issued.

Section 8. (a) The Warrant Fund. There is hereby created a special fund to be designated the "Warrant Principal and Interest Fund" which shall be continued until the principal of and the interest on the Warrants have been paid in full. The Board will, during each Fiscal Year of the Board beginning with the current Fiscal Year, and during each Fiscal Year thereafter, set aside in a special account all the Pledged Tax Proceeds as received by the Board, until there shall have been paid into the said special account an amount equal to all principal and interest that will mature on the Parity Securities during such Fiscal Year. From the said special account, the Board will transfer and deposit into the Warrant Fund, on or before each May 25 and November 25, such amount as will be necessary to pay the principal, if any, and interest that will mature on the Warrants on the then next succeeding Interest Payment Date. The moneys so paid into the Warrant Fund shall be used solely for payment of the principal of and the interest on the Warrants at the respective maturities of said principal and interest. The Paying Agent shall be the custodian and depository for the Warrant Fund. In the event the Paying Agent should refuse or cease to act as such depository or should become incapable of so acting then the Board may at any time and from time to time designate as depository for the Warrant Fund any other banking institution, provided that each such successor depository shall be and remain a member of the Federal Deposit Insurance Corporation or any agency of the United States of America that may succeed to its functions. Any depository for the Warrant Fund shall at all times keep all moneys on deposit therein (other than such portion thereof that is insured by the Federal Deposit Insurance Corporation or other agency of the United States of America that may succeed to its functions) secured in the manner provided in the next succeeding subparagraph (b) of this Section 8.

(b) Trust Nature of and Security for the Warrant Fund. The Warrant Fund shall be and at all times remain a public fund impressed with a trust for the purpose for which the Warrant Fund is herein created. Each depository for any part of the Warrant Fund shall at all times keep the moneys on deposit with it in the Warrant Fund continuously secured for the benefit of the Board and the holders of the Warrants either

(i) by holding on deposit as collateral security, direct general obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, or other marketable securities eligible as security for the deposit of trust funds under regulations of the Board of Governors of the Federal Reserve System, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the Warrant Fund; or

(ii) if the furnishing of security in the manner provided in the foregoing clause (i) of this sentence is not permitted by the then applicable law and regulations, then in such other manner as may be required or permitted by the applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of public funds;

provided, however, that it shall not be necessary for any such depository so to secure any portion of the moneys on deposit in the Warrant Fund that may be insured by the Federal Deposit Insurance

Corporation (or by any agency of the United States of America that may succeed to its functions) or any portion of the said moneys that may be invested in United States Securities.

(a) Investment of Moneys in the Warrant Fund. So long as the Board shall not be in default hereunder it may, at any time and from time to time as it in its sole discretion shall deem advisable, cause to be invested in United States Securities or in any security permitted under the provisions of Section 11-81-21 of the Code of Alabama 1975, as amended, any or all of the moneys in the Warrant Fund; provided, that each such investment shall mature not later than the Interest Payment Date next following the date such investment is made. In the event of any such investment, the securities in which the investment is made shall become a part of the Warrant Fund and shall be held by the depository for the moneys so invested to the same extent as if they were moneys on deposit in the said fund. Income from such investments shall be applied to the payment of the principal of and interest on the Warrants and shall be credited against the amounts required by the second sentence of Section 8(a) hereof to be paid into the Warrant Fund. The Board may likewise at any time and from time to time cause any securities in which any such investment shall be made to be sold or otherwise converted into cash, whereupon the net proceeds derived from any such sale or conversion, after payment of all necessary expenses incident to such sale or conversion, shall become a part of the Warrant Fund. Each depository for the Warrant Fund shall be fully protected in making investments, sales, and conversions of any such securities upon written direction given to it by the Superintendent or Chief School Financial Officer of the Board.

Section 9. Form of the Warrants. The Warrants, the Form of Registration Certificate and the Form of Assignment with respect thereto shall be in substantially the following forms, respectively, with appropriate changes therein to conform with the provisions hereof:

(Form of Warrant)

UNITED STATES OF AMERICA

STATE OF ALABAMA

MUSCLE SHOALS CITY BOARD OF EDUCATION

SPECIAL TAX SCHOOL WARRANT  
SERIES 2023

INTEREST RATE

MATURITY DATE

CUSIP NUMBER

Subject to prior payment and other provisions as herein provided

The Muscle Shoals City Board of Education ("the Board") hereby directs the Chief School Financial Officer of the Board to pay to CEDE & CO., or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of

\_\_\_\_\_ DOLLARS (\$\_\_\_\_\_)

on the date specified above with interest thereon from the date hereof until the maturity hereof at the per annum rate of interest specified above (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable on June 1, 2023, and semiannually thereafter on each June 1 and December 1 until the due date hereof. The principal of and premium (if any) on this Warrant shall be payable only upon presentation and surrender of this Warrant at the principal office of The Bank of New York Mellon Trust Company, N.A., in the City of Birmingham, Alabama ("the Paying Agent"). Interest on this Warrant shall be remitted by the Paying Agent to the then registered holder hereof at the address shown on the registry books of the Paying Agent pertaining to the Warrants as of the close of business on the May 15 and November 15, as the case may be, next preceding the payment date for such interest. Interest shall be deemed to have been timely paid if the check or draft therefor is mailed on or before the due date of such interest. All payments by the Board or the Paying Agent to the person in whose name a Warrant is registered shall to the extent thereof fully discharge and satisfy all liability for the same. Any transferee of this Warrant takes it subject to all payments of principal and interest in fact made with respect hereto.

This Warrant is one of an issue of warrants ("the Warrants"), designated Series 2023, aggregating \$5,190,000 in principal amount which have been issued pursuant to the provisions of Article 14 of Chapter 13 of Title 16 of the Code of Alabama 1975, as amended, for the purpose of providing funds to pay the costs of acquiring, providing, constructing and equipping certain capital improvements to the public school system under the jurisdiction and control of the Board. The Warrants are payable, as to both principal and interest, solely out of the proceeds allocated and distributed to the Board (a) of the privilege or license tax and excise tax levied on certain businesses in Colbert County pursuant to Act No. 89 adopted at the 1962 Special Session of the Legislature of Alabama, as amended, and (b) of the special privilege or license tax levied in the said County pursuant to authorization contained in Section 40-12-4 of the Code of Alabama 1975, as amended. The Board has irrevocably pledged the said proceeds for payment of the said principal and interest. In the resolution of the Board pursuant to which the Warrants are issued ("the Authorizing Resolution"), the Board reserved the privilege, upon compliance with certain requirements set forth in the said resolution, of issuing additional securities and securing them by a pledge of the said proceeds on a parity with the aforesaid pledge thereof for the benefit of the Warrants and with the pledge of such proceeds heretofore made for the benefit of the warrants of the Board bearing the "Series 2020" designation.

Those of the Warrants having stated maturities in 2031 and thereafter will be subject to redemption at the option of the Board, as a whole or in part (and if in part, those of the maturities to be redeemed to be selected by the Board) and in amounts of \$5,000 or any integral multiple

thereof, on any date on or after December 1, 2030, at and for a redemption price with respect to each such Warrant (or portion thereof) redeemed equal to the principal amount thereof redeemed, plus accrued interest to the date fixed for redemption. Those of the Warrants having stated maturities in 2028, 2031, 2033, 2035, 2037 and 2039 are also subject to redemption by the Board, but only on the dates and in the amounts set out in the Authorizing Resolution.

In the event that less than all the Warrants of a single maturity is redeemed, the Paying Agent shall, by lot, select that portion of the principal of the Warrants of such maturity to be redeemed. The Authorizing Resolution requires that written notice of the call for redemption of this Warrant (or portion of the principal thereof) be forwarded by United States First Class Mail to the registered owner of such Warrant, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption. In the event that less than all the outstanding principal of this Warrant is to be redeemed, the registered Holder hereof shall surrender this Warrant to the Paying Agent in exchange for a new Warrant of like tenor herewith except in a principal amount equal to the unredeemed portion of this Warrant. Upon the giving of notice of redemption in accordance with the provisions of the Authorizing Resolution, the Warrants (or principal portions thereof) so called for redemption and prepayment shall become due and payable on the date specified in such notice, anything herein or in the Authorizing Resolution to the contrary notwithstanding, and the Holders thereof shall then and there surrender them for prepayment, and all future interest on the Warrants (or principal portions thereof) so called for prepayment shall cease to accrue after the date specified in such notice, whether or not the Warrants are so presented.

The Warrants are issuable only as fully registered Warrants in the denomination of \$5,000 or any integral multiple thereof. Provision is made in the Authorizing Resolution for the exchange of Warrants for a like aggregate principal amount of Warrants of the same maturity and in authorized denominations, all upon the terms and subject to the conditions set forth in the Authorizing Resolution.

By the execution of this Warrant the Board acknowledges that it is indebted to the holder hereof in the principal amount hereof and will become indebted for the interest thereon as the same matures and becomes due.

It is hereby certified and recited that the amount ordered paid by this Warrant will be lawfully due at its maturity without condition, abatement or offset of any description; that all conditions, actions and things required by the constitution and laws of the State of Alabama to exist, be performed or happen precedent to or in the issuance of this Warrant exist, have been performed and have happened; and that the amount ordered paid by this Warrant together with all other warrants payable out of the said tax proceeds are within every limit prescribed by the laws of the State of Alabama.

This Warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the Paying Agent (the registrar and transfer agent of the Board) and only upon surrender of this Warrant to the Paying Agent for cancellation, and upon any such transfer a new Warrant of like tenor hereof will be issued to the transferee in exchange therefor, all as more particularly described in the Authorizing Resolution. Each holder, by receiving or accepting this Warrant shall consent and agree and shall be estopped to deny that, insofar as the Board and the Paying Agent are concerned, this Warrant may be transferred only in accordance with the provisions of the Authorizing Resolution.

In the event that this Warrant (or any principal portion hereof) is duly called for redemption, the Paying Agent shall not be required to register or transfer this Warrant during the period of forty-five (45) days next preceding the date fixed for such redemption.

Execution by the Paying Agent of its registration certificate hereon is essential to the validity hereof.

IN WITNESS WHEREOF, the Board has caused this Warrant to be executed by its President, has caused a facsimile of its corporate seal to be hereunto imprinted, has caused the said execution and seal to be attested by the Secretary of the Board, and has caused this Warrant to be dated January 25, 2023.

MUSCLE SHOALS CITY  
BOARD OF EDUCATION

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

[ S E A L ]

Attest:

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

(Form of Registration Certificate)

Date of Registration: January 25, 2023

This Warrant was registered in the name of the above-registered owner on the date set forth above.

THE BANK OF NEW YORK  
MELLON TRUST COMPANY, N.A.  
Birmingham, Alabama  
As Paying Agent

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

(Form of Assignment)

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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

Signature guaranteed:

\_\_\_\_\_  
(Bank, Broker or Firm) \*

By \_\_\_\_\_  
(Authorized Officer)

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

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

(Form of Statement of Insurance)

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal and of interest on this Warrant to The Bank of New York Mellon Trust Company, N.A., Birmingham, Alabama, or its successor, as Paying Agent for the Warrants (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the policy shall be made in accordance with the provisions thereof. By its purchase of these Warrants, the owner acknowledges and consents (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Authorizing Resolution or this Warrant, BAM shall be deemed to be the sole owner of the Warrants for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Warrants or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Authorizing Resolution, at laws or in equity.

(end of Form of Statement of Insurance)

Section 10. Registration Certificate on Warrants. A registration certificate by the Paying Agent, in substantially the form hereinabove recited, duly executed by the manual signature of the Paying Agent, shall be endorsed on each of the Warrants and shall be essential to its validity.

Section 11. Registration and Transfer of Warrants. All Warrants shall be registered as to both principal and interest, and shall be transferable only on the registry books of the Paying Agent. The Paying Agent shall be the registrar and transfer agent of the Board and shall keep at its office proper registry and transfer books in which it will note the registration and transfer of such Warrants as are presented for those purposes, all in the manner and to the extent hereinafter specified.

No transfer of a Warrant shall be valid hereunder except upon presentation and surrender of such Warrant at the office of the Paying Agent with written power to transfer signed by the registered owner thereof in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the Paying Agent, whereupon the Board shall execute, and the Paying Agent shall register and deliver to the transferee, a new Warrant, registered in the name of such transferee and of like tenor as that presented for transfer. The person in whose name a Warrant is registered on the books of the Paying Agent shall be the sole person to whom or on whose order payments on account of the principal thereof and of the interest (and premium, if any) thereon may be made. Each Holder of any of the Warrants, by receiving or accepting such Warrant, shall consent and agree and shall be estopped to deny that, insofar as the Board and the Paying Agent are concerned, the Warrants may be transferred only in accordance with the provisions of this resolution.

If any Warrant is duly called for redemption (in whole or in part), the Paying Agent shall not be required to register or transfer such Warrant during the period of forty-five (45) days next preceding the Redemption Date.

Section 12. Exchange of Warrants. Upon the request of the Holder of one or more Warrants, the Board shall execute, and the Paying Agent shall register and deliver, upon surrender to the Paying Agent of such Warrant or Warrants in exchange thereof, a Warrant or Warrants in different Authorized Denominations of the same maturity and interest rate and together aggregating the same principal amount as the then unpaid principal of the Warrant or Warrants so surrendered, all as may be requested by the person surrendering such Warrant or Warrants.

The registration, transfer and exchange of Warrants (other than pursuant to Section 16 hereof) shall be without expense to the Holder or transferee. In every case involving any transfer, registration or exchange, such Holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange.

Section 13. Accrual of Interest on Warrants. All Warrants issued prior to June 1, 2023, in exchange for Warrants initially delivered, shall bear interest from the date of issuance of the Warrants, and all Warrants issued on or after June 1, 2023, shall bear interest from the June 1 or December 1, as the case may be, next preceding the date of its issuance and delivery unless (a) such date of delivery is a June 1 or December 1, in which event such Warrant shall bear interest from the date of its issuance and delivery, or (b) at the time of such delivery the Board is in default in the payment of interest on the Warrant in lieu of which such new Warrant is issued, in which event such new Warrant shall bear interest from the last Interest Payment Date to which interest has previously been paid or made available for payment on the Warrant in lieu of which such new Warrant is issued. The preceding provision shall be construed to the end that the issuance of a Warrant shall not affect any gain or loss in interest to the Holder thereof.

Section 14. Persons to Whom Payment of Interest on Warrants is to be Made. Interest on the Warrants shall, except as provided in the next succeeding paragraph of this Section 14, be payable in lawful money of the United States of America by check or draft mailed by the Paying Agent to the lawful Holders of the Warrants at the addresses shown on the registry books of the Paying Agent pertaining to the Warrants as of the close of business on the Record Date next preceding the Interest Payment Date. Each Holder of any of the Warrants takes it subject to all payments of interest in fact made with respect thereto.

Any provision hereof to the contrary notwithstanding, Overdue Interest shall not be payable to any Holder of the Warrants solely by reason of such Holder having been the Holder on the

Record Date next preceding the Interest Payment Date on which such interest became due and payable, but shall be payable by the Paying Agent as follows:

(a) Not less than ten (10) days following receipt by the Paying Agent of immediately available funds in an amount sufficient to enable the Paying Agent to pay all Overdue Interest, the Paying Agent shall fix an Overdue Interest Payment Date for payment of such Overdue Interest.

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

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

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

Section 15. Persons Deemed Owners of Warrants. The Board and the Paying Agent may deem and treat the person in whose name a Warrant is registered as the absolute owner thereof for all purposes; they shall not be affected by notice to the contrary; and all payments by any of them to the person in whose name a Warrant is registered, shall to the extent thereof fully discharge and satisfy all liability for the same.

Section 16. Replacement of Mutilated, Lost, Stolen or Destroyed Warrants. In the event any Warrant is mutilated, lost, stolen or destroyed, the Board may execute and deliver a new Warrant of like tenor as that mutilated, lost, stolen or destroyed; provided that (a) in the case of any such mutilated Warrant, such Warrant is first surrendered to the Board and the Paying Agent, and (b) in the case of any such lost, stolen or destroyed Warrant, there is first furnished to the Board and the Paying Agent evidence of such loss, theft or destruction satisfactory to each of them, together with indemnity satisfactory to each of them. The Board may charge the Holder with the expense of issuing any such new Warrant.

Section 17. Provisions Respecting Registration of Warrants to Comply with Provisions of the Code. The Board and the Paying Agent recognize that the provisions of the Code require that the Warrants be in "registered form," and that, in general, each Warrant must be registered as to both principal and interest and any transfer of any Warrant must be effected only by the surrender of the old Warrant and either by the reissuance of the old Warrant to a new Holder or the issuance of a new Warrant to a new Holder. The Paying Agent may rely upon an opinion of Bond Counsel with respect to any question which may arise pertaining to the transfer, exchange or reissuance of Warrants. The provisions of this resolution pertaining to transfer, exchange or reissuance of Warrants need not or shall not be followed if the Paying Agent receives an opinion of Bond Counsel that compliance with requirements in addition to or in lieu of the requirements of this resolution pertaining to such transfer, exchange or reissuance is required or permitted under the provisions of the Code, or under other applicable laws and regulations.

Section 18. Denominations of Warrants as Initially Issued. The Warrants of each maturity shall be initially issued in Authorized Denominations as requested by the purchaser and registered in the names of the persons specified by the purchaser. If, for any reason, the Board is unable to prepare or cause to be prepared Warrants in the Authorized Denominations requested by the purchaser and registered in the names of the persons specified by the purchaser, the Board may deliver one Warrant for each maturity in the principal amount of such maturity, each registered in the name of the purchaser of the Warrants from the Board.

Section 19. Special Covenants of the Board Relating to Exemption of the Interest on the Warrants from Gross Income for Federal Income Tax Purposes. The Board will (a) in a timely manner, make all Required Rebates and take such other action as shall be necessary, under the provisions of Section 103 of the Code and any applicable regulations, to preserve the exemption of the interest on the Warrants from gross income of the recipients thereof for federal income tax purposes, and (b) refrain from taking any action that would, under the provisions of Section 103 of the Code and any applicable regulations, result in the interest on any of the Warrants being or

becoming subject to gross income of the recipients thereof for federal income tax purposes. Further, the Board will not apply the proceeds from the Warrants in a manner that would cause any of the Warrants to be a "private activity bond" within the meaning of Section 141(a) of the Code.

Pursuant to the provisions of Section 265 of the Code, the Warrants are hereby designated as "qualified tax-exempt obligations" for purposes of paragraph (b)(3)(B) of said Section 265 of the Code. In connection therewith and after due investigation and consideration, the Board finds, determines and declares that the amount of tax-exempt obligations and indebtedness that have heretofore during the current calendar year been issued or incurred by the Board and the reasonably anticipated amount of tax-exempt obligations and indebtedness that will be issued or incurred by the Board during the current calendar year will not exceed \$10,000,000.

Section 20. Provisions of Resolution Constitute Contract. The provisions of this resolution shall constitute a contract between the Board and the holders of the Warrants. Whenever all of the Warrants have been paid in full, then the obligations of the Board hereunder shall thereupon cease.

Section 21. Warrants Payable at Par. Each banking institution at which the Warrants shall at any time be payable, by acceptance of its duties as paying agent therefor, shall be construed to have agreed thereby with the holders of the Warrants that all remittances made by it of the principal of and interest on the Warrants shall be made in bankable funds at par and without deduction for exchange, fees or expenses. The Board agrees with the holders of the Warrants that it will pay all charges for exchange, fees or expenses which may be made by any such banking institution in the making of remittances in bankable funds of the principal of and the interest on any of the Warrants.

Section 22. Escrow for Warrants. In addition to all other circumstances under which the Warrants are to be deemed paid, any of the Warrants shall be considered as fully paid if there shall be filed with the Board and the Paying Agent each of the following:

(a) a trust agreement between the Board and a banking corporation or national banking association making provision for the retirement of such Warrants by creating for that purpose an irrevocable trust fund sufficient to provide for payment and retirement of such Warrants (including payment of the interest that will mature thereon until and on the dates they are retired, as such interest becomes due and payable), either by redemption prior to their respective maturities, by payment at their respective maturities or by payment of part thereof at their respective maturities and redemption of the remainder prior to their respective maturities, which said trust fund shall consist of (i) United States Securities which are not subject to redemption prior to their respective maturities at the option of the issuer and which, if the principal thereof and the interest thereon are paid at their respective maturities, will produce funds sufficient so to provide for payment and retirement of all such Warrants, or (ii) both cash and such United States Securities which together will produce funds sufficient for such purpose, or (iii) cash sufficient for such purpose;

(b) a certified copy of a resolution of the Board calling for redemption those of such Warrants that, according to said trust agreement, are to be redeemed prior to their respective maturities;

(c) an opinion of nationally recognized bond counsel to the effect that the execution and effectuation of the trust agreement referred to in the preceding clause (a) will not result in subjecting the interest income on such Warrants to federal income taxation and that such Warrants will be considered fully paid and no longer outstanding hereunder; and

(d) a report of an independent firm of nationally recognized certified public accountants, or such other accountant, addressed to the Board and the Paying Agent, verifying the sufficiency of the escrow established to pay the Warrants in full according to the said trust agreement.

Section 23. Provisions of Resolution Severable. The various provisions of this resolution are hereby declared to be severable. In the event any provisions hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this resolution.

Section 24. Sale. The Warrants are hereby sold to The Frazer Lanier Company Incorporated (the "Underwriter") at a price equal to \$5,088,303.50 (which reflects an

underwriting discount of \$59,685.00 and original issue discount of \$42,011.50). The action of the Superintendent of Education in executing and delivering, in the name of the Board, a purchase contract with respect to the Warrants is hereby ratified and confirmed in all respects. The President and the Secretary of the Board are hereby further authorized and directed to execute and deliver the Warrants to the said purchaser upon payment of the said purchase price to the Board. The proceeds derived from the sale of the Warrants (less the said underwriting discount, which shall be withheld by the Underwriter, and less the sum of \$24,802.61, which shall be paid directly by the Underwriter to BAM for payment of the Policy premium) shall be applied as follows:

(a) the sum of \$5,000,000.89 shall be deposited into a special fund or account of the Board to be designated the "2023 Construction Fund"; and

(b) the sum of \$63,500.00 shall be deposited into a special clearing account established with the Paying Agent (the "2023 Costs of Issuance Account") for payment of the costs of issuing the Warrants;

all as shall be more particularly set forth in a closing statement executed by the Secretary of the Board and delivered to the Underwriter contemporaneously with issuance of the Warrants. The Secretary of the Board and its Chief School Financial Officer are hereby authorized and directed to establish the 2023 Construction Fund and to expend the same, and the earnings thereon, for the purposes for which the Warrants are herein authorized to be issued; the 2023 Construction Fund shall be in whatever depository (or depositories) the said Superintendent and said Chief School Financial Officer shall determine and shall be secured and may be invested, upon written direction from either officer, as is provided by law for public funds.

Section 25. Approval of Official Statement. The Board hereby approves and adopts the Preliminary Official Statement, dated January 5, 2023, respecting the Warrants in substantially the form submitted to the Board, a copy of which, marked Exhibit A, is attached to the minutes of the meeting of the Board at which this resolution is adopted. The actions of the Board in causing the said Preliminary Official Statement to be deemed "final" as described in SEC Rule 15c2-12(b)(1) for the purposes of such rule, subject to revision, amendment and completion in a final Official Statement, are hereby ratified, confirmed and approved in all respects. The said Exhibit A is made a part of this resolution in all respects as if set forth in full herein. The President of the Board is hereby authorized and directed to execute a final Official Statement of the Board with respect to the Warrants in substantially the form of the said Preliminary Official Statement, with such changes therein and additions thereto as shall be necessary to conform to the provisions of the resolution of the Board respecting the Warrants and such other changes and additions as the President shall deem necessary and appropriate. The President is hereby authorized and directed to cause the said final Official Statement to be delivered to the purchaser of the Warrants. In the event the President is out of town on the date the Warrants are issued and delivered to the purchasers, the Vice-President is hereby authorized and directed to take all actions herein delegated to the President and to execute such instruments and documents as are necessary, for and on behalf of the Board, as if he/she were the President of the Board.

Section 26. Authorization of Related Documents and Actions. The President and the Secretary of the Board are hereby authorized and directed to execute, seal, attest and deliver such other documents and certificates and to take such other actions on behalf of the Board as may be necessary to consummate the sale and issuance of the Warrants and to carry out fully the transactions contemplated by this resolution. Further, the President is hereby authorized and directed to execute and deliver a Continuing Disclosure Agreement in substantially the form presented to the meeting at which this resolution is adopted (which form shall be attached as Exhibit B to the minutes of the meeting at which this resolution is adopted and which is hereby adopted in all respects as if set out in full in this resolution) and the Secretary is hereby authorized and directed to affix to the said documents, if necessary, the seal of the Board and to attest the same.

Section 27. Registration of Warrants in the Book-Entry Only System. The provisions of this Section 27 shall apply with respect to any Warrant registered to CEDE & CO. or any other nominee of The Depository Trust Company ("DTC") while the Book-Entry Only System is in effect and shall, during the period of their application, supersede any contrary provisions of this resolution.

The Warrants shall be issued as one fully registered warrant for each maturity in the total principal amount of such maturity. On the date of the initial authentication and delivery of the Warrants, the Warrants shall be registered in the name of CEDE & CO., as nominee of DTC as

the Owner of all the Warrants. With respect to Warrants registered in the name of CEDE & CO., as nominee of DTC, the Board and the Paying Agent shall have no responsibility or obligation to any Participant (which means securities brokers and dealers, banks, trust companies, clearing corporations and various other entities, some of whom, or their representatives, own DTC) or to any Beneficial Owner (which means, when used with reference to the Book-Entry Only System, the person who is considered the beneficial owner thereof pursuant to the arrangements for book entry determination of ownership applicable to DTC) with respect to the following: (i) the accuracy of the records of DTC, CEDE & CO. or any participant with respect to any ownership interest in the Warrants, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than DTC, of any notice with respect to the Warrants, including any notice of redemption, or (iii) the payment to any Participant, or any Beneficial Owner or any other person, other than DTC, of any amount with respect to the principal or purchase price of or premium, if any, or interest on the Warrants. The Paying Agent shall pay all principal of and premium, if any, or interest on the Warrants only to or upon the order of DTC, and all such payments shall be valid and effective fully to satisfy and discharge the Board's obligations with respect to the principal of and premium, if any, and interest on such Warrants to the extent of the sum so paid. No person other than DTC shall receive a Warrant. Upon delivery by DTC to the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of CEDE & CO., the words "CEDE & CO." in this Section 27 shall refer to such new nominee of DTC.

Upon receipt by the Paying Agent of written notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities hereunder, the Paying Agent shall issue, transfer and exchange Warrants as requested by DTC in Authorized Denominations, and whenever DTC requests the Paying Agent to do so, the Paying Agent will cooperate with DTC in taking appropriate action after reasonable notice to arrange for a substitute bond depository willing and able upon reasonable and customary terms to maintain custody of the Warrants registered in whatever name or names the Owners transferring or exchanging such Warrants shall designate, in accordance with this Section 27.

In the event the Board determines that it is in the best interests of the Beneficial Owners that they be able to obtain Warrants registered in the name of an Owner other than DTC, the Board may so notify DTC and the Paying Agent, whereupon DTC will notify the Participants, of the availability through DTC of such Warrants. In such event, upon the return by DTC of all Warrants held by DTC in the name of Cede & Co., the Paying Agent shall issue, transfer and exchange Warrants in Authorized Denominations as requested by DTC, and whenever DTC requests the Board and the Paying Agent to do so, the Paying Agent and the Board will cooperate with DTC in taking appropriate action after reasonable notice to make available Warrants registered in whatever name or names the Beneficial Owners transferring or exchanging Warrants shall designate, in accordance with this Section 27.

Notwithstanding any other provision of this resolution to the contrary, so long as any Warrant is registered in the name of CEDE & CO., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Warrant and all notices with respect to such Warrant shall be made and given, respectively, to DTC as provided in their Letter of Representations.

In the event that the Book-Entry Only System pursuant to this Section 27 is discontinued, the Beneficial Owners shall be registered on the Registry Books as the Owners of the Warrants. Subsequent to the discontinuation of the Book-Entry Only System, Warrants may be registered, transferred and exchanged in accordance with the provisions of this Resolution (other than this Section 27).

#### Section 28. Provisions with Respect to Paying Agent.

(a) Appointment of Paying Agent and Acceptance of Duties. The Paying Agent is herein designated and appointed and shall act as registrar, transfer agent and payment agent with respect to the Warrants. By the acceptance of such duties hereunder, the Paying Agent shall accept and agree to perform the duties required by this resolution, subject, however, to the following conditions:

(i) The Paying Agent shall undertake to perform such duties and only such duties as are specifically set forth in this resolution, and no implied covenants or obligations shall be read into this resolution against the Paying Agent.

(ii) In the absence of bad faith or negligence on its part, the Paying Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Paying Agent and conforming to the requirements of this resolution; provided, however, that in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Paying Agent, the Paying Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this resolution.

(iii) The Paying Agent shall not be answerable for other than its gross negligence or willful default and the Paying Agent may act through its agents and attorneys with respect to any of its duties hereunder.

(iv) No provision of this resolution shall be construed to relieve the Paying Agent from liability for its own gross negligence or willful misconduct, except that no provision of this resolution shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

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

(vi) The Paying Agent need not recognize a Holder of a Warrant as such without the satisfactory establishment of his title to such Warrant.

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

(viii) The Paying Agent may be a Holder or a pledgee of any of the Warrants as if not Paying Agent hereunder.

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

(x) The Paying Agent shall not be liable to pay or allow interest on any moneys to be held by it under this resolution or otherwise to invest any such moneys, except as specifically required by this resolution or as may be required by law or other written agreement between the Board and the Paying Agent.

(xi) The Paying Agent may make any investments permitted or required hereby through its own investment department and such investments issued or held by it hereunder shall be deemed investments and not deposits.

(xii) The Paying Agent shall, upon reasonable written request, inform the Board of the amount at the time on deposit in any of the special funds or accounts created hereunder.

(xiii) The recitals of fact herein and in the Warrants are statements by the Board and not by the Paying Agent, and the Paying Agent is in no way responsible for the validity or security of the Warrants or the validity of the security afforded hereby.

(b) Compensation of Paying Agent. Subject to the provisions of any separate agreement with the Paying Agent, the Board shall pay to the Paying Agent from time to time reasonable compensation for all services rendered by it under this resolution, including its services as registrar and paying agent for the Warrants, and also all its reasonable expenses,

charges, counsel fees, costs and expenses, and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its duties hereunder. If the Paying Agent is required by a governmental agency or court proceeding initiated by a third party to undertake efforts beyond that which is set forth herein but related thereto (other than due to the Bank's negligence or willful misconduct), the Bank shall notify the Board of the same in writing and the Board shall promptly pay the Paying Agent for such extraordinary fees, costs and expenses (including reasonable attorney's fees, costs and expenses) reasonably and necessarily incurred in connection therewith.

Section 29. Concerning the Policy. The following provisions pertain to the Policy:

(a) Notice and Other Information to be Given to BAM. The Board will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement respecting the Warrants and (ii) to the holders of the Warrants or the Paying Agent under the Security Documents. The notice address of BAM is: Build America Mutual Assurance Company, 200 Liberty Street, 27th Floor, New York, NY 10281, Attention: Surveillance, Re: Policy No. \_\_\_\_\_, Telephone: (212) 235-2500, Telecopier: (212) 235-1542, Email: [notices@buildamerica.com](mailto:notices@buildamerica.com). In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at [claims@buildamerica.com](mailto:claims@buildamerica.com) or at Telecopier: (212) 235-5214 and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(b) Defeasance. The investments in the defeasance escrow relating to the Warrants shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise may be authorized under State law and approved by BAM.

At least three (3) Business Days prior to any defeasance with respect to the Warrants, the Board shall deliver to BAM draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Warrants, a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or a firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to BAM and shall be in form and substance satisfactory to BAM. In addition, the escrow agreement shall provide that:

(i) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Warrants is excludable) from gross income of the holders of the Warrants of the interest on the Warrants for federal income tax purposes and the prior written consent of BAM, which consent will not be unreasonably withheld.

(ii) The Board will not exercise any prior optional redemption of Warrants secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (A) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (B) as a condition to any such redemption there shall be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(iii) The Board shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

(c) Trustee and Paying Agent. BAM shall receive prior written notice of any name change of the Paying Agent for the Warrants or the resignation or removal of the Paying Agent. Any Paying Agent must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System or (C) otherwise approved by BAM in writing. No removal, resignation or termination of the Paying Agent shall take effect until a successor, meeting the requirements above or acceptable to BAM, shall be qualified and appointed.

(d) Amendments, Supplements and Consents. BAM's prior written consent is required for all amendments and supplements to the Security Documents, with the exceptions noted below. The Board shall send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the Warrants.

(i) *Consent of BAM.* Any amendments or supplements to the Security Documents shall require the prior written consent of BAM with the exception of amendments or supplements:

(a) To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto,

(b) To grant or confer upon the holders of the Warrants any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Warrants,

(c) To add to the conditions, limitations and restrictions on the issuance of warrants or other obligations under the provisions of the Security Documents other conditions, limitations and restrictions thereafter to be observed,

(d) To add to the covenants and agreements of the Board in the Security Documents other covenants and agreements thereafter to be observed by the Board or to surrender any right or power therein reserved to or conferred upon the Board, or

(e) To issue additional parity debt in accordance with the requirements set forth in the Security Documents (unless otherwise specified herein).

(ii) *Consent of BAM in Addition to Consent of Holders.* Wherever any Security Document requires the consent of holders of the Warrants, BAM's consent shall also be required. In addition, any amendment, supplement or modification to the Security Documents that adversely affect the rights or interests of BAM shall be subject to the prior written consent of BAM.

(iii) *Insolvency.* Any reorganization or liquidation plan with respect to the Board must be acceptable to BAM. The Paying Agent and each owner of the Warrants hereby appoint BAM as their agent and attorney-in-fact with respect to the Warrants and agree that BAM may at any time during the continuation of any proceeding by or against the Board under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Paying Agent and each owner of the Warrants delegate and assign to BAM, to the fullest extent permitted by law, the rights of the Paying Agent and each owner of the Warrants with respect to the Warrants in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(iv) *Control by BAM Upon Default.* Anything in any Security Document to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Warrants or the Paying Agent for the benefit of the holders of the Warrants under any Security Document. No default or event of default may be waived without BAM's written consent.

(v) *BAM as Owner.* Upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole holder of the Warrants for all purposes under the Security Documents, including, without limitation, for purposes of exercising remedies and approving amendments.

(vi) *Consent of BAM for Acceleration.* BAM's prior written consent is required as a condition precedent to and in all instances of acceleration (to the extent permitted under the Security Documents).

(vii) *Grace Period for Payment Defaults.* No grace period shall be permitted for payment defaults on the Warrants. No grace period for a covenant default shall exceed 30 days without the prior written consent of BAM.

(viii) *Special Provisions for Insurer Default.* If an Insurer Default shall and occur and be continuing, then, notwithstanding anything in paragraphs 4(a)-(e) above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other holder of the Warrants for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, "Insurer Default" means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

(e) BAM as Third Party Beneficiary. BAM is explicitly recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce any right, remedy or claim conferred, given or granted thereunder.

(f) Payment Procedure Under the Policy.

(i) In the event that principal and/or interest due on the Warrants shall be paid by BAM pursuant to the Policy, the Warrants shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Board, all covenants, agreements and other obligations of the Board to the registered owners of the Warrants shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such registered owners.

(ii) In the event that on the second (2<sup>nd</sup>) business day prior to any payment date on the Warrants, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the Warrants due on such payment date, the Paying Agent shall immediately notify BAM or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent shall so notify BAM or its designee.

(iii) In addition, if the Paying Agent has notice that any holder of the Warrants has been required to disgorge payments of principal of or interest on the Warrants pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Paying Agent shall notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of BAM.

(iv) The Paying Agent shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Warrants as follows:

(A) if there is a deficiency in amounts required to pay interest and/or principal on the Warrants, the Paying Agent shall (I) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holders of the Warrants in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the

Warrants, (II) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment from BAM with respect to the claims for interest so assigned, (III) segregate all such payments in a separate account (the "BAM Policy Payment Account") to only be used to make scheduled payments of principal of and interest on the Warrants and (IV) disburse the same to such respective holders; and

(B) if there is a deficiency in amounts required to pay principal of the Warrants, the Paying Agent shall (I) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such holder of the Warrants in any legal proceeding related to the payment of such principal and an assignment to BAM of the Warrants surrendered to BAM, (II) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefor from BAM, (III) segregate all such payments in the BAM Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Warrants and (IV) disburse the same to such holders.

(v) The Paying Agent shall designate any portion of payment of principal on Warrants paid by BAM, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Warrants registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Warrant to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Warrant shall have no effect on the amount of principal or interest payable by the Board on any Warrant or the subrogation or assignment rights of BAM.

(vi) Payments with respect to claims for interest on and principal of Warrants disbursed by the Paying Agent from proceeds of the Policy shall not be considered to discharge the obligation of the Board with respect to such Warrants, and BAM shall become the owner of such unpaid Warrants and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise. The Security Documents shall not be discharged or terminated unless all amounts due or to become due to BAM have been paid in full or duly provided for.

(vii) Irrespective of whether any such assignment is executed and delivered, the Board and the Paying Agent shall agree for the benefit of BAM that:

(A) they recognize that to the extent BAM makes payments directly or indirectly (e.g., by paying through the Paying Agent), on account of principal of or interest on the Warrants, BAM will be subrogated to the rights of the Holders of the Warrants to receive the amount of such principal and interest from the Board, with interest thereon, as provided and solely from the sources stated in the Security Documents; and

(B) they will accordingly pay to BAM the amount of such principal and interest, with interest thereon, but only from the sources and in the manner provided in the Security Documents for the payment of principal of and interest on the Warrants to Holders thereof, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

(g) Additional Payments. The Board agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Security Documents ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The Board agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Notwithstanding anything herein to the contrary, the Board agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Policy ("BAM Policy Payment"); and (ii) interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the Board, payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. Notwithstanding anything to the contrary, including without limitation the post default application of revenue provisions, BAM

Reimbursement Amounts shall be, and the Board hereby covenants and agrees that the BAM Reimbursement Amounts are, payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Parity Securities on a parity with debt service due on the Parity Securities.

(h) Exercise of Rights by BAM. The rights granted to BAM under the Security Documents to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of BAM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Warrants and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the holders of the Warrants or any other person is required in addition to the consent of BAM.

(i) BAM shall be entitled to pay principal or interest on the Warrants that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Board (as such terms are defined in the Policy) and any amounts due on the Warrants as a result of acceleration of the maturity thereof in accordance with the Security Documents (if permitted thereunder), whether or not BAM has received a claim upon the Policy.

(j) No contract shall be entered into or any action taken by which the rights of BAM or security for or source of payment of the Warrants may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of BAM.

(k) If an event of default occurs under any agreement pursuant to which any Obligation of the Board has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Warrants or BAM, as BAM may determine in its sole discretion, then an event of default shall be deemed to have occurred hereunder and the related Security Documents for which BAM or the Paying Agent, at the direction of BAM, shall be entitled to exercise all available remedies under the Security Documents, at law and in equity. For purposes of the foregoing, "Obligation" shall mean any bonds, warrants, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Warrants.