

ORDINANCE NO. 2009-12

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 (herein called the "City") has found and ascertained and does hereby declare as follows:

(a) It has been necessary and desirable for the City to construct certain additions and improvements (herein called the "Improvements") to the water and sewer lines owned by the City in order to extend and expand the area in which the City provides water and sanitary sewer service to the public, and also to enable the City to provide improved water and sanitary sewer service to the public in those areas of the City where the City has heretofore furnished water and, sanitary sewer service to the public;

(b) For the purpose of providing funds necessary for the payment of the costs of acquiring and constructing the Improvements, and in anticipation of the issuance of the Series 2009 Warrants (as hereinafter defined), the City has heretofore borrowed from The First National Bank of Hamilton, Hamilton, Alabama (herein called the "Bank"), the principal sum of \$2,163,300 and, in evidence of that borrowing has executed and delivered to the Bank its Promissory Note, dated _____, 2008 (herein called the "Outstanding Note"), in the aggregate principal amount of \$2,163,300;

(c) The Outstanding Note constitutes general obligation indebtedness of the City for the payment of which the full faith and credit of the City has been irrevocably pledged;

(d) The City does not now have on hand, and does not expect to have in the foreseeable future, funds that will be sufficient to pay the principal indebtedness evidenced by the Outstanding Note; and

(e) It is therefore necessary and desirable, and in the best interest of the City and its citizens, for the City to borrow the principal sum of \$2,163,300 for the purpose of refunding the principal indebtedness evidenced by the Outstanding Note so that the costs of the Improvements will become due and payable over a period of years.

Section 2. Authorization of the Series 2009 Warrants. Pursuant to the applicable provisions of Section 11-81-4, Code of Alabama 1975, and for the purpose of providing for the long-term financing of the costs of acquiring and constructing the Improvements through the refunding of the principal indebtedness evidenced by the

Outstanding Note, there are hereby authorized to be issued by the City \$2,163,300 in the aggregate principal amount of its General Obligation Warrants. Series 2009 (herein called the "Series 2009 Warrants"). The Series 2009 Warrants shall be dated May 1, 2009, shall be issued as fully registered warrants, shall be in the initial denomination of \$5,000 each or any integral multiple thereof (which are herein called "Authorized Denominations"), provided, that the option of the initial purchaser of all of the Series 2009 Warrants, they shall be initially issued in the form of a single warrant (herein called the "Single Series 2009 Warrant") in the form prescribed in Section 9 hereof and dated the date of issuance of the Single Series 2009 Warrant. The principal of the Series 2009 Warrants shall mature on January 1 in the following respective principal amounts and years:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2012	42,000	2026	75,000
2013	44,000	2027	78,000
2014	46,000	2028	81,000
2015	48,000	2029	84,000
2016	50,000	2030	88,000
2017	52,000	2031	92,000
2018	54,000	2032	95,000
2019	56,000	2033	99,000
2020	59,000	2034	103,000
2021	61,000	2035	108,000
2022	64,000	2036	112,000
2023	66,000	2037	116,000
2024	69,000	2038	122,000
2025	72,000	2039	127,300

Section 3. Interest Rate and Place of Payment. The Series 2009 Warrants shall bear interest from their date until their respective maturities at the rate of Four and One Eighth Percent (4.125%) per annum. Such interest shall be computed on the basis of a 365-day year and shall be payable on January 1, 2010, and annually on each January 1 thereafter until and at the respective maturity dates of the Series 2009 Warrants. Both the principal of and the interest on the Series 2009 Warrants shall be paid in lawful money of the United States of America by check or draft mailed by the Bank, or in the case of the Single Series 2009 Warrant, by check or draft of the City, to the persons to whom the Series 2009 Warrants are respectively payable at their addresses as they appear on the registry books of the Bank or the City pertaining to the Series 2009 Warrants; provided that the final payment of such interest shall be made only upon surrender of the appropriate Series 2009 Warrant or the Single Series 2009 Warrant to the Bank or to the City. 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 next following such interest payment date) upon which such interest shall be due and payable. The principal of the Series 2009 Warrants shall bear interest after its due date until paid at the rate of Four and One Eighth percent (4.125%) per annum.

Section 4. Optional Redemption of Series 2009 Warrants. The Series 2009 Warrants 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 2009 Warrants, on January 1, 2019, and on any date thereafter, as a whole or in part (but if in part, in the inverse order of their principal maturity dates, but if less than all of the Series 2009 Warrants having a single principal maturity date are to be redeemed, then those having said single principal maturity date to be redeemed shall be selected by lot), at a redemption price, with respect to each Series 2009 Warrant redeemed, equal to its par or face amount plus accrued interest to the date of redemption, without penalty or premium of any kind.

Any such redemption shall be effected in the following manner:

(a) The Council shall adopt a ordinance calling for redemption on a stated date when they are by their terms subject to redemption Series 2009 Warrants in a stated aggregate principal amount and shall recite in such ordinance that the City is not in default in payment of the principal of or the interest on any of the Series 2009 Warrants.

(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 2009 Warrants by depositing into the United States registered or certified mail, addressed to the registered holder of each Series 2009 Warrant, at the address of such holder as the same appears on the registry books of the Bank or the City pertaining to the Series 2009 Warrants, a notice which shall state that Series 2009 Warrants 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 2009 Warrant may waive the requirements of this subsection with respect to the Series 2009 Warrant or Series 2009 Warrants held by her, or it without affecting the validity of the call for redemption of any other Series 2009 Warrants.

(c) On or prior to the date fixed for redemption the City shall notify the Bank or the holder of the Single Series 2009 Warrant of the City's compliance with the requirements of paragraphs (a) and (b) of this section and shall further make available the total redemption price of the Series 2009 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 ordinance and notice the City is not in default in payment of the principal of or the interest on any of the Series 2009 Warrants, the Series 2009 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 2009 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 2009 Warrant so called for redemption on that date unless the Series 2009 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 2009 Warrant it shall not be liable to the holder of such applicable Series 2009 Warrant or to the City or to anyone whomsoever.

Section 5. General Obligation. The indebtedness evidenced and ordered paid by the Series 2009 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 6. Warrant Fund. There is hereby created a special trust fund designated the "Series 2009 Warrant Principal and Interest Fund" (herein called the "Warrant Fund"), which shall be maintained until the principal of and the interest on the Series 2009 Warrants shall have been paid in full. The City will pay or cause to be paid into the Warrant Fund the following:

(a) simultaneously with the issuance and sale of the Series 2009 Warrants and out of proceeds derived from such sale, the City will pay into the Warrant Fund such part of the proceeds from said sale as is allocable to premium (if any) and accrued interest; and

(b) the City will pay the principal of and the interest on the Series 2009 Warrants on or before the first day of January of each year that the Series 2009 Warrants shall be outstanding, commencing in January 2012 and continuing until the principal of and the interest on the Series 2009 Warrants have been paid in full or until provision shall have been made for the payment thereof.

The moneys in the Warrant Fund shall be used solely for payment of the principal of and the interest on the Series 2009 Warrants upon or after their respective maturities of such principal and interest. 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 2009 Warrants, neither the Bank nor the City shall 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 2009 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 7. Concerning the Warrant Fund. The Bank is hereby designated as the custodian, depository and disbursing agent for the Warrant Fund. In the event that the Bank (or any successor to the Bank as the depository for either or both such funds 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 and doing business within the State of Alabama, then the Council shall by ordinance designate a successor to the Bank as 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 and doing 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 2009 Warrants.

The depository for the Warrant Fund shall at all times keep all moneys on deposit in each thereof secured by pledging securities that are direct general obligations of the United States of America or securities with respect to which payment of the principal and interest is unconditionally guaranteed by the United States of America or a money market fund containing only such securities (any such securities being herein called "Federal Securities") having a market value at least equal to the amount of 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 2009 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 2009 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 in the Warrant Fund that is 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 such moneys that is invested in Federal Securities pursuant to the provisions of the next succeeding paragraph hereof.

The Bank, as depository for the Warrant Fund, is hereby authorized and directed, to the extent practicable, to cause all moneys on deposit in the Warrant Fund (other than moneys held for payment of matured but unrepresented Series 2009 Warrants and unclaimed interest thereon) to be kept continuously invested in Federal Securities having such stated maturities, or being redeemable at the option of the holder at a stated price and time, as will assure the availability of cash sufficient to provide for payment of the principal of and interest on the Series 2009 Warrants as such principal and interest respectively come due. Said depository is further authorized and directed to cause any such Federal Securities to be sold or otherwise converted into cash if in its sole discretion it deems such sale or conversion necessary to prevent a default in payment of said principal or interest. All Federal Securities in which Warrant Fund moneys are invested, together with all income therefrom, shall be considered and become a part of the Warrant Fund. In any determination of the amount at any time on deposit in the Warrant Fund, all

Federal Securities forming a part thereof shall be included therein at their then market value.

In making any investment of moneys on deposit in the Warrant Fund of which it has custody, the Bank shall follow such written instructions as may be given it by an authorized representative of the City, but if and only to the extent that such instructions are not inconsistent with any applicable provisions of this ordinance; provided, however, that the City shall make no investment of any such moneys that would result in any of the Series 2009 Warrants being considered "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code and the applicable regulations thereunder. In any determination of the amount of moneys at any time forming a part of the Warrant Fund, all Federal Securities in which any portion thereof is at the time so invested shall be included in the fund from which moneys were used to make such investment at their then market value.

Section 8. **Forms of Series 2009 Warrants.** The Series 2009 Warrants, other than the Single Series 2009 Warrant, 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:

[Form of the Series 2009 Warrants]

No. R- _____

\$ _____

UNITED STATES OF AMERICA

STATE OF ALABAMA

CITY OF HAMILTON, ALABAMA

GENERAL OBLIGATION WARRANT
Series 2009

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 in 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 January 1, 2010, and annually on each January 1 thereafter until and at maturity hereof. The principal hereof shall be payable in lawful money of the United States of America at the corporate trust office of The First National Bank of Hamilton, Hamilton, Alabama (herein called the "Bank"), and the interest hereon shall be paid by check or money order mailed to the registered holder hereof at the address of such holder as it appears on the registry books of the Bank pertaining to the Series 2009 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 next following such interest payment date) upon which such interest shall be due and payable. Both the principal hereof and the interest hereon shall bear interest after their respective due dates until paid at the rate of Four and One Eighth Percent (4.125%) per annum.

This warrant is one an issue aggregating \$2,163,300 in principal amount (herein called the "Series 2009 Warrants"), which are authorized to be issued pursuant to the applicable provisions of Section 11-81-4, Code of Alabama 1975, as well as an ordinance 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 Series 2009 Warrants are subject to redemption and payment prior to their respective maturities, at the option of the City, as a whole or in part (but if in part, in the inverse order of their principal maturity dates, but if less than all of the Series 2009 Warrants having a single principal maturity date are to be redeemed, those having said single principal maturity date to be redeemed shall be selected by lot), on January 1, 2019, 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 registered holder of each of the Series 2009 Warrants, at and for a redemption price, with respect to each Series 2009 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.

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 2009 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 2009 Warrants were authorized to be issued for the exchange of Series 2009 Warrants for a like aggregate principal amount of Series 2009 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 governing body 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 January 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 its Mayor, has caused its official seal to be hereunto affixed, has this warrant to be attested by its City Clerk, and has caused this warrant to be dated _____, 2009.

CITY OF HAMILTON, ALABAMA

By *Robert J. ...* Mayor

Attest:

Jim Williams
Its City Clerk

Date of Registration: _____

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

The First National Bank of Hamilton

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 Bank.

Dated this _____ day of _____, 20____.

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 _____

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).

Section 9. **Form of the Single Series 2009 Warrant.** The Single Series 2009 Warrant, the Registration Certificate applicable thereto, and the provision for assignment thereof shall be in substantially the following forms, with appropriate insertions and variations therein to conform to the provisions hereof:

[Form of the Single Series 2009 Warrant]

No. R-1

\$2,163,300

UNITED STATES OF AMERICA

STATE OF ALABAMA

CITY OF HAMILTON, ALABAMA

GENERAL OBLIGATION WARRANT

Series 2009

The City Treasurer of the CITY OF HAMILTON, a municipal corporation in 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

TWO MILLION ONE HUNDRED SIXTY-THREE THOUSAND DOLLARS

on January 1 in the following respective years and principal amounts:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2012	42,000	2026	75,000
2013	44,000	2027	78,000
2014	46,000	2028	81,000
2015	48,000	2029	84,000
2016	50,000	2030	88,000
2017	52,000	2031	92,000
2018	54,000	2032	95,000
2019	56,000	2033	99,000
2020	59,000	2034	103,000
2021	61,000	2035	108,000
2022	64,000	2036	112,000
2023	66,000	2037	116,000
2024	69,000	2038	122,000
2025	72,000	2039	127,300

with interest on the then unpaid principal indebtedness evidenced by this warrant from the date hereof until the maturity hereof at the rate of Four and One Eighth Percent (4.125%) per annum (computed on the basis of a 365-day year), payable on January 1, 2010, and annually on each January 1 thereafter until and at maturity hereof. Both the principal and the interest on this warrant (except for the final payment of such principal and interest, which shall only be made upon surrender of this warrant) shall be payable in lawful money of the United States of America by check or money order mailed to the registered holder hereof by the City Treasurer of the City at the address of the said holder as it appears on the registry books of the City pertaining to the Series 2009 Warrants. Such payment of principal and interest shall be deemed timely made if so mailed on the principal and interest payment date (or if such principal and interest payment date is not a business day, on the business day next following such interest payment date) upon which such interest shall be due and payable. The principal hereof shall bear interest after its due date until paid at the rate of Four and One Eighth Percent (4.125%) per annum.

This warrant evidences an issue of warrants aggregating \$2,163,300 in principal amount (herein called the "Series 2009 Warrants"), which are authorized to be issued pursuant to the applicable provisions of Section 11-81-4, Code of Alabama 1975, as well as an ordinance 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 Series 2009 Warrants are subject to redemption and payment prior to their respective maturities, at the option of the City, as a whole or in part (but if in part, in the inverse order of their principal maturity dates on January 1, 2019, 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 registered holder of each of the Series 2009 Warrants, at and for a redemption price, with respect to each Series 2009 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.

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 2009 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 2009 Warrants were authorized to be issued for the exchange of Series 2009 Warrants for a like aggregate principal amount of Series 2009 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 City Treasurer of the City (the registrar and transfer agent for the Series 2009 Warrants) 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 governing body 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 is concerned, this warrant may be transferred only in accordance with the provisions of the aforesaid ordinance of the City.

The City shall not be required to transfer or exchange this warrant during the period of fifteen (15) days next preceding any January 1; and, in the event that this warrant (or any principal portion hereof) is duly called for redemption and prepayment, the City 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 City Treasurer of the City of the registration certificate hereon is essential to the validity hereof.

IN WITNESS WHEREOF, the City has caused this warrant to be executed by its Mayor, has caused its official seal to be hereunto affixed, has caused this warrant to be attested by its City Clerk, and has caused this warrant to be dated _____, 2009.

CITY OF HAMILTON, ALABAMA

By *Robert ...*
Mayor

ATTEST:

Jan Williams
Its City Clerk

Date of Registration: _____

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

By *Jan Williams*
City Treasurer

[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 City.

DATED this ____ day of _____, 20__.

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 _____

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).

Section 10. Execution and Registration of Series 2009 Warrants by the City. The Series 2009 Warrants shall be executed on behalf of the City by the Mayor of the City, whose signature shall be attested by the City Clerk of the City. The seal of the City shall be impressed on each of the Series 2009 Warrants. The signatures of the said Mayor and the said City Clerk may be facsimile signatures of said officers, and the seal of the City imprinted on the Series 2009 Warrants may be a facsimile of such seal (it being understood that a condition to the validity of each Series 2009 Warrant is the appearance on such Series 2009 Warrant of a registration certificate, substantially in the form hereinabove provided, executed by the manual signature of a duly authorized officer of the Bank). Signatures on the Series 2009 Warrants by persons who are officers of the City at the times such signatures were written or printed shall continue to be effective although such persons cease to be such officers prior to the delivery of the Series 2009 Warrants, whether initially issued or exchanged for Series 2009 Warrants of different denominations from those initially issued.

The Series 2009 Warrants shall be registered by the City Treasurer in the records maintained by her as claims against the City, which registration shall be made simultaneously with respect to all the Series 2009 Warrants. Said officers are hereby directed so to execute, attest and register the Series 2009 Warrants.

Section 11. Registration Certificate on Series 2009 Warrants and Single Series 2009 Warrant. A registration certificate by the Bank, in substantially the form hereinabove recited, duly executed by the manual signature of an authorized officer of the Bank, shall be endorsed on each of the Series 2009 Warrants and shall be essential to its

validity; provided, in the case of Single Series 2009 Warrant, the City Treasurer of the City shall be the registrar thereof.

Section 12. Registration and Transfer of Series 2009 Warrants. All the Series 2009 Warrants shall be registered as to both principal and interest, and shall be transferable only on the registry books of the Bank, or in the case of the Single Series 2009 Warrant, the City. The Bank shall be the registrar and transfer agent of the City for all of the Series 2009 Warrants other than the Single Series 2009 Warrant and shall keep at its office proper registry and transfer books in which it will note the registration and transfer of such Series 2009 Warrants as are presented for those purposes, all in the manner and to the extent hereinafter specified. The City Treasurer of the City shall be the registrar and transfer agent for the Single Series 2009 Warrant.

No transfer of a Series 2009 Warrant shall be valid hereunder except upon presentation and surrender of such Series 2009 Warrant at the office of the Bank or the City 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 Bank, or in the case of the Single Series 2009 Warrant the City, whereupon the City shall execute, and the Bank shall register and deliver to the transferee, a new Series 2009 Warrant, registered in the name of such transferee and of like tenor as that presented for transfer. The person in whose name a Series 2009 Warrant is registered on the books of the Bank or, in the case of the Single Series 2009 Warrant the City, 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 registered holder of any of the Series 2009 Warrants by receiving or accepting such Series 2009 Warrant, shall consent and agree and shall be estopped to deny that, insofar as the City and the Bank are concerned, the Series 2009 Warrants may be transferred only in accordance with the provisions of this ordinance.

The Bank shall not be required to register or transfer any Series 2009 Warrant during the period of fifteen (15) days next preceding any interest payment date with respect thereto; and if any Series 2009 Warrant is duly called for redemption and payment (in whole or in part), the Bank shall not be required to register or transfer such Series 2009 Warrant during the period of forty-five (45) days next preceding the date fixed for such redemption and payment.

Section 13. Exchange of Series 2009 Warrants. Upon the request of the registered holder of any of the Series 2009 Warrants, the City shall execute, and the Bank shall register and deliver, upon surrender to the Bank of any Series 2009 Warrant or Series 2009 Warrants in exchange thereof, a Series 2009 Warrant or Series 2009 Warrants in the denomination of \$5,000 or any other integral multiple of \$5,000 of the same maturity and interest rate and together aggregating the same principal amount as the then unpaid principal of the Series 2009 Warrant or Series 2009 Warrants so surrendered, all as may be requested by the person surrendering such Series 2009 Warrant or Series 2009 Warrants.

The registration, transfer and exchange of Series 2009 Warrants (other than pursuant to Section 17 hereof) shall be without expense to the holder thereof or any transferee thereof. In every case involving any transfer, registration or exchange, such registered holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange.

Section 14. Accrual of Interest on Series 2009 Warrants. All Series 2009 Warrants issued prior to January 1, 2010, in exchange for Series 2009 Warrants initially delivered hereunder, shall bear interest from the date of the Series 2009 Warrants and all Series 2009 Warrants issued on or after January 1, 2010, shall bear interest from the January 1 next preceding the date of its issuance and delivery unless (1) such date of delivery is a January 1, in which event such Series 2009 Warrant shall bear interest from the date of its issuance and delivery, or (2) at the time of such delivery the City is in default in the payment of interest on the Series 2009 Warrant in lieu of which such new Series 2009 Warrant is issued, in which event such new Series 2009 Warrant shall bear interest from the last interest payment date to which interest has previously been paid. The preceding provision shall be construed to the end that the issuance of a Series 2009 Warrant shall not affect any gain or loss in interest to the registered holder thereof.

Section 15. Persons to Whom Payment of Interest on Series 2009 Warrants is to be Made. Interest on the Series 2009 Warrants shall be payable in lawful money of the United States of America by check or draft mailed by the Bank or, in the case of the Single Series 2009 Warrant by the City, to the respective registered holders of the Series 2009 Warrants at their respective addresses shown on the registry books of the Bank or the City pertaining to the Series 2009 Warrants. Overdue interest shall be paid by check or draft mailed by the Bank or the City to the respective registered holders of the Series 2009 Warrants on the date upon which any such overdue interest shall be paid. Payment of interest in the manner described in this paragraph to the respective registered holders of the Series 2009 Warrants on the overdue interest payment date shall fully discharge and satisfy all liability for the same.

Section 16. Persons Deemed Owners of Series 2009 Warrants. The City and the Bank may deem and treat the person in whose name a Series 2009 Warrant is registered on the registry books of the Bank or the City 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 Series 2009 Warrant is registered, shall to the extent thereof fully discharge and satisfy all liability for the same.

Section 17. Replacement of Mutilated, Lost, Stolen or Destroyed Series 2009 Warrants. In the event any Series 2009 Warrant is mutilated, lost, stolen or destroyed, the City may execute and deliver a new Series 2009 Warrant of like tenor as that mutilated, lost, stolen or destroyed; provided that (a) in the case of any such mutilated Series 2009 Warrant, such Series 2009 Warrant is first surrendered to the City and the Bank, and (b) in the case of any such lost, stolen or destroyed Series 2009 Warrant, there is first furnished to the City and the Bank evidence of such loss, theft or

destruction satisfactory to each of them, together with indemnity satisfactory to each of them.

Section 18. Sale of Series 2009 Warrants. The Series 2009 Warrants are hereby sold and awarded to United States of America, USDA Rural Development, at a price equal to their par or face value. The Series 2009 Warrants shall be issued in the form of the Single Series 2009 Warrant, and shall be dated the date of the issuance thereof. The principal of and the interest on the Single Series 2009 Warrant shall be payable at 1520 Market Street, St. Louis, Missouri 63103. The Mayor of the City is hereby authorized and directed to execute the Single Series 2009 Warrant for and in the name and behalf of the City in the manner provided in this ordinance, and the City Clerk of the City is hereby authorized and directed to cause the seal of the City to be affixed thereto and to attest the same, whereupon the said Mayor of the City shall deliver the Single Series 2009 Warrant to the said United States of America, USDA Rural Development, upon payment to the City of the purchase price thereof.

Section 19. Application of Proceeds of Sale. The entire proceeds derived from the sale of the Series 2009 Warrants shall be applied, promptly following the receipt by the City of such proceeds, for the following purposes and in the following order:

- (a) payment into the Warrant Fund of any accrued interest and premium received on the sale of the Series 2009 Warrants; and
- (b) application of the balance of such proceeds to the payment of the principal of the Warrant Anticipation Note.

The City will, simultaneously with the issuance of the Series 2009 Warrants, pay the entire accrued but unpaid interest on the Warrant Anticipation Note, whereupon the Warrant Anticipation Note shall be fully paid and retired.

Section 20. Provisions Respecting Registration of Series 2009 Warrants to Comply with Provisions of Internal Revenue Code of 1986. The City and the Bank recognize that the provisions of the Internal Revenue Code of 1986 require that the Series 2009 Warrants be in "registered form", and that each Series 2009 Warrant must be registered as to both principal and interest and any transfer of any Series 2009 Warrant must be effected only by the surrender of the old Series 2009 Warrant and either by the reissuance of the old Series 2009 Warrant to a new registered holder or the issuance of a new Series 2009 Warrant to a new such registered holder. The Bank may rely upon an opinion of recognized bond counsel with respect to any question which may arise pertaining to the transfer, exchange or reissuance of Series 2009 Warrants. The provisions of this ordinance pertaining to transfer, exchange or reissuance of Series 2009 Warrant need not or shall not be followed if the Bank receives an opinion of recognized bond counsel that compliance with requirements in addition to or in lieu of the requirements of this ordinance pertaining to such transfer, exchange or reissuance is required or permitted under the provisions of the Internal Revenue Code of 1986 or under other applicable laws and regulations.

Section 21. **Provisions Constitute Contract.** The provisions of this ordinance shall constitute a contract between the City and the holders of the Series 2009 Warrants.

Section 22. **Series 2009 Warrants Payable at Par.** Each bank at which the Series 2009 Warrants shall at any time be payable, by acceptance of its duties as paying agent therefor, shall be considered to have agreed thereby with the holders of the Series 2009 Warrants that all payments made by it of the Series 2009 Warrants shall be made in bankable funds at par and without deduction for exchange, fees or expenses. The City agrees with the holders of the Series 2009 Warrants that it will pay all charges for exchange, fees or expenses which may be made by any such bank in the making of payments in bankable funds of the Series 2009 Warrants.

Section 23. **Provisions of Ordinance Severable.** The various provisions of this ordinance are hereby declared to be severable. In the event any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, such holding shall not affect the validity or enforceability of any other portion of this ordinance.

Section 24. **Qualified Tax-Exempt Obligations.** The City does hereby find and determine that the reasonably anticipated amount of tax-exempt obligations which will be issued by the City and all subordinate entities thereof during the current calendar year (viz., the calendar year ending on December 31, 2009) does not exceed \$30,000,000. Pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, the City does hereby designate the Series 2009 Warrants as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the said Internal Revenue Code of 1986.

Section 25. **Execution of Ancillary Documents.** The Mayor of the City and the City Clerk of the City are hereby authorized and directed to execute, deliver, seal and attest such other ancillary documents and certificates (including, without limitation, a so called "No-Arbitrage Certificate") as may be necessary to consummate the issuance and sale of the Series 2009 Warrants and to carry out fully the financing authorized by this ordinance.

Section 26. **Continuing Disclosure.** The City hereby covenants, for the benefit of holders of the Series 2009 Warrants, to provide certain annual financial information (the "Annual Report") relating to the City within 180 days after the end of each fiscal year of the City, to provide financial statements of the City when such financial statements become available, and to provide notices of the occurrence of certain events specified in Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Specified Events"), if deemed by the City to be material to holders of the Series 2009 Warrants.

The Annual Report shall include (i) a summary of the revenues and expenditures for the immediately preceding fiscal year of the City, (ii) summary information respecting the then current budgets for the City, (iii) summary information concerning the then outstanding indebtedness of the City, and (iv) a summary of any pending or

threatened litigation deemed material to the holders of the Series 2009 Warrants. The City may, solely as a matter of administrative convenience, provide the Annual Report in a format that includes other information in addition to the items identified in the preceding sentence, it being understood that any such provision of any such additional information one year shall not result in an obligation to provide such additional information in any subsequent year.

The Specified Events currently include the following:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or failure of any such provider to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Series 2009 Warrants;
- (7) Modifications to rights of holders of Series 2009 Warrants;
- (8) Calls for redemption of any of the Series 2009 Warrants;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Series 2009 Warrants; and
- (11) Rating changes.

The Annual Report and financial statements (if any) of the City will be filed by the City with each nationally recognized municipal securities information repository and with the appropriate state information depository (if any such state depository exists). The notices of Specified Events will be filed by the City, in a timely manner, with each nationally recognized municipal securities information repository or with the Municipal Securities Rulemaking Board and with the appropriate state information depository (if any such state depository exists).

At this time no state information depository has been established in Alabama, and the City has no knowledge of any plans for the establishment of such a depository.

The foregoing covenants of the City have been made for the express purpose of complying with the requirements of the aforesaid Rule 15c2-12 and shall be deemed to be revised and amended if and to the extent that the pertinent provisions of said Rule are hereafter amended. Such covenants, and the City's obligations pursuant thereto, shall automatically terminate (a) upon the payment in full of all of the Series 2009 Warrants or (b) when all of the Series 2009 Warrants shall be deemed to be paid.

Any holder of a Series 2009 Warrant may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to

cause the City to comply with its covenants respecting continuing disclosure. The sole remedy in the event of a failure to comply with this Section 26 shall be an action to compel performance.

Section 27. **No Advance Refunding.** So long as the United States of America is the Holder of any of the Series 2009 Warrants, the City shall not issue any securities for the purpose of defeasing or otherwise terminating the lien of the Series 2009 Warrants without simultaneously prepaying all of the outstanding Series 2009 Warrants then held by the United States of America.

Councilmember McDavid Franks moved that said ordinance be adopted, which motion was seconded by Councilmember Annette Sherrill and, said motion being put to vote, the following vote was recorded:

YEAS:

NAYS:

ABSTENTIONS:

Mayor Bobby Holliday
McDavid Franks
Scotty Sanderson
Paul Stidham
Annette Sherrill
April Steele

The Mayor thereupon announced that the motion for adoption of said ordinance had been carried.