

BE IT ORDAINED by the Mayor and City Council of the CITY OF HAMILTON, ALABAMA, as follows:

Section 1. Definitions and Use of Phrases. (a) Definitions. The following words and phrases and others evidently intended as the equivalent thereof shall, in the absence of clear implication herein otherwise, be given the following respective interpretations:

"Authorized Denominations" means, with respect to the principal of the Series 2002 Warrants, the denomination of \$5,000 or any integral multiple thereof.

"Authorizing Ordinance" means this ordinance, as it may be amended or supplemented.

"Bond Counsel" means any attorney, or firm of attorneys, whose opinion respecting the legality or validity of securities issued by or on behalf of states or political subdivisions thereof are nationally recognized and accepted.

"CAPITAL Improvement Warrants" means those of the Series 2002-A Warrants in the initial aggregate principal amount of \$1,400,000 and having stated maturities or being subject to scheduled mandatory redemption on February 1 in the following respective years and principal amounts:

| <u>Year</u> | <u>Principal Amount</u> |
|-------------|-------------------------|
| 2003 | \$ 5,000 |
| 2004 | 5,000 |
| 2005 | - |
| 2006 | 5,000 |
| 2007 | 5,000 |
| 2008 | 10,000 |
| 2009 | 10,000 |
| 2010 | 10,000 |
| 2011 | 10,000 |
| 2012 | 10,000 |
| 2013 | 60,000 |
| 2014 | 60,000 |
| 2015 | 65,000 |
| 2016 | 70,000 |
| 2017 | 75,000 |
| 2018 | 75,000 |
| 2019 | 80,000 |
| 2020 | 85,000 |
| 2021 | 90,000 |
| 2022 | 95,000 |
| 2023 | 105,000 |
| 2024 | 110,000 |
| 2025 | 115,000 |
| 2026 | 120,000 |
| 2027 | 125,000 |

"City" means the City of Hamilton, Alabama

"City Clerk" means the City Clerk of the City.

"City Treasurer" means the City Treasurer of the City.

"Council" means the Mayor or the Chairman pro tempore of the City Council and the City Council of the City in their collective capacity as the present governing body of the City and includes any other governing body of the City that may succeed to the functions of said City Council.

"Eligible Investments" means (i) Federal Securities and (ii) Eligible Time Deposits.

"Eligible Time Deposits" means any time deposit with, or any certificate of deposit issued by, any bank, savings bank or savings and loan association, provided that such time deposit or certificate of deposit is either (i) fully insured by the Federal Deposit Insurance Corporation or any agency or instrumentality of the United States of America that may succeed to the functions thereof or (ii) secured by a deposit of Federal Securities having a market value at all times not less than the principal amount of such time deposit or certificate of deposit.

"Escrow Trust Agreement" means that certain Escrow Trust Agreement dated as of March 1, 2002, between the City and SouthTrust Bank as Escrow Trustee, providing for the retirement and redemption of the Refunded Warrants, as said Escrow Trust Agreement may at any time exist.

"Escrow Trustee" means SouthTrust Bank acting in its capacity as Escrow Trustee under the Escrow Trust Agreement, and includes its successors and assigns.

"Federal Securities" means (i) direct obligations of the United States of America, (ii) obligations payment of the principal of and the interest on which is unconditionally guaranteed by the United States of America, (iii) Treasury Receipts and (iv) to the extent that they are at the time legal investments for the City, any share or other investment unit representing a beneficial interest in any money market fund, provided that the investment portfolio of such money market fund consists of obligations and securities described in clauses (i), (ii), and (iii) of this definition.

"Fiscal Year" means a fiscal year of the City, which is the period beginning on October 1 of each calendar year and ending on September 30 of the then next ensuing calendar year.

"fully paid", "payment in full", or any similar expression with respect to the Series 2002 Warrants, means that all of the Series 2002 Warrants have been paid in full or duly provided for pursuant to Section 31 hereof.

"Holder" or "Warrantholder" means the person in whose name the ownership of a Series 2002 Warrant is registered on the registry books of the Registrar pertaining to the Series 2002 Warrants.

"Hospital Refunding Warrants" means those of the Series 2002-A Warrants in the initial aggregate principal amount of \$2,380,000 and having stated maturities or being subject to scheduled mandatory redemption on February 1 in the following respective years and principal amounts:

| <u>Year</u> | <u>Principal Amount</u> |
|-------------|-------------------------|
| 2013 | \$ 105,000 |
| 2014 | 115,000 |
| 2015 | 120,000 |
| 2016 | 125,000 |
| 2017 | 130,000 |
| 2018 | 140,000 |
| 2019 | 145,000 |
| 2020 | 155,000 |
| 2021 | 165,000 |
| 2022 | 170,000 |
| 2023 | 180,000 |
| 2024 | 190,000 |
| 2025 | 200,000 |
| 2026 | 215,000 |
| 2027 | 225,000 |

"Municipal Improvements" means various capital improvements to public facilities in and for the City.

"Interest Payment Date" means each February 1 and August 1 commencing August 1, 2002, on which any interest is due and payable on the Series 2002 Warrants.

"Issuance Expense Account" means the City of Hamilton Issuance Expense Account created in Section 23 hereof.

"Mayor" means the Mayor of the City of Hamilton, or in case of the absence or disability of the Mayor, the chairman pro tempore of the City Council.

"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 Registrar, pursuant to the provisions of Section 18 hereof, for the payment of Overdue Interest.

"Public Hospital" means the acute care public hospital located in the City and known as "Marion Regional Medical Center."

"Refunded Warrants" means those certain General Obligation Hospital Improvement Warrants, Series 1993, heretofore issued by the City and now outstanding in the aggregate principal amount of \$2,440,000.

"Refunded Warrants Ordinance" means that certain ordinance of the City adopted by the governing body of the City on July 13, 2003, pursuant to which the Refunded Warrants were issued.

"Registrar" means SouthTrust Bank, Birmingham, Alabama, in its capacity as registrar, transfer agent and paying agent with respect to the Series 2002 Warrants, or any successor thereto in such capacity.

"Regular Record Date", when used with reference to the interest payable on any Interest Payment Date, means the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding such Interest Payment Date.

"Series 2002 Warrants" means the Series 2002-A Warrants, the Series 2002-B Warrants and the Series 2002-C Warrants.

"Series 2002-A Warrants" means the General Obligation Warrants, Series 2002-A, herein authorized to be issued in the initial amount of \$3,780,000, which shall include the Hospital Refunding Warrants and the Capital Improvement Warrants.

"Series 2002-B Warrants" means the General Obligation Warrants, Series 2002-B, herein authorized to be issued in the initial principal amount of \$670,000.

"Series 2002-C Warrants" means the Taxable General Obligation Warrants, Series 2002-C, herein authorized to be issued in the initial principal amount of \$515,000.

"Service Zone Project" means the portion of the Municipal Improvements consisting of a call center for use by Service Zone, Inc.

"Special County Hospital Tax" means that certain special privilege, license and excise tax levied in the County under the authority of Act No. 115 enacted at the 1949 Regular Session of the Legislature of Alabama, as amended by various subsequent Acts of the Legislature of Alabama.

"Tax-Exempt Series 2002 Warrants" means the Series 2002-A Warrants and the Series 2002-B Warrants.

"Treasury Receipts" means custodial receipts or other instruments evidencing ownership in future principal or interest payments, or both, with respect to United States Treasury obligations that have been deposited with a custodian or trustee pursuant to a custody or trust agreement which provides for the United States Treasury obligations underlying such custodial receipts or other instruments to be held in a separate account and for all payments of principal and interest received by such custodian or trustee with respect to such underlying obligations to be paid to the holders of such custodial receipts or other instruments in accordance with their respective ownership interests in such underlying obligations, provided that (i) the custodian or trustee holding such underlying obligations shall be a bank that is organized under the laws of the United States of America or any state thereof and that, at the time of the acquisition by the City of such custodial receipts or other instruments, shall have capital, surplus and undivided profits in excess of \$100,000,000 and (ii) the custody or trust agreement pursuant to which such custodial receipts or other instruments are issued shall be acceptable to Bond Counsel.

"Underwriter" means SouthTrust Securities, Inc.

"Warrant Fund" means the City of Hamilton 2002 Principal and Interest Warrant Fund created in Section 21 hereof.

(b) Use of Phrases. "herein", "hereby", "hereunder", "Hereof", "hereinbefore", "hereinafter", and other equivalent words refer to this ordinance as an entirety and not solely to any particular portion in which any such word is used. The definitions set forth in Section 1(a) hereof include both the singular and the plural. Wherever used herein, any pronoun, or pronouns shall be deemed to include both singular and plural and to cover all genders.

Section 2. Findings. The Council has ascertained and found and does hereby declare as follows:

(a) it is necessary and in the public interest for the City to acquire, construct and install certain new public facilities (herein called the "Municipal Improvements") in and for the City;

(b) in order to achieve debt service savings, it is necessary and in the public interest for the City to refund and retire the Refunded Warrants at this time;

(c) in order to have sufficient moneys with which to refund the Refunded Warrants and to pay the costs of the Municipal Improvements it is necessary and desirable, and in the best interest of the City and its inhabitants, for the City to issue the Series 2002-A warrants herein authorized;

(d) in order to encourage economic and industrial development in the City, it is desirable and in the public interest for the City to acquire and improve certain existing industrial facilities (herein called the "Industrial Facilities") in the City and to lease the same to a manufacturer locating in the City;

(e) in order to have sufficient moneys with which to pay the cost of acquiring and improving the Industrial Facilities, it is necessary and desirable, and in the best interest of the City and its inhabitants, for the City to issue the Series 2002-B Warrants herein authorized;

(f) in order to encourage economic development in the City it is desirable and in the public interest for the City to make available funds for various economic development projects (herein called the "Economic Development Projects"); and

(g) in order to have sufficient monies with which to pay the costs of such Economic Development Projects, it is necessary and desirable, and in the best interest of the City and its inhabitants, for the City to issue the Series 2002-C Warrants herein authorized.

Section 3. Authorization and Description of the Series 2002 Warrants. (a) Authorization of Warrants. Pursuant to the applicable provisions of the constitution and laws of the State of Alabama, including particularly Section 11-47-2 and 11-81-4 of the Code of Alabama 1975 and, in the case of the Series 2002-B Warrants, Amendment No. 84 to the Constitution of Alabama of 1901, and for the purposes set forth in the preceding Section 2 hereof, there are hereby authorized to be issued by the City (i) Its General Obligation Warrants, Series 2002-A, which shall be issued in an aggregate principal amount as of the date of their delivery of \$3,780,000, (ii) Its General Obligation Warrants, Series 2002-B, which shall be issued in an aggregate principal amount as of the date of their delivery \$670,000, and (iii) Its Taxable General Obligation Warrants Series 2002-C, which shall be issued in an aggregate principal amount as of the date of their delivery of \$515,000. The Series 2002 Warrants shall, subject to the provisions of Section 16 hereof, be initially dated February 1, 2002, shall be numbered from A-1 upwards in the case of the Series 2002-A Warrants, from B-1 upwards in the case of the Series 2002-B Warrants and from C-1 upwards in the case of the Series 2002-C Warrants, in each case in the order issued and shall be issued initially in Authorized Denominations specified by the Underwriter pursuant to the provisions of Section 34 hereof.

The Series 2002-A Warrants shall mature and become payable on February 1 in the years indicated below and in the amounts set forth and shall bear interest (computed on the basis of a 360-day year of twelve consecutive 30-day months) from their respective dates payable on August 1, 2002, and on each Interest Payment Date thereafter:

| <u>YEAR</u> | <u>PRINCIPAL AMOUNT</u> | <u>INTEREST RATE</u> | <u>YEAR</u> | <u>PRINCIPAL AMOUNT</u> | <u>INTEREST RATE</u> |
|-------------|-------------------------|----------------------|-------------|-------------------------|----------------------|
| 2012 | \$ 70,000 | 4.700Z | 2018 | \$ 215,000 | 5.280Z |
| 2013 | 165,000 | 4.800Z | 2019 | 225,000 | 5.350Z |
| 2014 | 175,000 | 4.950Z | 2020 | 240,000 | 5.390Z |
| 2015 | 185,000 | 5.050Z | 2021 | 255,000 | 5.420Z |
| 2016 | 195,000 | 5.100Z | 2022 | 265,000 | 5.450Z |
| 2017 | 205,000 | 5.200Z | 2027 | 1,585,000 | 5.500Z |

The Series 2002-B Warrants shall mature and become payable on February 1, 2012 and in the amounts set forth below and shall bear interest at the rate of 5.50Z per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months) from their dates, payable on August 1, 2002, and on each Interest Payment Date thereafter.

The Series 2002 Warrants shall be initially issued and registered in the names of such Holders as shall, pursuant to the provisions of Section 15 hereof, be designated by the Underwriter.

(b) Method of Payment. The Series 2002 Warrants initially delivered shall be dated and shall bear interest from February 1, 2002. The principal of the Series 2002 Warrants shall be payable at the designated corporate trust office of the Registrar. Except as provided in Section 14 hereof, interest on the Series 2002 Warrants shall be payable by check or draft mailed or otherwise delivered by the Registrar to the respective Holders thereof at their addresses as they appear on the registry books of the Registrar pertaining to the registration of the Series 2002 Warrants; provided that the final payment of such interest shall be made only upon surrender of the appropriate Warrant to the Registrar. January 15 and July 15 of each year shall be the Regular Record Date for the payment of interest due on the Series 2002 Warrants on February 1 and August 1, respectively, of each year, in which event interest on the Series 2002 Warrants shall be payable on each Interest Payment Date to the Holders of record as of the immediately preceding Regular Record Date. All installments of principal of and interest and premium (if any) on each Warrant shall bear interest after the respective maturities of such principal and interest and premium (if any) until paid or until moneys sufficient for payment thereof shall have been deposited for that purpose with the Registrar, whichever first occurs, at the rate of interest theretofore borne by such Warrant.

Section 4. Optional Redemption Provisions. Those of the Series 2002 Warrants having a stated maturity in 2011 or thereafter shall be subject to redemption and prepayment prior to their maturity, at the option of the City, as a whole or in part on February 1, 2010, and on any date thereafter (but if redeemed in part, only in installments of \$5,000 or any integral multiple thereof, and in the inverse order of their maturities and if less than all of the Series 2002 Warrants of single maturity are to be redeemed with those to be redeemed [or portion of the principal thereof] to be selected by lot) the following respective redemption prices, (expressed as a percentage of the principal amount thereof to be redeemed) plus accrued interest to the date fixed for redemption:

| <u>Redemption Date (Dates Inclusive)</u> | <u>Redemption Price</u> |
|--|-------------------------|
| February 1, 2010 through January 31, 2011 | 102Z |
| February 1, 2011 through January 31, 2012 | 101Z |
| February 1, 2012 and thereafter | 100Z |

Section 5. Scheduled Mandatory Redemption of Series 2002 Warrants. Series 2002-A Warrants. Those of the Series 2002-A Warrants having a stated maturity in 2012 will be subject to scheduled mandatory redemption on February 1, 2003 and on February 1 in each of the following listed years in the following respective principal amounts:

| <u>Year of Redemption</u> | <u>Principal Amount to be Redeemed</u> |
|---------------------------|--|
| 2003 | \$ 5,000 |
| 2004 | 5,000 |
| 2005 | - |
| 2006 | 5,000 |
| 2007 | 5,000 |
| 2008 | 10,000 |
| 2009 | 10,000 |
| 2010 | 10,000 |
| 2011 | 10,000 |

In the absence of prior optional redemption, \$10,000 in aggregate principal amount of the Series 2002-A Warrants having a stated maturity in 2012 will remain to be paid on their stated maturity date of February 1, 2012.

Those of the Series 2002-A Warrants having a stated maturity in 2027 will be subject to scheduled mandatory redemption on February 1, 2023 and on each February 1 thereafter until and including February 1, 2026 in the following respective years and principal amount:

| <u>Year of Redemption</u> | <u>Principal Amount to be Redeemed</u> |
|---------------------------|--|
| 2023 | \$ 285,000 |
| 2024 | 300,000 |
| 2025 | 315,000 |
| 2026 | 335,000 |

In the absence of prior optional redemption, Series 2002-A Warrants having a stated maturity in 2027 in the aggregate principal amount of \$350,000 will be payable on their stated maturity date of February 1, 2027.

Series 2002-B Warrants. The Series 2002-B Warrants will be subject to scheduled mandatory redemption on February 1, 2008 and on each February 1 thereafter until and including February 1, 2011 in the following respective years and principal amounts:

| <u>Year of Redemption</u> | <u>Principal Amount to be Redeemed</u> |
|---------------------------|--|
| 2008 | \$ 120,000 |
| 2009 | 125,000 |
| 2010 | 135,000 |
| 2011 | 140,000 |

Series 2002-B Warrants in the aggregate principal amount of \$150,000 will remain to be paid on their stated maturity date of February 1, 2012.

Series 2002-C Warrants. The Series 2002-C Warrants will be subject to scheduled mandatory redemption on February 1, 2003 and on each February 1 thereafter until and including February 1, 2006 in the following respective years and principal amounts:

| <u>Year of Redemption</u> | <u>Principal Amount to be Redeemed</u> |
|---------------------------|--|
| 2003 | \$ 90,000 |
| 2004 | 95,000 |
| 2005 | 105,000 |
| 2006 | 110,000 |

Series 2002-C Warrants in the aggregate principal amount of \$115,000 will remain to be paid on their stated maturity date of February 1, 2007.

Section 6. Purchase of Series 2002 Warrants for Retirement. The City may at any time and from time to time purchase Series 2002 Warrants for retirement using funds from any source other than the Warrant Fund.

Section 7. General Obligation and Special Pledge. The indebtedness evidenced and ordered paid by the Series 2002 Warrants is and shall be a general obligation of the City for payment of the principal of and the interest and premium (if any) on which the full faith and credit of the City are hereby irrevocably pledged. In addition thereto, as security for payment of such principal and interest and as part of the contract whereunder the money evidenced by the Hospital Refunding Warrants is borrowed, the City hereby irrevocably pledges for payment of such principal and interest, and hereby orders segregated and set aside for that purpose, so much as may be necessary therefor of the proceeds paid to the City from the Special County Hospital Tax. The pledge herein made of the proceeds of the Special County Hospital Tax

(herein called the "Pledged Tax Proceeds")

is: for the benefit of all the Hospital Refunding Warrants, pro rata and without preference of one over another; provided that while no default exists in payment of the principal of or the interest on the Hospital Refunding Warrants, the Pledged Tax Proceeds payable to the City shall be used first for the creation and maintenance of the Warrant Fund created in Section 22 hereof, in order to provide for payment of the principal of and the interest on the Hospital Refunding Warrants when due, and any balance remaining while all payments hereinafter provided to be made into said Warrant Fund are current and no delinquency or deficit exists with respect thereto, may be used by the City for any lawful purpose.

The City hereby warrants and represents that the aforesaid pledge of the Pledged Tax Proceeds will be a first pledge thereof, that the City has issued no outstanding securities nor has the City entered into any contract that is payable out of or secured by a special pledge of any part of the Pledged Tax Proceeds; and that upon issuance of the Hospital Refunding Warrants the aforesaid pledge of the Pledged Tax Proceeds for the benefit of the Hospital Refunding Warrants will be prior and superior to any pledge or agreement respecting the Pledged Tax Proceeds that may be hereafter made for the benefit of or with respect to any securities which may be hereafter issued by the City or any contract which may be hereafter made by the City. The City agrees that to such extent, if any, as the Pledged Tax Proceeds available for payment of the principal of and the interest on the Hospital Refunding Warrants may not be sufficient to pay said principal and interest at their respective maturities, it will use for such purpose so much of the general revenues of the City derived from other sources and available for such purposes as, when added to the available Pledged Tax Proceeds, will be sufficient to pay at their respective maturities the principal of and the interest on the Hospital Refunding Warrants.

Section 8. Reserved.

Section 9. Reserved.

Section 10. Form of Warrants. (a) Series 2002-A Warrants. The Series 2002-A Warrants, the Registrar's certificate and the assignment pertaining thereto shall be in substantially the following forms, with appropriate changes, additions and omissions to conform to the provisions hereof:

[Form of Series 2002-A Warrant]

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF ALABAMA
CITY OF HAMILTON
GENERAL OBLIGATION WARRANT
SERIES 2002-A

INTEREST RATE

MATURITY DATE

CUSIP

Subject to prior payment and other provisions as herein provided

The CITY OF HAMILTON, a municipal corporation in the State of Alabama (herein called the "City"), hereby directs its City Treasurer to pay to _____, or registered assigns, to whom the City acknowledges itself indebted as herein set out, 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 August 1, 2002, and semiannually thereafter on each February 1 and August 1 until and at the maturity hereof. The principal hereof as well as any premium hereon shall be payable in lawful money of the United States of America at the designated corporate trust office of SouthTrust Bank, Birmingham, Alabama, or its successor as Registrar under the Authorizing Ordinance hereinafter referred to (said bank, together with its successors in such capacity, being herein called the "Registrar"), and the interest hereon shall be paid by check or draft mailed to the then registered holder hereof at the address of the said holder as it appears on the registry books of the Registrar pertaining to the Series 2002 Warrants hereinafter referred to; provided, however, that any such payment of interest may be made by wire transfer so long as this warrant is registered in the name of Cede & Co. Any such payment of interest shall be deemed timely made if so mailed or transmitted by wire transfer on the interest payment date (or, if such interest payment date is not a business day on the business day next following such interest payment date). All payments by the City or the Registrar to the person in whose name a warrant is registered shall to the extent thereof to 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. Both the principal hereof and the interest hereon shall bear interest after their respective due dates until paid at the per annum rate shown above.

This warrant is one of a duly authorized series of warrants of the City aggregating \$3,780,000 in principal amount and designated General Obligation Warrants, Series 2002-A (herein called the "Series 2002-A Warrants"). Simultaneously with the issuance of the Series 2002-A Warrants, the City is also issuing its General Obligation Warrants, Series 2002-B (herein called the "Series 2002-B Warrants") in the aggregate principal amount of \$670,000, and its Taxable General Obligation Warrants, Series 2002-C (herein called the "Series 2002-C Warrants") in the aggregate principal amount of \$515,000. The Series 2002-A Warrants, the Series 2002-B Warrants and the Series 2002-C Warrants are herein together called the "Series 2002 Warrants". The Series 2002 Warrants are authorized to be issued pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Sections 11-47-2 and 11-81-4 of the Code of Alabama 1975, as amended, and in the case of the Series 2002-B Warrants and the Series 2002-C Warrants, Amendment No 84 to the Constitution of Alabama of 1901, and an ordinance (herein called the "Authorizing Ordinance") duly adopted by the governing body of the City, for purposes for which the City is authorized by law to borrow money and to issue warrants.

THE AUTHORIZING ORDINANCE CONTAINS NO PROVISIONS REQUIRING PUBLICATION OF NOTICE OF REDEMPTION OF ANY WARRANT, AND EACH HOLDER OF ANY OF THE SERIES 2002 WARRANTS MUST MAINTAIN A CURRENT ADDRESS ON FILE WITH THE REGISTRAR IN ORDER TO RECEIVE NOTICE OF ANY SUCH REDEMPTION. INTEREST SHALL CEASE TO ACCRUE ON ANY WARRANT CALLED FOR REDEMPTION FROM AND AFTER THE DATE FIXED FOR SUCH REDEMPTION (PROVIDED THE REGISTRAR HAS SUFFICIENT FUNDS ON HAND TO EFFECT SUCH REDEMPTION).

Those of the Series 2002 Warrants having a stated maturity after 2010 are subject to redemption, at the option of the City, as a whole or in part on February 1, 2010, and on any date thereafter (and if in part, only in installments of \$5,000 or any integral multiple thereof and in the inverse order of their maturities, and if less than all the Series 2002 Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), such redemption, whether in whole or in part, to be at and for the following respective redemption prices (expressed in percentages of the principal amount thereof to be redeemed) plus accrued interest thereon to the redemption date:

| Redemption Date (Dates Inclusive) | Redemption Price |
|---|---------------------|
| February 1, 2010 through January 31, 2011 | 102½ |
| February 1, 2011 through January 31, 2012 | 101½ |
| February 1, 2012 and thereafter | 100% |

The Authorizing Ordinance requires that written notice of the call for redemption of any Warrant (or portion thereof) be forwarded by United States registered or certified 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 of the Series 2002 Warrants of a maturity are to be redeemed, such redemption shall be only in amounts of \$5,000 or any integral multiples thereof, with those to be redeemed to be selected by the Registrar by lot. Upon the giving of notice of redemption in accordance with the provisions of the Authorizing Ordinance, the Series 2002 Warrants (or 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 Ordinance to the contrary notwithstanding.

By the execution of this warrant, the City acknowledges that it is indebted to the registered holder hereof in the principal amount hereof in accordance with the terms hereof.

The indebtedness evidenced and ordered paid by this warrant is a general obligation of the City for payment of the principal of and the interest on which the full faith and credit of the City have been irrevocably pledged.

It is hereby certified and recited that the indebtedness evidenced and ordered paid by this warrant is lawfully due without condition, abatement or offset of any description; that this warrant has been registered as a claim against the City in the manner provided by law; 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 and in the issuance of this warrant do exist, have been performed and have happened; and that the indebtedness evidenced and ordered paid by this warrant, together with all other indebtedness of the City, was at the time the same was created and is now within every debt and other limit prescribed by the constitution and laws of the State of Alabama.

The Series 2002 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 Ordinance 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 Ordinance.

This warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the Registrar (the registrar and transfer agent of the City) and only upon surrender of this warrant to the Registrar 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 Ordinance. Each holder, by receiving or accepting this warrant, shall consent and agree and shall be estopped to deny that, insofar as the City and the Registrar are concerned, this warrant may be transferred only in accordance with the provisions of the Authorizing Ordinance.

The Registrar shall not be required to transfer or exchange this warrant during the period commencing after January 15 or July 15 in any year and ending on the then next succeeding February 1 or August 1, respectively; and, in the event that this warrant (or any portion hereof) is duly called for redemption and prepayment, the Registrar shall not be required to transfer or exchange this warrant during the period of forty-five (45) days next preceding the date fixed for such redemption and prepayment.

Manual execution by the Registrar of the registration certificate hereon is essential to the validity hereof.

IN WITNESS WHEREOF, the City has caused this warrant to be executed with the facsimile signature of its Mayor, and has caused its corporate seal (or facsimile thereof) to be hereunto impressed or imprinted, has caused this warrant to be attested by the manual or facsimile signature of its City Clerk, and has caused this warrant to be dated February 1, 2002.

CITY OF HAMILTON, ALABAMA

By _____
Mayor

ATTEST:

City Clerk
(SEAL)

The City may, in its discretion, cause a portion of the foregoing text to be printed on the reverse of the Series 2002-A Warrants, in which event the face of the Series 2002-A Warrants shall state the following:

Reference is made to the Further Provisions
of this Warrant Set Forth on the Reverse Hereof

[Form of Registration Certificate]

REGISTRATON CERTIFICATE

Date of Registration:

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

SOUTHTRUST BANK

By _____
Its Authorized Officer

[Form of Assignment]

ASSIGNMENT

For value received _____ hereby sell(s), assign(s), and transfer(s) unto _____ the within warrant and hereby irrevocable 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 Registrar.

Dated this ____ day of _____, _____.

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

Signature Guaranteed:

(Bank, Trust Company or Firm*)

By _____
(Authorized Officer)

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).

(b) Series 2002-B Warrants. The Series 2002-B Warrants, the Registrar's certificate and the assignment pertaining thereto shall be in substantially the following forms, with appropriate changes, additions and omissions to conform to the provisions hereof:

No. _____

\$ _____

UNITED STATES OF AMERICA
 STATE OF ALABAMA
 CITY OF HAMILTON
 GENERAL OBLIGATION WARRANT
 SERIES 2002-B

INTEREST RATE: 5.50%

MATURITY DATE: February 1, 2012

CUSIP 406882 MK 3

Subject to prior payment and other provisions as herein provided

The CITY OF HAMILTON, a municipal corporation in the State of Alabama (herein called the "City"), hereby directs its City Treasurer to pay to _____, or registered assigns, to whom the City acknowledges itself indebted as herein set out, 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 August 1, 2002, and semiannually thereafter on each February 1 and August 1 until and at the maturity hereof. The principal hereof as well as any premium hereon shall be payable in lawful money of the United States of America at the designated corporate trust office of SouthTrust Bank, Birmingham, Alabama, or its successor as Registrar under the Authorizing Ordinance hereinafter referred to (said bank, together with its successors in such capacity, being herein called the "Registrar"), and the interest hereon shall be paid by check or draft mailed to the then registered holder hereof at the address of the said holder as it appears on the registry books of the Registrar pertaining to the Series 2002 Warrants hereinafter referred to; provided, however, that any such payment of interest may be made by wire transfer so long as this warrant is registered in the name of Cede & Co. Any such payment of interest shall be deemed timely made if so mailed or transmitted by wire transfer on the interest payment date (or, if such interest payment date is not a business day on the business day net following such interest payment date). All payments by the City or the Registrar 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. Both the principal hereof and the interest hereon shall bear interest after their respective due dates until paid at the per annum rate shown above.

This warrant is one of a duly authorized series of warrants of the City aggregating \$670,000 in principal amount and designated General Obligation Warrants, Series 2002-B (herein called the "Series 2002-B Warrants"). Simultaneously with the issuance of the Series 2002-B Warrants, the City is also issuing its General Obligation Warrants, Series 2002-A (herein called the "Series 2002-A Warrants") in the aggregate principal amount of \$3,780,000 and its Taxable General Obligation Warrants, Series 2002-C (herein called the "Series 2002-C Warrants") in the aggregate principal amount of \$515,000. The Series 2002-A Warrants, the Series 2002-B Warrants and the Series 2002-C Warrants are herein together called the "Series 2002 Warrants". The Series 2002 Warrants are authorized to be issued pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Sections 11-47-2 and 11-81-4 of the Code of Alabama 1975, as amended, and in the case of the Series 2002-B Warrants and the Series 2002-C Warrants, Amendment No. 84 to the Constitution of Alabama of 1901, and an ordinance (herein called the "Authorizing Ordinance") duly adopted by the governing body of the City, for purposes for which the City is authorized by law to borrow money and to issue warrants.

THE AUTHORIZING ORDINANCE CONTAINS NO PROVISIONS REQUIRING PUBLICATION OF NOTICE OF REDEMPTION OF ANY WARRANT, AND EACH HOLDER OF ANY OF THE SERIES 2002 WARRANTS MUST MAINTAIN A CURRENT ADDRESS ON FILE WITH THE REGISTRAR IN ORDER TO RECEIVE NOTICE OF ANY SUCH REDEMPTION. INTEREST SHALL CEASE TO ACCRUE ON ANY WARRANT CALLED FOR REDEMPTION FROM AND AFTER THE DATE FIXED FOR SUCH REDEMPTION (PROVIDED THE REGISTRAR HAS SUFFICIENT FUNDS ON HAND TO EFFECT SUCH REDEMPTION).

The Series 2002 Warrants are subject to redemption prior to their respective maturities as follows:

(1) Those of the Series 2002 Warrants having a stated maturity after 2010 are subject to redemption, at the option of the City, as a whole or in part on February 1, 2010, and on any date thereafter, (and if in part, only in installments of \$5,000 or any integral multiple thereof and in the inverse order of their maturities, and if less than all the Series 2002 Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), such redemption, whether in whole or in part, to be at and for the following respective redemption prices (expressed in percentages of the principal amount thereof to be redeemed) plus accrued interest thereon to the redemption date:

| <u>Redemption Date</u> <u>(Dates Inclusive)</u> | <u>Redemption</u> <u>Price</u> |
|--|-----------------------------------|
| February 1, 2010 through January 31, 2011 | 102% |
| February 1, 2011 through January 31, 2012 | 101% |
| February 1, 2012 and thereafter | 100% |

(2) The Series 2002-B Warrants shall be subject to scheduled mandatory redemption prior to maturity commencing on February 1, 2008, and on each February 1 thereafter as indicated below, with those to be redeemed to be selected by the registrar by lot, at and for a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date of redemption, in the following respective principal amounts on the following dates:

| <u>Redemption Date</u> | <u>Principal Amount</u> <u>to be Redeemed</u> |
|------------------------|--|
| February 1, 2008 | \$ 120,000 |
| February 1, 2009 | 125,000 |
| February 1, 2010 | 135,000 |
| February 1, 2011 | 140,000 |

The Authorizing Ordinance requires that written notice of the call for redemption of any Warrant (or portion thereof) be forwarded by United States registered or certified 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 of the Series 2002 Warrants of a maturity are to be redeemed, such redemption shall be only in amounts of \$5,000 or any integral multiples thereof, with those to be redeemed to be selected

by the Registrar by lot. Upon the giving of notice of redemption in accordance with the provisions of the Authorizing Ordinance, the Series 2002 Warrants (or 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 Ordinance to the contrary notwithstanding.

By the execution of this warrant, the City acknowledges that it is indebted to the registered holder hereof in the principal amount hereof in accordance with the terms hereof.

The indebtedness evidenced and ordered paid by this warrant is a general obligation of the City for payment of the principal of and the interest on which the full faith and credit of the City have been irrevocably pledged.

It is hereby certified and recited that the indebtedness evidenced and ordered paid by this warrant is lawfully due without condition, abatement or offset of any description; that this warrant has been registered as a claim against the City in the manner provided by law, that all conditions, action and things required by the constitution and laws of the State of Alabama to exist, be performed or happen precedent to and in the issuance of this warrant do exist, have been performed and have happened; and that the indebtedness evidenced and ordered paid by this warrant, together with all other indebtedness of the City, was at the time the same was created and is now within every debt and other limit prescribed by the constitution and laws of the State of Alabama.

The Series 2002 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 Ordinance 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 Ordinance.

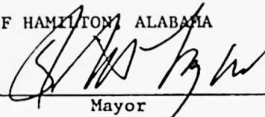
This warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the Registrar (the registrar and transfer agent of the City) and only upon surrender of this warrant to the Registrar for cancellation, and upon any such transfer a new warrant of like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

The Registrar shall not be required to transfer or exchange this warrant during the period commencing after January 15 or July 15 in any year and ending on the then next succeeding February 1 or August 1, respectively; and, in the event that this warrant (or any portion hereof) is duly called for redemption and prepayment, the Registrar shall not be required to transfer or exchange this warrant during the period of forty-five (45) days next preceding the date fixed for such redemption and prepayment.

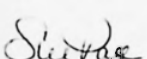
Manual execution by the Registrar of the registration certificate hereon is essential to the validity hereof.

IN WITNESS WHEREOF, the City has caused this warrant to be executed with the facsimile signature of its Mayor, has caused its corporate seal (or a facsimile thereof) to be hereunto impressed or imprinted, has caused this warrant to be attested by the manual or facsimile signature of its City Clerk, and has caused this warrant to be dated February 1, 2002.

CITY OF HAMILTON, ALABAMA

By  Mayor

ATTEST:


City Clerk

(SEAL)

The City may, in its discretion, cause a portion of the foregoing text to be printed on the reverse of the Series 2002-B Warrants, in which event the face of the Series 2002-B Warrants shall state the following:

Reference is made to the Further Provisions
of this Warrant Set Forth on the Reverse Hereof

(Form of Registration Certificate)

REGISTRATION CERTIFICATE

Date of Registration:

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

SOUTHTRUST BANK

By _____
Its Authorized Officer