

ORDINANCE NO. 429

AN ORDINANCE AUTHORIZING AND PROVIDING FOR
(A) THE ISSUANCE OF \$1,650,000 PRINCIPAL
AMOUNT OF GENERAL OBLIGATION WARRANTS
OF THE CITY OF HAMILTON, ALABAMA, TO BE DATED
APRIL 1, 1982, AND (B) A TRUST AGREEMENT
ESTABLISHING A TRUST FUND FOR RETIREMENT OF
CERTAIN OUTSTANDING GENERAL OBLIGATION
WARRANTS OF THE CITY

BE IT ORDAINED by the Mayor and City Council the City of Hamilton, Alabama, as follows:

Section 1. Definitions and Use of Phrases.

(a) Definitions. The following words and phrases, in the absence of clear implication herein otherwise, shall, wherever used in this ordinance, have the respective meanings hereinafter set forth.

"Bank" means Birmingham Trust National Bank, Birmingham, Alabama, in its capacity as depository, custodian and disbursing agent for the Construction Fund.

"Board" means the Water Works and Sewer Board of the Town of Hamilton.

"Board Note" means that certain note of the Board to Marion County Banking Company that is referred to in Section 2(h).

"Board Payments" means the amounts paid to the City by the Board pursuant to the City-Board Agreement.

"Board's Share of the Sewage Treatment Facility Costs" means that portion of the cost of the construction of the Sewage Treatment Facility that is, pursuant to the EPA Grant Agreement, required to be paid by the Board.

"Callable Warrants" means those of the Warrants having stated maturities in 1993 and thereafter.

"Called Warrant" means a Callable Warrant that has been duly called for redemption pursuant to the provisions of Section 4(a) hereof.

"City" means the City of Hamilton in the State of Alabama.

"City-Board Agreement" means that certain agreement between the City and the Board, dated as of April 1, 1982.

"City Clerk" means the city clerk of the City.

"City Treasurer" means the city treasurer of the City.

"Construction Engineer" means the engineer or engineering firm designated as such in or pursuant to the provisions of Section 14(E) hereof.

"Construction Fund" means the 1982 Sewage Treatment Facility and Water Improvements Construction Fund created in Section 14 hereof.

"Council" means the governing body of the City as it may at any time be constituted.

"County Sales Tax" means that certain sales and use tax levied by Marion County pursuant to the provisions of Act No. 115 adopted at the 1949 Regular Session of the Legislature of Alabama, as amended by Act No. 39 adopted at the 1963 Regular Session and by Act No. 81-744 adopted at the 1981 Regular Session of the Legislature of Alabama.

"County Sales Tax Payments" means the City's share of the proceeds of the County Sales Tax.

"Coupons" means the interest coupons provided for herein which evidence the interest on the Warrants.

"EPA" means the United States Environmental Protection Agency.

"EPA Grant Agreement" means that certain Grant Agreement between EPA and the Board, which was entered into pursuant to the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977.

"Escrow Trust Agreement" means that certain Escrow Trust Agreement between the City and Birmingham Trust National Bank, dated as of April 1, 1982, which makes provision for the payment of the Outstanding Warrants.

"Financial Journal" means a journal or newspaper printed in the English language, devoted primarily to news of financial matters, and customarily published in the locality specified not less than five days during each calendar week.

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

"Gross Receipts Tax" means the special license and privilege tax of the City levied by Ordinance No. 374 of the City adopted on July 11, 1966, as amended by Ordinance No. 390 adopted March 25, 1973, to the extent that the said tax is levied with respect to business conducted within the corporate limits of the City.

"Holder" when used in conjunction with any of the Warrants or Coupons means the person who is in possession and the apparent owner of the designated item.

"Interest Payment Date" means each April 1 and October 1 during the period commencing October 1, 1982, and ending April 1, 1994.

"Newspaper" means a newspaper published in the English language, having general circulation in the locality specified, and customarily published in the said locality not less than six days during each calendar week.

"Outstanding Warrants" means those of the Series 1969 Warrants and the Series 1978 Warrants that now remain outstanding.

"Pledged Funds" means the Pledged Tax Proceeds, the County Sales Tax Payments and the Board Payments.

"Pledged Tax Proceeds" means the proceeds received by the City from the Gross Receipts Tax.

"Redemption Date" means the date fixed in any resolution of the City adopted pursuant to Section 4(a) hereof for the redemption of Warrants prior to their maturities.

"Redemption Price" means the price at which any of the Warrants is by its terms subject to redemption prior to maturity on the applicable Redemption Date.

"Series 1969 Warrants" means the General Obligation Refunding Warrants, Series 1969, of the City dated May 1, 1969, issued pursuant to authorization contained in an ordinance of the City adopted on May 26, 1969.

"Series 1978 Warrants" means the General Obligation Various Purpose Warrants, Series 1978, of the City dated September 1, 1978, issued pursuant to authorization contained in an ordinance of the City adopted on October 9, 1978.

"United States Securities" means and includes (i) direct obligations of the United States of America and (ii) obligations the principal of and interest on which are unconditionally guaranteed by the said United States.

"Warrants", without other qualifying words, means the General Obligation Warrants herein authorized.

"Warrant Fund" means the Warrant Fund which is established in Section 8 hereof.

"Water Improvements" means the capital improvements to the water system owned by the Board that are referred to in Section 2(g) hereof.

"1982 Escrow Trustee" means Birmingham Trust National Bank, Birmingham, Alabama, in its capacity as Trustee under the Escrow Trust Agreement.

(b) Use of Phrases.

"Herein", "hereof", "hereunder", and other equivalent words refer to this ordinance and not solely to any particular portion hereof in which any such word is used.

The definitions set forth in Section 1(a) hereof shall be deemed applicable whether the words defined are herein used in the singular or 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 Board has ascertained and does hereby find and declare that the following facts are true and correct:

(a) The Water Works and Sewer Board of the Town of Hamilton has heretofore applied for and received a grant from the Environmental Protection Agency in order to assist the Board in the acquisition and construction of a sewage treatment facility;

(b) Pursuant to the provisions of Public Law 92-500 (commonly referred to as "The Clean Water Act of 1972"), federal grants in the aid of construction of sewage treatment facilities in the amount of 75% of the eligible cost are available provided that the recipient of such grant complies with certain guidelines promulgated by EPA;

(c) The present sewage treatment facility owned and operated by the Board is totally inadequate to meet the needs of the City, and the Board is under a mandate from EPA and the Alabama Water Improvement Commission to construct a sewage treatment facility in compliance with federal and state regulations respecting the collection and treatment of sewage;

(d) The City and the Board have heretofore caused to be prepared an engineering report by Cook Coggin Engineers, Inc., Tupelo, Mississippi, dated February, 1982, respecting the construction of the Sewage Treatment Facility;

(e) The Board and the City have, over the past several months, conducted separate and joint studies and investigations as to the most economical manner of financing the Board's portion of the cost of construction of the Sewage Treatment Facility. The Board does not now have, and does not expect to have in the near future, funds sufficient to enable it to pay the cost of acquiring and providing the Sewage Treatment Facility;

(f) The Board has requested that the City assist the Board in the acquisition and construction of the Sewage Treatment Facility by making a grant to the Board in an amount equal to the Board's portion of the cost of constructing the Sewage Treatment Facility;

(g) The Board has also requested that the City make available to the Board funds sufficient to enable the Board to construct capital improvements to the Board's water system, the said improvements consisting of a new well, a new tank and lines to serve new customers, said improvements having an estimated cost of approximately \$75,000;

(h) The Board has also requested that the City make available to the Board funds sufficient to enable the Board to retire a note in the principal amount of \$189,000 from the Board to Marion County Banking Company originally incurred to pay costs of constructing water and sewer improvements; and

(i) In the opinion of the Council, it is necessary, desirable and in the best interest of the City and its inhabitants for the City to make a grant to the Board to enable the Board to construct the said improvements and for the City to issue the warrants hereinafter authorized for the purpose of providing funds to make the said grant. The Council is also of the opinion that it is necessary, desirable and in the public interest for the City to refund the Outstanding Warrants to provide a first pledge of the Gross Receipts Tax to the purchasers of the Warrants, thereby resulting in a lower net interest cost to the City on the Warrants.

Section 3. Authorization of the Warrants. Pursuant to the applicable provisions of the constitution and laws of the State of Alabama, including particularly Section 11-47-2 and Chapter 63 of Title 11 of the Code of Alabama of 1975, there are hereby authorized to be sold and issued by the City \$1,650,000 aggregate principal amount of General Obligation Warrants. The Warrants shall be dated April 1, 1982, shall consist of 330 coupon warrants in the denomination of \$5,000 each, shall be numbered consecutively from 1 to 330, inclusive, and shall mature on April 1 as follows: \$65,000 in 1983; \$70,000 in 1984; \$80,000 in 1985; \$95,000 in 1986; \$105,000 in 1987; \$120,000 in 1988; \$135,000 in 1989; \$150,000 in 1990; \$170,000 in 1991; \$195,000 in 1992; \$220,000 in 1993; and \$245,000 in 1994. The Warrants shall bear interest from their date until their respective maturities at the following per annum rates of interest: 12.75% on those having stated maturities in 1983 through 1987; 13.00% on those having stated maturities in 1988 through 1990; 13.25% on those having a stated maturity in 1991 and 1992; and 13.50% on those having a stated maturity in 1993 and 1994. The said interest shall be payable semiannually on April 1 and October 1 in each year until and at the respective maturities of the Warrants and shall be evidenced by Coupons attached to the Warrants. The Warrants and the Coupons shall bear interest at their respective coupon rates after their respective maturities and shall be payable in lawful money of the United States of America at the principal office of Birmingham Trust National Bank, Birmingham, Alabama.

Section 4. Optional Redemption of Callable Warrants. The Callable Warrants shall be subject to redemption and payment by the City at its option on April 1, 1992, and on any Interest Payment Date thereafter, at a Redemption Price with respect to each Warrant redeemed equal to the face amount thereof plus accrued interest to the Redemption Date and a redemption premium equal to 2% of the face value of each Warrant redeemed. Any such redemption may be made as a whole or in part of the Warrants that are at the time outstanding (and if in part it shall be accomplished in the inverse numerical order of those of the Warrants at the time outstanding). Any redemption of Warrants shall be effected in the following manner:

(a) The City shall by resolution adopted by the Council call for redemption on a stated Interest Payment Date when they are by their terms subject to redemption Callable Warrants bearing stated numbers.

(b) The City shall cause to be published one time in a Newspaper published in the City of Birmingham, Alabama, or in a Financial Journal published in New York, New York a notice stating the numbers of the Callable Warrants so called for redemption, and stating that the Callable Warrants bearing such numbers will become due and payable on a specified date (which shall be the Redemption Date fixed by the Resolution referred to in paragraph (a) of this section) at the Redemption Price (which shall be specified in the said notice), and that all interest on the Called Warrants will cease after the Redemption Date. Such notice shall be published not less than thirty days prior to the Redemption Date.

(c) On or prior to the Redemption Date, the City shall notify the bank at which the Warrants are payable of the City's compliance with the requirements of paragraphs (a) and (b) of this section and shall make available at the said bank the total Redemption Price of the Called Warrants.

Upon compliance with the foregoing requirements on its part contained in this section, the Called Warrants shall become due and payable on the Redemption Date and at the Redemption Price, and interest thereon shall thereafter cease. Neither the City nor the Bank at which the Warrants are payable shall be required to pay any Coupon maturing on the Redemption Date which is applicable to any Called Warrant unless the Called Warrant to which such Coupon is applicable is also presented for payment; provided, that in the event any such bank should pay any such Coupon without payment of the applicable Called Warrant it shall not be liable to the Holder of such applicable Called Warrant or to the City or to anyone whomsoever; and provided, further, that the said bank shall pay such Coupon out of the moneys supplied to it by the City for that purpose if the Holder thereof shall

present evidence satisfactory to the said bank that such Holder is the owner of the Coupon so presented and is not the owner of the Called Warrant to which such Coupon is applicable.

Section 5. Execution of the Warrants. The Warrants shall be executed in the name and behalf of the City by the facsimile signature of the Mayor printed or otherwise reproduced thereon; the official seal of the City shall be printed or otherwise reproduced thereon in facsimile; and the City Clerk shall attest the said execution and the said seal by manually subscribing her signature thereon. The Coupons shall be executed by a facsimile of the signature of the Mayor and shall be attested with a facsimile of the signature of the City Clerk, both of whose signatures shall be printed or otherwise reproduced in facsimile on the Coupons. The facsimiles of the signatures of the Mayor and the City Clerk provided in this section to be printed or otherwise reproduced shall be valid in all respects as if the Mayor had manually signed each of the Warrants and as if the Mayor and the City Clerk had manually signed each of the Coupons. The facsimile of the official seal of the City provided in this section to be printed or otherwise reproduced shall be valid in all respects as if the official seal of the City were manually impressed on each of the Warrants. The Warrants and the Coupons shall be registered by the City Treasurer in the records maintained by him as a claim against the City, which registration shall be made simultaneously with respect to all of the Warrants and the Coupons. The said officers are hereby directed so to execute, seal, attest and register the Warrants and the Coupons.

Section 6. General Obligation. The Warrants shall be general obligations of the City and for the payment of the principal thereof and interest thereon the full faith and credit of the City are hereby irrevocably pledged.

Section 7. Special Pledge of Pledged Funds. As additional security for payment of the principal of and interest on the Warrants, there is hereby irrevocably pledged for payment of the principal of and the interest on the Warrants, pro rata and without preference of one over another by reason of prior issuance or otherwise, and there are hereby appropriated and ordered segregated, set apart and used for payment of such principal and interest as the same shall respectively become due, so much as may be necessary for such purpose of (i) the proceeds received by the City from the Gross Receipts Tax, (ii) the County Sales Tax Payments, and (iii) the Board Payments. To such extent, if any, as the Pledged Funds available for such purpose may not be sufficient to pay the principal of and the interest on the then outstanding Warrants, at the respective maturities of such principal and interest, the City agrees to use for such purposes so much of its general revenues derived from other sources and available for such purpose as, when added to the Pledged Funds available therefor, shall be sufficient to pay at their respective maturities the principal of and the interest on the Warrants. The City represents, warrants and agrees:

(a) that upon delivery of the Warrants there will be no outstanding agreement or pledge with respect to the Pledged Tax Proceeds other than (1) the agreements and pledges with respect thereto that are contained in the proceedings for the benefit of the 1969 Warrants and the 1978 Warrants, and (2) the agreements and pledge with respect thereto that are herein contained; and

(b) that the agreements and pledge respecting the Pledged Tax Proceeds herein made shall be and remain prior and superior to any and all pledges and agreements respecting the Pledged Tax Proceeds that may hereafter be made by the City.

While no default exists in the payment of the principal of or interest on the Warrants and while all payments at the time required by the provisions of Section 8 to have been made into the Warrant Fund shall have been made therein, any part of the Pledged Tax Proceeds that may not be needed to pay at their respective maturities the principal of and interest on the Warrants, or for making monthly payments into the Warrant Fund pursuant to the requirements of Section 8, may be used by the City for any lawful purpose.

The City hereby specifically recognizes and declares that

(i) That portion of the Pledged Tax Proceeds remaining at the end of each Month after compliance with the provisions of Section 8 hereof in respect of monthly payments into the Warrant Fund is not pledged hereunder; and

(ii) It is not intended hereby to include in the special pledges herein made the proceeds derived from that portion of the Gross Receipts Tax levied with respect to, or for the privilege of carrying on, any business activities conducted outside the corporate limits of the City.

The City agrees that all Board Payments received by the City shall, immediately upon receipt by the City, be deposited in the Warrant Fund.

Section 8. The Warrant Fund. There is hereby created a special fund of the City the full name of which shall be the "Hamilton 1982 Warrant Fund" which is so created for the purpose of providing for payment of the Warrants and the Coupons and shall be maintained so long as any thereof remain unpaid. The City agrees that it will make or cause to be made the following payments into the Warrant Fund at the respective times hereunder stated:

(1) There shall be paid into the Warrant Fund, simultaneously with the issuance of the Warrants and out of the proceeds derived from the sale thereof, that portion of the said proceeds that is referable to the accrued interest received by the City on any such sale.

(2) Prior to the last day of September, 1982, and prior the the last day of each successive March and September thereafter until the principal of and interest on the Warrants shall have been paid in full, the City will pay into the Warrant Fund an amount equal to the total of the following:

(i) an amount equal to the semiannual installment of interest that will mature on the then next ensuing Interest Payment Date with respect to the Warrants at the time outstanding, and

(ii) an amount equal to the principal, if any, of the Warrants that will mature on the then next ensuing April 1;

provided, that there shall be credited on the amount required by clause (i) of the preceding subparagraph (2) to be paid into the Warrant Fund prior to the last day of September, 1982, an amount equal to the interest that shall have accrued with respect to the Warrants from April 1, 1982, until the date of their delivery to the purchaser thereof; provided further, that there shall be credited on the amounts required by the preceding clauses (i) and (ii) to be paid into the Warrant Fund on or before each Interest Payment Date, the following:

(a) the income from any investment made pursuant to the provisions of the last paragraph of this section (when such income is available in cash); and

(b) the amount of Board Payments on deposit in the Warrant Fund.

The payments required to be made into the Warrant Fund shall be made therein out of the proceeds of the Pledged Funds; provided, that if the Pledged Funds should be insufficient to make any payment required to be made into the Warrant Fund, then said payment shall be made out of the general funds of the City; and the City will in no event permit an event of default to occur in the payments required to be made into the Warrant Fund. All moneys paid into the Warrant Fund shall be used only for payment of the principal of and interest on the Warrants at the respective maturities of such principal and interest.

Birmingham Trust National Bank, Birmingham, Alabama, is hereby designated as the depository for the Warrant Fund. In the event that the said bank (or any successor depository for the Warrant Fund that may hereafter be 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 which may succeed to its duties), or should cease to be duly qualified and doing business within the State of Alabama, then the Council shall by resolution designate a successor to such depository; provided, that any such successor depository shall be and remain a member of the Federal Deposit Insurance Corporation (or of any agency which may succeed to its duties) and shall be and remain duly qualified and doing business in the State of Alabama. The depository for the Warrant Fund shall at all times keep the moneys on deposit with it in the Warrant Fund continuously secured, for the benefit of the City and the Holders of the Warrants, either (1) by holding on deposit, as collateral security, United States Securities or other marketable securities eligible as security for the deposit of trust funds, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the Warrant Fund, or (2) if the furnishing of security in the manner provided in this paragraph is not permitted by the applicable law and regulations, then in such manner as may be required or permitted by the applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of trust funds; provided, that it shall not be necessary for the depository to secure any portion of the moneys on deposit in the Warrant Fund that is insured by the Federal Deposit Insurance Corporation or other agency of the United States of America that may succeed to its functions.

So long as the City shall not be in default hereunder it may, at any time and from time to time as it in its sole discretion shall deem advisable, cause any or all of the moneys in the Warrant Fund to be invested in (1) any securities that are direct general obligations of the United States of America or (2) bank certificates of deposit; provided, that each such investment shall have a stated maturity (or be redeemable at the option of the City) on such date or dates as will assure the availability of cash in the Warrant Fund on the date on which the moneys so invested may be needed for the purposes for which the Warrant Fund is herein created. In the event of any such investment, the securities or certificates in which the investment is made and the income therefrom shall become a part of the Warrant Fund and shall be held by the depository for the Warrant Fund to the same extent as if they were moneys on deposit in the Warrant Fund; and the City may likewise at any time and from time to time cause any securities or certificates in which any such investment shall be made to be sold or otherwise converted into cash, whereupon the net proceeds derived from any such sale or conversion, after payment of all necessary expenses incident to such sale or conversion, shall become a part of the Warrant Fund. The depository for the Warrant Fund shall be fully protected in making investments, sales, and conversions of any such securities or certificates upon direction given to it in a resolution of the Council.

Section 9. Forms of the Warrants and the Coupons. The Warrants, the Coupons, and the provisions for the assignment thereof shall be in substantially the following forms, with appropriate insertions and variations therein to conform to the provisions hereof:

No. _____

UNITED STATES OF AMERICA
STATE OF ALABAMA
CITY OF HAMILTON
GENERAL OBLIGATION WARRANT

The City Treasurer of the City of Hamilton ("the City"), a municipal corporation in the State of Alabama, is hereby ordered and directed to pay to Russell Stutts, or assigns, the principal sum of

FIVE THOUSAND DOLLARS

on the 1st day of April, _____, with interest thereon from the date hereof until the maturity hereof at the rate of _____% per annum, payable semiannually on April 1 and October 1 in each year upon surrender of the appropriate interest coupons hereto attached as the same respectively become due. This warrant and the interest coupons applicable hereto shall bear interest at the rate of _____% per annum after their respective maturities, and shall be payable in lawful money of the United States of America at the principal office of Birmingham Trust National Bank, in Birmingham, Alabama.

This warrant is one of an issue of warrants ("the Warrants") aggregating \$1,650,000 in principal amount, numbered 1 to 330, inclusive, issued pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Section 11-47-2 of the Code of Alabama of 1975, Chapter 63 of Title 11 of the said Code and an ordinance duly adopted by the governing body of the City.

Those of the Warrants maturing in 1993 and thereafter are subject to redemption at the option of the City on April 1, 1992, and on any interest payment date thereafter, as a whole or in part (but if in part in the inverse numerical order of those at the time outstanding) at and for a redemption price for each Warrant redeemed equal to its face value plus a redemption premium equal to 2% of the face value of each Warrant redeemed. Notice of redemption of Warrants shall, in either case, be given by publication one time not less than thirty (30) days prior to the date fixed for redemption in either a newspaper published in Birmingham, Alabama, or in a financial journal published in New York, New York.

By the execution of this Warrant the City acknowledges that it is indebted to the payee hereof in the principal amount hereof and that it will become indebted to the holders of the interest coupons attached hereto at the respective maturities thereof and in accordance with the terms thereof.

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

In addition thereto, the City has in the proceedings authorizing the issuance of the Warrants, specially and irrevocably pledged for payment of said principal and interest at their respective maturities so much as may be necessary for such purpose of the proceeds of the special privilege or license tax of the City levied by Ordinance No. 374 of the City adopted July 11, 1966, as amended, on the businesses of selling tangible personal property at retail and conducting places of amusement within the corporate limits of the City, together with the proceeds of said tax subject to all lawful prior charges on the said tax.

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 provided by the constitution and laws of the State of Alabama to exist, be performed or happen precedent to or in the issuance of this Warrant exist, have been performed and have happened; and that the 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.

This Warrant is nonnegotiable but is transferable by assignment. Each taker, owner, purchaser or holder hereof, by receiving or accepting this Warrant or any interest coupons applicable hereto, shall consent and agree and shall be estopped to deny: (1) that title to the coupons hereunto appertaining may be transferred by delivery without the necessity of a written assignment, and any person making such delivery shall be deemed to have transferred to the person to whom such delivery is made all of his equities or rights in the coupons so delivered; (2) that any person in possession of any such coupon, regardless of the manner in which he shall have acquired possession, is authorized to represent himself as the absolute owner thereof and has the power and authority to transfer absolute title thereto by delivery thereof to a bona fide purchaser for value (present or antecedent) without notice of prior defenses or equities or claims of ownership enforceable against his transferor or any person in the chain of title and before the maturity thereof; and (3) that whenever and so long as

this Warrant may be assigned in blank by written assignment by the original payee hereof or by any subsequent assignee hereof in the chain of title to whom written assignment is made, the City may treat any person in possession of this Warrant, regardless of how such possession may have been acquired and regardless of the genuineness or effectiveness of any assignment, as the absolute owner hereof for all purposes, and payment to any such person shall discharge all obligations hereunder.

IN WITNESS WHEREOF, the City has caused this Warrant to be executed in its behalf by the facsimile signature of the Mayor of the City printed hereon, has caused a facsimile of its official seal to be printed hereon, and has caused the said execution of this Warrant and the said seal to be attested by the signature of its city clerk, has caused the annexed coupons to be executed and attested with facsimiles of the signatures of the said officials printed thereon, and has caused this Warrant to be dated April 1, 1982.

CITY OF HAMILTON

By _____
Mayor

Attest:

City Clerk

(Form of Coupon)

Coupon
No. _____

\$ _____

On the 1st day of _____, _____, the City Treasurer of the City of Hamilton ("the City"), in the State of Alabama, is ordered and directed to pay to the bearer hereof, the sum of _____ Dollars in lawful money of the United States of America upon surrender of this coupon at the principal office of Birmingham Trust National Bank, in Birmingham, Alabama, being interest then due on the General Obligation Warrant of the City dated April 1, 1982, and numbered _____.

CITY OF HAMILTON

By Murray C. Ballard
Its Mayor

Attest:

City Clerk

(Form of Assignment)

For value received, this warrant and the interest coupons applicable thereto and the indebtedness evidenced and ordered paid thereby are hereby transferred and assigned, without recourse or warranties, to _____.

Following the maturity date of each of the Callable Warrants there shall be inserted the following:

"(unless this warrant shall have been duly called for prior payment),"

Following the maturity date of each Coupon due on and after October 1, 1992, there shall be inserted the following:

"(unless the warrant to which this coupon is applicable shall have been duly called for prior payment),"

Section 10. Maintenance of Gross Receipts Tax. The City agrees that so long as any of the principal of or the interest on the Warrants remains unpaid, it will do and perform the following acts:

(a) It will continue to levy and collect the Gross Receipts Tax on the subjects described in and at rates not less than those at which the Gross Receipts Tax is presently levied; provided, however, that such rates may be modified and particular business activities may be exempted from the Gross Receipts Tax, or from the measure of the Gross Receipts Tax, if notwithstanding such action the annual aggregate amount collected from the Gross Receipts Tax in any ensuing Fiscal Year shall not be less than the aggregate amount collected from the Gross Receipts Tax during the Fiscal Year that ended on September 30, 1981;

(b) It will continue to levy and collect the Gross Receipts Tax without reduction in the aggregate annual amount of the proceeds thereof; and

(c) It will make such increase or increases, within reasonable limitations, in the rates of the Gross Receipts Tax as shall from time to time be necessary to provide funds sufficient to pay the governmental operating expenses of the City and to yield proceeds in an amount sufficient to pay the principal of and interest on the Warrants.

Section 11. Provision for Payment at Par. The bank at which the Warrants and the Coupons shall at any time be payable, by acceptance of its duties as paying agent therefor, shall be construed to have agreed thereby with the Holders of the Warrants and the Coupons that it will make, out of the funds supplied to it for that purpose, all remittances of principal of and interest on the Warrants and the Coupons in bankable funds at par and without deduction for exchange, fees or expenses. The City agrees with the Holders of the Warrants and the Coupons that it will pay all charges for exchange, fees or expenses which may be made by the said bank in the making of remittances in bankable funds of the principal of and interest on any of the Warrants and the Coupons.

Section 12. Provisions of Ordinance Severable. The various provisions of this ordinance are hereby declared to be severable. In the event any provisions hereof shall be held invalid by a court of competent jurisdiction such invalidity shall not affect any other portion of this ordinance.

Section 13. Sale of Warrants. The Warrants are hereby sold and awarded to Joe Jolly & Co., Inc., at and for a purchase price equal to \$1,584,000 (viz., 96% of their face value) plus accrued interest on the Warrants from their date to the date of their delivery. The Warrants shall be made payable to Russell Stutts, the nominee of the purchaser. The Mayor and the City Clerk are hereby authorized and directed to execute, seal, attest and register the Warrants in the manner provided by Section 5 of this ordinance, after which said officers are hereby authorized and directed to deliver the Warrants to said Joe Jolly & Co., Inc., upon their payment to the City of said purchase price. The principal proceeds from the sale of the Warrants shall be paid, promptly following receipt by the City of such proceeds, and be applied in accordance with the provisions of Section 19 hereof.

450
584

166

Section 14.(A) Creation of Construction Fund. Purposes for Which Moneys Therein May be Expended. There is hereby created a special trust fund, the full name of which shall be the "1982 Sewage Treatment Facility and Water Improvements Construction Fund," for the purpose of providing funds for the acquisition and construction of the Sewage Treatment Facility and the Water Improvements and for payment of the expenses incurred in connection with the issuance and sale of the Warrants. The Bank shall be and remain the depository, custodian and disbursing agent for the Construction Fund. The moneys in the Construction Fund shall be paid out from time to time for the following purposes only and only upon presentation of the requisitions and certificates specified in subsection (B) of this Section 14:

(1) Payment of the expenses incurred by the City in the issuance and sale of the Warrants, including the legal, fiscal, advertising and recording fees and expenses incurred in connection therewith;

(2) Payment of the costs of acquiring any real estate (including easements and other interests therein) necessary and suitable for the construction thereon of any part or parts of the Sewage Treatment Facility or the Water Improvements;

(3) Payment for labor, services, materials, supplies and equipment furnished in constructing the Sewage Treatment Facility or the Water Improvements (which payments may be based on bills or contractor's estimates); and

(4) Payment of all expenses (including the reasonable fees and expenses of engineers and attorneys, and recording fees) in connection with matters referred to in the preceding subparagraphs (2) and (3) of this paragraph (A).

(B) Payments from the Construction Fund. The Bank shall pay out the moneys on deposit in the Construction Fund for the purposes specified in the preceding paragraph (A) as follows:

(1) If the payment is requested for any of the purposes specified in subparagraphs (1) or (4) of the preceding paragraph (A), only upon receipt of the following:

(I) Requisition. A requisition signed by the Mayor (or by any member of the Council designated by the Mayor and Council) and by the Chairman or the Secretary-Treasurer of the Board and stating the name and address of the person, firm or corporation to whom payment is due, the amount to be paid and the purpose for which the obligation to be paid was incurred; and

(II) Construction Engineer's Certificate. In the case of an expenditure with respect to the Sewage Treatment Facility, a certificate of the Construction Engineer stating that the expenditure with respect to which such requisition was filed has not formed the basis of any previous payment from the Construction Fund.

(2) If the payment is requested for any of the purposes specified in subparagraph (2) of the preceding paragraph (A) hereof, only upon receipt of the following:

(I) Requisition. A requisition signed by the Mayor (or by any member of the Council designated by the Mayor and Council) and the Chairman or Secretary-Treasurer of the Board and stating the name and address of the person, firm or corporation to whom payment is due, the amount to be paid and briefly describing the real estate (or easement or other interest therein), payment for which is requested in such requisition;

(II) Construction Engineer's Certificate. In the case of an expenditure with respect to the Sewage Treatment Facility, a certificate of the Construction Engineer approving the expenditure with respect to which such requisition was filed and stating (i) that the real estate (or easement or other interest therein), payment for which is requested in such requisition, is necessary and suitable for the construction thereon of part of the Sewage Treatment Facility and has a value not less than the cost of its acquisition, and (ii) that such expenditure has not formed the basis of any previous payment from the Construction Fund; and

(III) Certificate of Counsel. A certificate of Counsel acceptable to the Bank approving the title to such real estate (or easement or other interest therein), subject only to Permitted Encumbrances.

(3) If the payment is requested for any of the purposes specified in subparagraph (3) of the preceding paragraph (A) hereof, only upon receipt of the following:

(I) Requisition. A requisition signed by the Mayor (or by any member of the Council designated by the Mayor and Council) and the Chairman or Secretary-Treasurer of the Board and stating with respect to each such payment the name and address of the person, firm or corporation to whom payment is due, the amount to be paid and the purpose for which the obligation to be paid was incurred; and

(II) Construction Engineer's Certificate. In the case of an expenditure with respect to the Sewage Treatment Facility, a certificate of the Construction Engineer approving the expenditure with respect to which such requisition was filed and stating (i) that such expenditure or indebtedness has not formed the basis of any previous payment from the Construction Fund, and (ii) that the purpose for which such payment is requested is one for which moneys may be paid out of the Construction Fund under the provisions of subparagraph (3) of the preceding paragraph (A) hereof.

Upon certification by the Construction Engineer that the acquisition and construction of the Sewage Treatment Facility and the Water Improvements have been completed in substantial accordance with the said plans and specifications therefor, and upon certification by the Mayor of the City and the Chairman of the Directors that all the items referred to in paragraph (A) have been paid in full, any moneys then remaining in the Construction Fund shall be deposited in the Warrant Fund.

(C) Security for Construction Fund Moneys. The moneys at any time on deposit in the Construction Fund shall be and at all times remain public funds impressed with a trust for the purpose of paying the Board's share of the cost of constructing the Sewage Treatment Facility. The Bank shall at all times keep the moneys on deposit in the Construction Fund continuously secured, for the benefit of the City and the holders of the Warrants, either (a) by holding on deposit, as collateral security, United States Securities, or other marketable securities eligible as security for the deposit of trust funds under regulation of the Comptroller of the Currency, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the Construction Fund, or (b) if the furnishing of security in the manner provided by the foregoing clause (a) of this paragraph is not permitted by the then applicable law and regulation,

then in such other manner as may be required or permitted by the then applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of trust funds provided however, that it shall not be necessary for the Bank so to secure any portion of the moneys on deposit in the Construction Fund that is insured by the Federal Deposit Insurance Corporation or other agency of the United States of America that may succeed to its functions.

75,000

(D) Investment of Construction Fund. As promptly as practicable following the delivery of the Warrants and from time to time thereafter, the City will cause the Construction Engineer to furnish to the Bank a written certificate stating what portions (if any) of the moneys on deposit in the Construction Fund will not be needed during the then ensuing thirty days for any of the purposes for which the Construction Fund is created and stating further the approximate dates that such presently unneeded moneys will be needed for such purposes. Promptly after receipt of each such certificate, the Bank will, to the extent practicable, cause the Construction Fund moneys certified in said certificate as not to be needed during the then ensuing thirty days for any of said purposes, to be invested in United States Securities or bank certificates of deposit having stated maturities in such amounts and at such times, prior to or corresponding with the amounts and dates specified in said certificate, as to make available from the Construction Fund cash moneys sufficient to meet the needs of the Construction Fund as specified in said certificate. In the event of any such investment, the securities in which such moneys are so invested, together with all income derived therefrom, shall become a part of the Construction Fund to the same extent as if they were moneys originally deposited therein. The Bank may at any time and from time to time sell or otherwise convert into cash any such securities, whereupon the net proceeds therefrom shall become a part of the Construction Fund. The Bank shall be fully protected in making any such investment, sale or conversion in accordance with the provisions of this section. In any determination of the amount of moneys at any time forming a part of the Construction Fund, all such securities in which any portion of the Construction Fund is at the time so invested shall be included therein at their then market value. The Bank shall not be required so to secure any Construction Fund moneys invested in Eligible Investments pursuant to the provisions of this section.

(E) Construction Engineer. The firm of Cook Coggin Engineers, Inc., of Tupelo, Mississippi, is hereby designated by the City as the Construction Engineer and is hereby authorized to take the actions provided in this Ordinance to be taken by the Construction Engineer. In the event the said firm should become unavailable or unable to take any action provided in the Indenture to be taken by the Construction Engineer, another engineer or engineering firm or corporation licensed under the laws of Alabama and acceptable to the Bank shall thereupon by the City and the Board be appointed Construction Engineer and authorized to take such actions. If the City and the Board fail to appoint such successor Construction Engineer for a period of thirty days following the date when said Cook Coggin Engineers, Inc. becomes unavailable or unable to take any of the

said actions, the Bank may then appoint as successor Construction Engineer any engineer or engineering firm or corporation licensed under the laws of Alabama. Any approval or certification made by any successor Construction Engineer appointed under the provisions of this section shall have the same effect as an approval or certification by said Cook Coggin Engineers, Inc.

Section 15. Avoidance of Arbitrage. Any provision hereof to the contrary notwithstanding, the Bank will not make, and the City will not request, any investment of proceeds of any of the Warrants, that would result in any of the Warrants being considered "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended. In the event the City is of the opinion that it is necessary to restrict the yield on the investment of any moneys paid to or held by the Bank of the Construction Fund in order to avoid any of the Warrants being considered "arbitrage bonds" within the meaning of said Section 103(c), the City may issue to the Bank a written certificate to such effect together with written instructions respecting investment of such moneys, in which event the depository of the Construction Fund shall follow such written directions.

Section 16. Approval of Official Statement. The Council hereby approves and adopts that certain Official Statement of the City respecting the Warrants in substantially the form submitted to the Council, a copy of which, marked Exhibit A, is attached to the minutes of the meeting of the Council at which this ordinance is adopted. This said Exhibit A is hereby made a part of this ordinance in all respects as if set forth herein. The said Official Statement is hereby adopted as the Official Statement of the City respecting the Warrants. In evidence of the approval of the said Official Statement in generally the form herein approved, the Mayor is hereby authorized and directed to sign manually the said Official Statement, in behalf of the City, with such changes therein and additions thereto as shall be necessary to conform to the provisions of the ordinance authorizing the Warrants, and such other changes and additions as the Mayor shall deem necessary or appropriate.

Section 17. Authorization of Escrow Trust Agreement. Upon delivery of the Warrants to the purchaser thereof, the Mayor is hereby authorized and directed to execute and deliver for and in the name and behalf of the City, an Escrow Trust Agreement between the City and Birmingham Trust National Bank in substantially the form, marked Exhibit B, which is attached to the minutes of the meeting of the Council at which this ordinance is adopted and which is hereby made a part of this ordinance as if set out in full herein; and the City Clerk is hereby authorized and directed to affix the seal of the City to the said Trust Agreement and to attest the same. Contemporaneously with the execution and delivery of the Escrow Trust Agreement there shall be paid into the Warrant Escrow Fund created in the said Trust Agreement, the amount required by the provision of Section 19(b) hereof to be so paid therein.

Section 18. Authorization of City-Board Agreement. Upon delivery of the Warrants to the purchaser thereof, the Mayor is hereby authorized and directed to execute and deliver for and in the name and behalf of the City, an Agreement between the City and the Board, in substantially the form, marked Exhibit C, which is attached to the minutes of the meeting of the Council at which this ordinance is adopted and which is hereby made a part of this ordinance as if set out in full herein; and the City Clerk is hereby authorized and directed to affix the seal of the City to the said Agreement and to attest the same.

Section 19. Application of Proceeds from Sale of the Warrants. The entire proceeds derived by the City from the sale of the Warrants shall be applied for the following purposes and in the following order: (a) payment into the Warrant Fund of that portion of such proceeds that is allocable to premium (if any) and accrued interest; (b) payment to the 1982 Escrow Trustee of an amount which, according to a report of an Independent Auditor, will be required for the purchase of direct obligations of the United States of America in a face amount sufficient, together with the interest income to be received on said obligations and any cash balances, to pay the principal of and interest on the Outstanding Warrants as the same shall respectively mature; (c) payment of the expenses of issuing the Warrants; (d) payment of the Board Note; and (e) payment of the balance of said proceeds into the Construction Fund.

ADOPTED this ____ day of _____, 1982.

Murray C. Prellard
Mayor

Attest:

Barbara Pastain
City Clerk