

ORDINANCE NO. 2007- 3

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

Section 1. **Findings.** The Mayor and City Council (herein called the "Council"), which is the governing body of the City of Hamilton, Alabama (herein called the "City"), have found and ascertained and do hereby declare as follows:

(a) the City has heretofore issued its General Obligation Warrants, Series 2002-A, dated February 1, 2002 (herein called the "Series 2002-A Warrants"), originally issued in the aggregate principal amount of \$3,780,000 and now outstanding in the aggregate principal amount of \$3,760,000;

(b) those of the Series 2002-A Warrants having stated maturities in 2011 and thereafter may be prepaid and redeemed at the option of the City on February 1, 2010, and on any interest payment date thereafter;

(c) the City will realize a savings in its net interest cost by refunding the Series 2002-A Warrants to provide for payment of the principal of and the interest on the Series 2002-A Warrants to and until February 1, 2010, and by prepaying and redeeming those of the Series 2002-A Warrants having stated maturities in 2011 and thereafter on February 1, 2010, the earliest date upon which the Series 2002-A Warrants may be so prepaid and redeemed;

(d) it is necessary and desirable, and in the best interest of the City and its residents, for the City to borrow the principal sum of \$4,150,000 in order to effect an advance refunding of the Series 2002-A Warrants, and in evidence of that borrowing, to issue the Series 2007 Warrants hereinafter authorized; and

(e) in order to accomplish the said refunding of the Series 2002-A Warrants, it is also necessary and desirable for the City to deposit certain of the proceeds of the said Series 2007 Warrants into a special irrevocable escrow fund (herein called the "Escrow Fund") to be established pursuant to an Escrow Trust Agreement to be dated May 1, 2007 (herein called the "Escrow Trust Agreement") hereinafter authorized, between the City and U.S. Bank National Association, Birmingham, Alabama, as escrow trustee.

Section 2. **Authorization of the Series 2007 Warrants.** Pursuant to the provisions of the constitution and laws of the State of Alabama, including particularly Sections 11-47-2 and 11-81-4, Code of Alabama 1975, and for the purposes of (i) refunding the Series 2002-A Warrants, and (ii) paying the expenses of issuance of the Series 2007 Warrants, there are hereby authorized to issued by the City \$4,150,000 in aggregate principal amount of its General Obligation Refunding Warrants, Series 2007 (herein called the "Series 2007 Warrants"). The Series 2007 Warrants shall be dated May 1, 2007, shall be issued in fully registered form, shall be in the denominations of integral multiples of \$5,000 (which are herein called "Authorized

Denominations"), and shall mature on February 1 in the following respective principal amounts and years:

<u>Year</u>	<u>Principal Amount</u>
2012	\$ 240,000
2013	190,000
2015	410,000
2017	450,000
2019	480,000
2021	525,000
2022	275,000
2023	290,000
2024	305,000
2027	985,000

**Section 3. Interest Rates and Place of Payment.** The Series 2007 Warrants shall bear interest from their date until their respective maturities at the following per annum rate:

- 5% on those maturing in 2012 and 2013;
- 4% on those maturing in 2015;
- 3.75% on those maturing in 2017;
- 3.85% on those maturing in 2019;
- 4% on those maturing in 2021 to 2024, inclusive; and
- 4.05% on those maturing in 2027.

Such interest shall be payable on August 1, 2007, and semiannually on each February 1 and August 1 thereafter until and at the maturity of the Series 2007 Warrants. The principal of and premium, if any, on the Series 2007 Warrants shall be payable at the principal office of U.S. Bank National Association, Birmingham, Alabama (herein called the "Bank") or its successor as register and paying agent for the Series 2007 Warrants. Interest on the Series 2007 Warrants shall be paid by check or draft mailed or otherwise delivered by the Bank to the persons to whom the Series 2007 Warrants are respectively payable at their addresses as they appear on the registry books of the Bank pertaining to the Series 2007 Warrants. Any such payment shall be deemed timely made if so mailed on the interest payment date (or if such interest payment date is not a business day, on the business day following such interest payment date) upon which the same shall be due and payable. The principal of and the interest on the Series 2007 Warrants shall bear interest after their respective due dates until paid at the rate of Six Percent (6%) per annum.

**Section 4. Optional Redemption of Series 2007 Warrants.** Those of the Series 2007 Warrants maturing on February 1, 2016, and thereafter shall be subject to redemption and payment prior to their respective maturities at the option of the City, while it is not in default in payment of the principal of or the interest on any of the Series 2007 Warrants, on February 1, 2015, and on any date thereafter, as a whole or in part (but if in part, those to be redeemed to be

selected in the sole discretion of the City, without regard to the dates of their respective maturities or otherwise, but if less than all of the Series 2007 Warrants having a single principal maturity date are to be redeemed, those to be so redeemed shall be selected by lot, at a redemption price, with respect to each Series 2007 Warrant redeemed, equal to the par or face amount thereof, plus accrued interest to the date fixed for redemption, without penalty or premium of any kind.

Any such redemption shall be effected in the following manner:

(a) The Council shall adopt a resolution calling for redemption on a stated date when they are by their terms subject to redemption Series 2007 Warrants in a stated aggregate principal amount and shall recite in such resolution that the City is not in default in payment of the principal of or the interest on any of the Series 2007 Warrants. If less than all of the Series 2007 Warrants are so called for redemption, such resolution shall specify the maturity and maturities (and respective principal amounts) of those Series 2007 Warrants being called for redemption.

(b) Not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption the City shall give notice, or shall cause the Bank on its behalf to give notice, of the redemption of such Series 2007 Warrants by depositing into the United States registered or certified mail, addressed to the named payee of each Series 2007 Warrant, at the address of such payee as the same appears on the registry books of the Bank pertaining to the Series 2007 Warrants, a notice which shall state that Series 2007 Warrants in a stated aggregate principal amount and from specified maturities have been called for redemption and will become due and payable at the applicable redemption price or prices on a specified redemption date, and that all interest thereon will cease after such redemption date. The registered holder of any Series 2007 Warrant may waive the requirements of this subsection with respect to the Series 2007 Warrant or Series 2007 Warrants held by it without affecting the validity of the call for redemption of any other Series 2007 Warrants.

(c) On or prior to the date fixed for redemption the City shall notify the Bank (or any other bank at which the Series 2007 Warrants are payable) of the City's compliance with the requirements of paragraphs (a) and (b) of this section and shall further make available at said bank the total redemption price of the Series 2007 Warrants so called for redemption.

Upon compliance with the foregoing requirements on its part contained in this Section 4, and if on the redemption date specified in said resolution and notice the City is not in default in payment of the principal of or the interest on any of the Series 2007 Warrants, the Series 2007 Warrants so called for redemption shall become due and payable at the redemption price on the date fixed for redemption, and interest thereon shall thereafter cease. No bank at which the Series 2007 Warrants may at any time be payable shall be required to pay any interest maturing on the date fixed for redemption which is applicable to any Series 2007 Warrant so called for redemption on that date unless the Series 2007 Warrant to which such interest is applicable is presented for payment on such date; provided that, in the event any such bank should pay any such interest without payment of the applicable Series 2007 Warrant, it shall not be liable to the holder of such applicable Series 2007 Warrant or to the City or to anyone whomsoever.

Section 5. **Mandatory Redemption.** Those of the Series 2007 Warrants maturing on February 1, 2012 (the "2012 Term Warrants") shall be subject to mandatory redemption prior to their stated maturity, at a redemption price equal to the par or face amount of each such 2012 Term Warrant so redeemed plus accrued interest thereon to the date of redemption, in the following respective principal amounts on the following dates:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
February 1, 2008	\$ 90,000
February 1, 2009	35,000
February 1, 2010	35,000
February 1, 2011	40,000

As a result of such mandatory redemptions, \$40,000 in principal amount of 2012 Term Warrants will remain to be paid on February 1, 2012, their stated maturity date.

Those of the Series 2007 Warrants maturing on February 1, 2015 (the "2015 Term Warrants") shall be subject to mandatory redemption prior to their stated maturity, at a redemption price equal to the par or face amount of each such 2015 Term Warrant so redeemed plus accrued interest thereon to the date of redemption, in the following principal amount on the following date:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
February 1, 2014	\$ 200,000

As a result of such mandatory redemption, \$210,000 in principal amount of 2015 Term Warrants will remain to be paid on February 1, 2015, their stated maturity date.

Those of the Series 2007 Warrants maturing on February 1, 2017 (the "2017 Term Warrants") shall be subject to mandatory redemption prior to their stated maturity, at a redemption price equal to the par or face amount of each such 2017 Term Warrant so redeemed plus accrued interest thereon to the date of redemption, in the following principal amount on the following date:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
February 1, 2016	\$ 220,000

As a result of such mandatory redemption, \$230,000 in principal amount of 2017 Term Warrants will remain to be paid on February 1, 2017, their stated maturity date.

Those of the Series 2007 Warrants maturing on February 1, 2019 (the "2019 Term Warrants") shall be subject to mandatory redemption prior to their stated maturity, at a redemption price equal to the par or face amount of each such 2019 Term Warrant so redeemed plus accrued interest thereon to the date of redemption, in the following principal amount on the following date:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
February 1, 2018	\$ 235,000

As a result of such mandatory redemption, \$245,000 in principal amount of 2019 Term Warrants will remain to be paid on February 1, 2019, their stated maturity date.

Those of the Series 2007 Warrants maturing on February 1, 2021 (the "2021 Term Warrants") shall be subject to mandatory redemption prior to their stated maturity, at a redemption price equal to the par or face amount of each such 2021 Term Warrant so redeemed plus accrued interest thereon to the date of redemption, in the following principal amounts on the following date:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
February 1, 2020	\$ 255,000

As a result of such mandatory redemption, \$270,000 in principal amount of 2021 Term Warrants will remain to be paid on February 1, 2021, their stated maturity date.

Those of the Series 2007 Warrants maturing on February 1, 2027 (the "2027 Term Warrants") shall be subject to mandatory redemption prior to their stated maturity, at a redemption price equal to the par or face amount of each such 2027 Term Warrant so redeemed plus accrued interest thereon to the date of redemption, in the following respective principal amounts on the following dates:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
February 1, 2025	\$ 315,000
February 1, 2026	330,000

As a result of such mandatory redemptions, \$340,000 in principal amount of 2027 Term Warrants will remain to be paid on February 1, 2027, their stated maturity date.

Any such redemption shall be effected in the following manner:

(a) Prior to December 1 in each year next preceding any February 1 on which 2012 Term Warrants, 2015 Term Warrants, 2017 Term Warrants, 2019 Term Warrants, 2021 Term Warrants or 2027 Term Warrants (together, the "Series 2007 Term Warrants") are to be redeemed, the Bank shall select by lot Series 2007 Term Warrants in an aggregate amount equal to the principal amount thereof required to be redeemed on the next succeeding February 1;

(b) Not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption the City shall cause the Bank on its behalf to give notice of the redemption of such Series 2007 Term Warrants by depositing into the United States registered or certified mail, addressed to the named payee of each Series 2007 Term Warrant, or portion thereof, to be redeemed, at the address of such payee as the same appears on the registry books of the Bank pertaining to the Series 2007 Warrants, a notice which shall state that Series 2007 Term Warrants with a specified maturity and in a stated aggregate principal amount have been called for redemption and will become due and payable at the applicable redemption price or prices on a specified redemption date, and that all interest thereon will cease after such redemption date. The holder of any Series 2007 Term Warrant may waive the requirements of this subsection with respect to the Series 2007 Term Warrant or Warrants held by it without affecting the validity of the call for redemption of any other Series 2007 Term Warrants; and

(c) On or prior to the date fixed for redemption the City shall make available at the Bank from moneys on deposit in the Warrant Fund described in Section 7 hereof, the total redemption price of the Series 2007 Term Warrants so called.

Upon compliance with the foregoing requirements on its part contained in this section, and if on the redemption date specified in said resolution and notice the City is not in default in payment of the principal of or the interest on any of the Series 2007 Warrants, the Series 2007 Term Warrants so called for redemption shall become due and payable at the redemption price on the date fixed for redemption, and interest thereon shall thereafter cease. No bank at which the Series 2007 Warrants may at any time be payable shall be required to pay any interest becoming due on the date fixed for redemption which is applicable to any Series 2007 Term Warrant so called for redemption on that date unless the Series 2007 Term Warrant to which such interest is applicable is presented for payment on such date; provided that in the event any such bank should pay any such interest without payment of the applicable Series 2007 Term Warrant it shall not be liable to the holder of such applicable Series 2007 Term Warrant or to the City or to anyone whomsoever.

At the option of the City, to be exercised on or before the December 1 next preceding any February 1 on which Series 2007 Term Warrants are to be redeemed, the principal amount of Series 2007 Term Warrants so required to be redeemed shall be reduced to the extent of the sum of the following credits:

(a) a credit equal to such principal amount of Series 2007 Term Warrants of the applicable maturity as shall have been delivered by the City to the Bank for cancellation and retirement and as shall not have been theretofore credited against any previous mandatory redemption of Series 2007 Term Warrants;

(b) a credit equal to such principal amount of Series 2007 Term Warrants of the applicable maturity as shall have been purchased by the Bank for cancellation and retirement with moneys provided by the City and as shall not have been theretofore credited against any previous mandatory redemption of Series 2007 Term Warrants; and

(c) a credit equal to such principal amount of Series 2007 Term Warrants of the applicable maturity as shall have been redeemed pursuant to the provisions of Section 4 hereof and as shall not have been theretofore credited against any previous mandatory redemption of Series 2007 Term Warrants.

The Series 2007 Term Warrants so delivered, purchased or redeemed, as the case may be, in respect of any redemption of Series 2007 Term Warrants required on any February 1 shall be credited by the Bank at the face amount thereof against the principal amount of Series 2007 Term Warrants required to be redeemed on such February 1, and any unused credit shall be credited against such future mandatory redemptions of Series 2007 Term Warrants as shall be specified by the City; provided that no such credit shall be allowed for any Series 2007 Term Warrants so delivered, purchased or redeemed, as the case may be, unless the delivery, purchase or redemption thereof is accomplished in a timely manner, which, in the case of any Series 2007 Term Warrant delivered to or purchased by the Bank pursuant to clauses (a) and (b), respectively, of this paragraph, shall mean that such Series 2007 Term Warrant shall be delivered to or purchased by the Bank on or before the December 1 next preceding such February 1 and which, in the case of any Series 2007 Term Warrant to be credited in the manner contemplated by clause (c) of this paragraph, shall mean that such Series 2007 Term Warrant shall be redeemed on or before such February 1. The Bank shall use reasonable efforts to purchase Series 2007 Term Warrants with moneys provided by the City pursuant to clause (b) of this paragraph, including requesting or advertising for tenders if requested to do so by the City.

**Section 6. General Obligation Pledge.** The indebtedness evidenced and ordered paid by the Series 2007 Warrants is and shall be 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 are hereby irrevocably pledged.

**Section 7. Warrant Fund.** There is hereby created a special trust fund designated the "Series 2007 Warrant Principal and Interest Fund" (herein called the "Warrant Fund"), which shall be maintained until the principal of and the interest on the Series 2007 Warrants and any Additional Warrants shall have been paid in full. The City will pay or cause to be paid into the Warrant Fund the following:

(a) The City will pay into the Warrant Fund the accrued interest received by it on the sale of the Series 2007 Warrants;

(b) On or before the last day of the months of June, 2007 and July, 2007, the City shall pay into the Warrant Fund an amount equal to one-half (1/2) of the interest that shall come due with respect to the Series 2007 Warrants on August 1, 2007, as well as one-eighth (1/8) of the principal of the Series 2007 Warrants that will come due on February 1, 2008;

(c) On or before the last day of each calendar month from the month of August, 2007 through January, 2008, the City shall pay into the Warrant Fund an amount equal to one-sixth (1/6) of the interest as well as one-eighth (1/8) of the principal that will come due with respect to the Series 2007 Warrants on February 1, 2008; and

(d) On or before the last day of the month of February, 2008, and on or before the last day of each calendar month thereafter for so long as any of the Series 2007 Warrants shall remain outstanding, the City shall pay into the Warrant Fund an amount equal to one-sixth (1/6) of the interest that shall come due with respect to the Series 2007 Warrants on the next succeeding interest payment date as well as one-twelfth (1/12) of the principal maturing or being subject to redemption on the Series 2007 Warrants on the next succeeding February 1.

provided that there shall be credited against any amount required to be paid into the Warrant Fund any amount then held in the Warrant Fund, from whatever source derived (including, without limitation, interest earnings on amounts held in the Warrant Fund) in excess of the amounts so required to be paid into the Warrant Fund.

The payments herein required to be made into the Warrant Fund shall be made from any available funds of the City, and the City will in no event allow a default to occur in the payments into the Warrant Fund. The moneys in the Warrant Fund shall be used solely for payment of the principal of and the interest on the Series 2007 Warrants upon or after their respective maturities. Whenever there is on deposit in the Warrant Fund an amount equal to or in excess of the aggregate of the principal and interest thereafter coming due on the Series 2007 Warrants then outstanding, the City shall not be required to make any further payments therein except to make good any moneys therein that may become lost or otherwise unavailable for withdrawal. When all the Series 2007 Warrants have been retired and no principal or interest shall be outstanding with respect thereto, any moneys then remaining on deposit in the Warrant Fund shall be returned to the City.

**Section 8. Concerning the Warrant Fund.** First National Bank of Hamilton, Hamilton, Alabama is hereby designated as the custodian, depository and disbursing agent for the Warrant Fund. In the event that First National Bank of Hamilton (or any successor depository for the Warrant Fund that may be hereafter designated as herein provided) should at



any time decline to act as such depository, or should resign as such depository, or should cease to be a member of the Federal Deposit Insurance Corporation (or any agency of the United States of America that may succeed to its functions), or should cease to be duly qualified to do business within the State of Alabama, then the Council shall by resolution designate a successor to such depository; provided that any successor depository so designated shall be and remain a member of the Federal Deposit Insurance Corporation (or of any agency of the United States of America that may succeed to its functions) and shall be and remain duly qualified to do business in the State of Alabama. The moneys on deposit in the Warrant Fund shall constitute public funds impressed with a trust for the benefit of the City and the holders of the Series 2007 Warrants. The depository for the Warrant Fund shall at all times keep all moneys on deposit therein secured by pledging securities that are either (i) direct general obligations of the United States of America, (ii) securities with respect to which payment of the principal and interest is unconditionally guaranteed by the United States of America, or (iii) interests, however evidenced, in any common trust fund or other collective investment fund maintained by any national or state chartered bank, trust company or savings and loan association having trust powers, or securities of or other interests in any open-end or closed-end investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, so long as the portfolio of such common trust fund, collective investment fund or investment company or investment trust consists only of investments authorized in subdivision (i) or (ii) above, or repurchase agreements with respect to such investments (any such securities being herein called "Federal Securities") having a market value at least equal to the amount on deposit therein, said pledge to be accomplished either

(a) by the deposit of such Federal Securities, in trust for the benefit of the City and the holders of the Series 2007 Warrants, with another bank or trust company, or

(b) by the deposit of such Federal Securities, in trust for the benefit of the City and the holders of the Series 2007 Warrants, with its own trust department, wholly separate and apart from its other assets;

provided, however, that such depository shall not be required so to secure any portion of the moneys on deposit in the Warrant Fund that is invested in Federal Securities or insured by the Federal Deposit Insurance Corporation or by any agency of the United States of America that may succeed to its functions.

First National Bank of Hamilton shall, to the extent practicable, cause all the moneys held in the Warrant Fund (exclusive of any amount held therein for payment of matured but unpaid Series 2007 Warrants, Series 2007 Warrants called for redemption but not yet redeemed and matured but unpaid interest) that will not be needed, during the then next ensuing ten days, for payment of any maturing installment of principal of or interest on the Series 2007 Warrants or for payment of the redemption price of any Series 2007 Warrant called for redemption, to be kept continuously invested at the written direction of the City in Federal Securities, money market funds invested solely in Federal Securities, or in interest-bearing bank deposits having such stated maturities as will assure the availability of cash moneys necessary to provide for payment and redemption of the principal of and the interest on the Series 2007 Warrants, as such

principal and interest respectively become due and payable (whether at maturity, upon earlier call for redemption or otherwise). All Federal Securities or interest-bearing bank deposits in which any portion of the moneys in the Warrant Fund are invested, together with all income therefrom, shall become a part of the Warrant Fund.

In the event that at any time the moneys held in the Warrant Fund are sufficient to effect retirement of all the Series 2007 Warrants or in the event that at any time the total of the moneys held in the Warrant Fund equals or exceeds the aggregate principal of the Series 2007 Warrants then outstanding plus the aggregate interest thereon then due and to become due until the maturity thereof, then and in either of such events no further payments need thereafter be made into the Warrant Fund unless (i) further payments are needed to make good moneys paid therein that may have been lost for any reason whatsoever, or (ii) the Series 2007 Warrants thereafter become subject to redemption under any of the provisions hereof and further payments into the Warrant Fund are needed to effect such redemption.

Section 9. **Form of Series 2007 Warrants, Etc.** The Series 2007 Warrants, the Registration Certificate applicable thereto and the provisions for assignment thereof shall be in substantially the following forms, with appropriate insertions and variations therein to conform to the provisions hereof:

No. R-\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA

STATE OF ALABAMA

CITY OF HAMILTON

GENERAL OBLIGATION REFUNDING WARRANT  
Series 2007

INTEREST RATE                      MATURITY DATE                      CUSIP  
\_\_\_\_\_ %    \_\_\_\_\_    \_\_\_\_\_

**Subject to prior payment and other provisions as herein provided**

The City Treasurer of the CITY OF HAMILTON, a municipal corporation under the laws of the State of Alabama (herein called the "City"), is hereby ordered and directed to pay to \_\_\_\_\_ or registered assigns, to whom the City acknowledges itself indebted, the principal sum of

D O L L A R S

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, 2007, and semiannually on each February 1 and August 1 thereafter until and at the maturity hereof. The principal hereof shall be payable in lawful money of the United States of America at the principal office of U.S. Bank National Association in Birmingham, Alabama (herein called the "Bank") upon presentation and surrender hereof, and the interest hereon shall be paid by check or draft mailed to the named payee hereof at the address of the said payee as it appears on the registry books of the Bank pertaining to the Series 2007 Warrants hereinafter referred to. Such payment of interest shall be deemed timely made if so mailed on the interest payment date (or if such interest payment date is not a business day, on the business day following such interest payment date) upon which it shall become due. Both the principal hereof and the interest hereon shall bear interest after their respective due dates until paid at the rate of Six Percent (6%) per annum.

This warrant is one of an issue aggregating \$4,150,000 in principal amount (herein called the "Series 2007 Warrants"), which 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, Code of Alabama 1975, as well as an 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. Those of the Series 2007 Warrants having stated maturities in 2016 and thereafter are subject to redemption and payment prior to their stated maturities, at the option of the City, as a whole or in part (but if in part, those to be redeemed to be selected in the sole discretion of the City, without regard to the dates of their respective maturities or otherwise, but if less than all of the Series 2007 Warrants having a single principal maturity date are to be redeemed, those to be so redeemed shall be selected by lot), on February 1, 2015, and on any date thereafter, upon not less than thirty (30) days prior written notice given by United States certified or registered mail to the named payee of each of the Series 2007 Warrants to be redeemed, at and for a redemption price, with respect to each Series 2007 Warrant redeemed, equal to its par or face amount plus accrued interest thereon to the date of redemption, without penalty or premium of any kind.

Those of the Series 2007 Warrants maturing on February 1, 2012 shall be subject to mandatory redemption prior to their stated maturity, at a redemption price equal to the par or face amount of each such 2007 Warrant so redeemed plus accrued interest thereon to the date of redemption, in the following respective principal amounts on the following dates:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
February 1, 2008	\$ 90,000
February 1, 2009	35,000
February 1, 2010	35,000
February 1, 2011	40,000

As a result of such mandatory redemptions, \$40,000 in principal amount of such Series 2007 Warrants will remain to be paid at their stated maturity.

Those of the Series 2007 Warrants maturing on February 1, 2015 shall be subject to mandatory redemption prior to their stated maturity, at a redemption price equal to the par or

face amount of each such 2007 Warrant so redeemed plus accrued interest thereon to the date of redemption, in the following principal amount on the following date:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
February 1, 2014	\$ 200,000

As a result of such mandatory redemption, \$210,000 in principal amount of such Series 2007 Warrants will remain to be paid on their stated maturity date.

Those of the Series 2007 Warrants maturing on February 1, 2017 shall be subject to mandatory redemption prior to their stated maturity, at a redemption price equal to the par or face amount of each such 2007 Warrant so redeemed plus accrued interest thereon to the date of redemption, in the following principal amount on the following date:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
February 1, 2016	\$ 220,000

As a result of such mandatory redemption, \$230,000 in principal amount of Series 2007 Warrants will remain to be paid on their stated maturity date.

Those of the Series 2007 Warrants maturing on February 1, 2019 shall be subject to mandatory redemption prior to their stated maturity, at a redemption price equal to the par or face amount of each such 2007 Warrant so redeemed plus accrued interest thereon to the date of redemption, in the following principal amount on the following date:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
February 1, 2018	\$ 235,000

As a result of such mandatory redemption, \$245,000 in principal amount of Series 2007 Warrants will remain to be paid on their stated maturity date.

Those of the Series 2007 Warrants maturing on February 1, 2021 shall be subject to mandatory redemption prior to their stated maturity, at a redemption price equal to the par or face amount of each such 2007 Warrant so redeemed plus accrued interest thereon to the date of redemption, in the following principal amount on the following date:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
February 1, 2020	\$ 255,000

As a result of such mandatory redemption, \$270,000 in principal amount of Series 2007 Warrants will remain to be paid on their stated maturity date.

Those of the Series 2007 Warrants maturing on February 1, 2027 shall be subject to mandatory redemption prior to their stated maturity, at a redemption price equal to the par or face amount of each such 2007 Warrant so redeemed plus accrued interest thereon to the date of redemption, in the following respective principal amounts on the following dates:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
February 1, 2025	\$ 315,000
February 1, 2026	330,000

As a result of such mandatory redemptions, \$340,000 in principal amount of Series 2007 Warrants will remain to be paid on their stated maturity date.

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 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 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 applicable debt and other limit prescribed by the constitution and laws of the State of Alabama.

The Series 2007 Warrants are issuable only as fully registered warrants in the denomination of \$5,000 or any integral multiple thereof. Provision is made in the ordinance of the City under which the Series 2007 Warrants were authorized to be issued for the exchange of Series 2007 Warrants for a like aggregate principal amount of Series 2007 Warrants of the same maturity and in authorized denominations, all upon the terms and subject to the conditions set forth in the aforesaid ordinance of the City.

This warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the Bank (the registrar and transfer agent of the City) and only upon surrender of this warrant to the Bank 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 aforesaid ordinance of the City. 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 Bank are concerned, this warrant may be transferred only in accordance with the provisions of the aforesaid ordinance of the City.

The Bank shall not be required to transfer or exchange this warrant during the period of fifteen (15) days next preceding any February 1 or August 1; and, in the event that this warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Bank 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 and prepayment.

Execution by the Bank of the registration certificate hereon is essential to the validity hereof.

IN WITNESS WHEREOF, the City has caused this warrant to be executed by the facsimile signature of its Mayor, has caused a facsimile of its official seal to be hereunto affixed, has caused this warrant to be attested by the facsimile signature of its City Clerk and has caused this warrant to be dated May 1, 2007.

**CITY OF HAMILTON, ALABAMA**

By \_\_\_\_\_

Its \_\_\_\_\_

ATTEST:

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

[Form of Registration Certificate]

Date of Registration: \_\_\_\_\_

This Warrant was registered in the name of the above-registered owner the date of registration specified above.

**U. S. BANK NATIONAL ASSOCIATION**

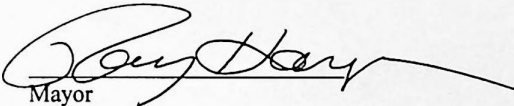
By \_\_\_\_\_

Its Authorized Officer

Richard Gann made a motion that Ordinance 2007-3 be approved for passage. Shane Stidham seconded the motion. Voting was as follows: Ayes: Richard Gann, Shane Stidham, Scotty Sanderson, McDavid Franks. Nays: None. Abstained: Annette Sherrill. Motion declared passed by majority vote.

Scotty Sanderson then made a motion to hire Colby Wiginton as a summer worker to mow grass at the water plants at minimum wage. Shane Stidham second the motion which passed unanimously.

There being no further official business, Richard Gann motioned that the meeting be adjourned. Following a second by Scotty Sanderson and a unanimous vote in favor, Mayor Harper declared the meeting adjourned.

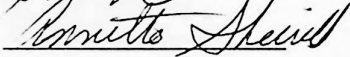
  
Mayor

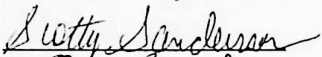
City Clerk

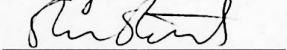
  
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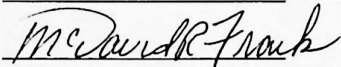
Council:

  
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