

ORDINANCE NO. 444

BE IT ORDAINED by the Mayor and Council (herein called the "Council") of the City of Hamilton, Alabama, as follows:

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

(a) Pursuant to the provisions of Amendment No. 84 to the Constitution of Alabama of 1901 (herein called the "Authorizing Amendment"), the City has heretofore acquired a parcel of land located within its corporate limits, together with the industrial building situated thereon and various items of machinery and equipment for use in the said industrial building (the said land, building and equipment being herein together called the "Project");

(b) In order to finance the costs of acquiring, improving and equipping the Project the City has heretofore issued and sold under the Authorizing Amendment its General Obligation First Mortgage Industrial Development Bonds (Boulder, Inc. Project), dated September 1, 1981 (herein called the "Series 1981 Bonds"), originally issued in the aggregate principal amount of \$1,000,000 and now outstanding in the aggregate principal amount of \$925,000;

(c) By a Lease Agreement dated as of September 1, 1981 (herein called the "Lease") the City leased the Project to Boulder, Inc., an Alabama corporation, at and for net rentals that would be sufficient to pay the entire principal of and the interest on the Series 1981 Bonds when due;

(d) Subsequent to its execution of the Lease the said Boulder, Inc. defaulted in its obligations to the City under the Lease, and the City has therefore terminated the Lease as therein provided;

(e) Certain of the Series 1981 Bonds bear interest at the rate of 12% per annum, and the remainder of the Series 1981 Bonds bear interest at the rate of 13% per annum, and the City can effect a savings in interest costs by refunding and retiring the Series 1981 Bonds through the issuance of the Warrants hereinafter authorized; and

(f) Amendment No. 246 to the Constitution of Alabama of 1901 (herein called the "Refunding Amendment") provides that the City may issue the said Warrants for the purpose of refunding the principal of the Series 1981 Bonds as well as paying any premium payable upon redemption of the Series 1981 Bonds, and the interest that will accrue on the Series 1981 Bonds from December 1, 1985, the date of the Warrants, until March 1, 1986, the date upon which the Series 1981 Bonds will be redeemed and retired.

The borrowing evidenced by the Series 1981 Bonds is hereby ratified in all respects, and the Series 1981 Bonds are hereby declared to be and to represent valid general obligation indebtedness of the City. Further, the sum of \$1,000,000, being the principal amount of the Warrants, is less than (a) the outstanding principal of the Series 1981 Bonds, (b) the premium payable upon the anticipated redemption of the Series 1981 Bonds on March 1, 1986, and (c) the interest that will accrue on the Series 1981 Bonds from December 1, 1985, the date of the Warrants, until March 1, 1986, the date upon which the Series 1981 Bonds will be redeemed and retired.

Section 2. Authorization of the Warrants. Pursuant to the provisions of the constitution and laws of the State of Alabama, including particularly Section 11-47-2 of the Code of Alabama of 1975, as well as the Authorizing Amendment and the Refunding Amendment, and for the purposes of (a) refunding the principal indebtedness evidenced by the outstanding Series 1981 Bonds, (b) paying the premium that will be due upon redemption of the Series 1981 Bonds on March 1, 1986, and (c) paying a portion of the interest that will accrue on the Series 1981 Bonds from December 1, 1985, the date of the said Warrants, until March 1, 1986, there are hereby authorized to be issued by the City its General Obligation Refunding Warrants, Series 1985 (herein called the "Warrants"), in the aggregate principal amount of \$1,000,000. The Warrants shall be dated December 1, 1985, shall be in the initial denomination of \$5,000 each, and shall mature on December 1 in the following respective principal amounts and years:

| <u>Year of Maturity</u> | <u>Aggregate Principal Amount Maturing</u> |
|---------------------------------|--|
| 1986 | \$ 35,000 |
| 1987 | 40,000 |
| 1988 | 40,000 |
| 1989 | 45,000 |
| 1990 | 50,000 |
| 1991 | 50,000 |
| 1992 | 55,000 |
| 1993 | 60,000 |
| 1994 | 65,000 |
| 1995 | 75,000 |
| 1996 | 80,000 |
| 1997 | 90,000 |
| 1998 | 95,000 |
| 1999 | 105,000 |
| 2000 | 115,000 |

The Council hereby finds and declares that those of the Warrants having a stated maturity in 1986 and 1987 are being issued for the purpose of paying the premium that will be due upon redemption of the Series 1981 Bonds, as well as a portion of the interest that will accrue on the Series 1981 Bonds from December 1, 1985, the date of the Warrants, until March 1, 1986, and that the balance of the Warrants are being issued for the purpose of refunding the principal indebtedness evidenced by the Series 1981 Bonds.

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

6.00% on those having stated maturities in 1986;
6.50% on those having stated maturities in 1987;
7.00% on those having stated maturities in 1988;
7.25% on those having stated maturities in 1989;
7.50% on those having stated maturities in 1990;
7.75% on those having stated maturities in 1991;
8.00% on those having stated maturities in 1992;
8.25% on those having stated maturities in 1993;
8.50% on those having stated maturities in 1994;
8.75% on those having stated maturities in 1995;
9.00% on those having stated maturities in 1996;
9.25% on those having stated maturities in 1997;
9.50% on those having stated maturities in 1998;
9.75% on those having stated maturities in 1999; and
10.00% on those having stated maturities in 2000.

Such interest shall be payable on June 1, 1986, and semiannually on each June 1 and December 1 thereafter until and at the maturity of the Warrants. The principal of and premium, if any, on the Warrants shall be payable at the principal office of SouthTrust Bank of Alabama, National Association, in Birmingham, Alabama, and interest on the Warrants shall be paid by check or draft mailed or otherwise delivered by the said SouthTrust Bank of Alabama, National Association (herein called the "Bank") to the persons to whom the Warrants are respectively payable at their addresses as they appear on the registry books of the Bank pertaining to the Warrants; provided that the final payment of such interest shall be made only upon surrender of the appropriate Warrant or Warrants to the Bank. The principal of and the interest on the Warrants shall bear interest after their respective due dates until paid at the rate of twelve percent (12%) per annum.

Section 4. Optional Redemption of Callable Warrants. Those of the Warrants having stated maturities in 1992 and thereafter (herein called the "Callable Warrants") shall be subject to redemption and payment prior to their respective maturities, at the option of the City, while the City is not in default in payment of the principal of or the interest on any of the Warrants, on December 1, 1991, and on any interest payment 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 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 Callable Warrant redeemed, equal to 102% of its par or face value plus accrued interest to the date of redemption. Any such redemption shall be effected in the following manner:

(a) The Council shall adopt a resolution calling for redemption on a stated date when they are by their terms subject to redemption Callable Warrants in a stated aggregate principal amount and shall recite in such resolution that the City is not in default in payment of the principal of or the interest on any of the 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 Callable Warrants by depositing into the United States registered or certified mail, addressed to the named payee of each Callable Warrant, at the address of such payee as the same appears on the registry books of the Bank pertaining to the Warrants, a notice which shall state the following: that Callable Warrants bearing stated numbers and in a stated aggregate principal amount have been called for redemption and will become due and payable at the applicable redemption price or prices on a specified redemption date, and that all interest thereon will cease after such redemption date. The payee of any Callable Warrant may waive the requirements of this subsection with respect to the Callable Warrant or Callable Warrants held by him or it without affecting the validity of the call for redemption of any other Callable Warrants.

(c) On or prior to the date fixed for redemption the City shall notify the Bank (or any other 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 further make available at said bank the total redemption price of the Callable Warrants so called.

Upon compliance with the foregoing requirements on its part contained in this section, and if on the redemption date specified in said resolution and notice the City is not in default in payment of the principal of or the interest on any of the Warrants, the Callable 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 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 Callable Warrant so called for redemption on that date unless the Callable 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 Callable Warrant it shall not be liable to the holder of such applicable Callable Warrant or to the City or to anyone whomsoever.

Section 5. General Obligation and Special Pledges. The indebtedness evidenced and ordered paid by the 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. In addition thereto, as security for payment of such principal and interest and as part of the contract whereunder the indebtedness evidenced by the Warrants is borrowed, the City hereby irrevocably pledges for payment of such principal and interest, and hereby orders segregated and set aside for that purpose, so much as may be necessary therefor of the rental and sales proceeds from the Project. The pledge herein made is for the benefit of all the Warrants, pro rata and without preference of one over another; provided that while no default exists in payment of the principal of or the interest on the Warrants, such amount of the proceeds from the rental of the Project (as distinguished from any such proceeds from the sale of the Project) that shall be necessary to make the payments required to be made into the Warrant Fund in Section 9 hereof shall be paid first into the Warrant Fund Primary Account created in Section 9 hereof, in order to provide for payment of the principal of and the interest on the Warrants when due, and any balance remaining while all payments hereinafter provided to be made into said Warrant Fund are current and no delinquency or deficit exists with respect thereto, may be used by the City for any lawful purpose. The proceeds from the sale of all or any portion of the Project shall be paid into the Warrant Fund Escrow Account created in Section 9 hereof and shall be transferred into the Warrant Fund Primary Account as provided in said Section 9.

The City hereby warrants and represents that it now has no outstanding securities payable out of or secured by a special pledge of any part of the rental and sales proceeds from the Project except the aforesaid pledge for the benefit of the Series 1981 Bonds; and that upon the retirement of the Series 1981 Bonds on March 1, 1986, the aforesaid pledge for the benefit of the Warrants of the rental and sales proceeds from the Project will be prior and superior to any pledge and agreement respecting the said rental and sales proceeds that may be hereafter made for the benefit of or with respect to any securities which may be hereafter issued by the City or any contract which may be hereafter made by the City.

Section 6. Agreement to Levy the Occupational Tax. The City agrees that to such extent as the rental and sales proceeds from the Project, as well as all other funds that shall be available to it from time to time from all sources, after payment of all the reasonable and necessary expenses of operating the City, shall not be sufficient to pay the principal of and the interest on the Warrants when due, and to make all payments herein required to be made into the Warrant Fund hereinafter established when required to be made, the City will levy and collect a municipal license tax upon trades, occupations and professions being conducted within the corporate limits of the City and measured by the gross salaries, wages or other receipts or compensation earned by individuals, to the extent earned with respect to trades, occupations and professions conducted within the corporate limits of the City (the said tax, to the extent so levied, being herein called the "Occupational Tax"), at a rate of not less than one percent (1%) of any such gross salaries, wages or other compensation. The City shall levy the Occupational Tax, and thereafter immediately begin to collect the same, as of the first day of the calendar month next succeeding any calendar month in which the City shall fail to make any payment into the Warrant Fund required to be made therein in Section 9 hereof.

Section 7. Concerning the Occupational Tax. The City agrees if it shall levy the Occupational Tax as herein provided, then thereafter for 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 Occupational Tax (or a municipal license substantially equivalent thereto) without reduction in the aggregate annual amount of the proceeds therefrom; and

(b) it will make such increases, within reasonable limitations, in the rates of the Occupational Tax (or in the event of the levy in lieu thereof of a municipal license tax substantially equivalent thereto, in the rates of such tax) as, when added to the other available revenues of the City, will provide moneys sufficient to pay at their respective maturities the principal of and the interest on the Warrants.

Section 8. Agreement to Levy the Special Tax. To the extent that the rental and sales proceeds from the Project, as well as the proceeds from the Occupational Tax and all other funds of the City available for such purpose shall not be sufficient to pay the principal of and the interest (and premium, if any) on the Warrants at their respective maturities, as a part of the contract whereunder the money evidenced by the Warrants is borrowed, the City agrees that, in the event such action should become necessary to pay any maturing installment of principal of or interest (and premium, if any) on the Warrants, it will levy, collect and apply to such payment so much as may be necessary for such purpose of the proceeds of the special additional ad valorem tax at the rate of not exceeding 2% per annum authorized to be levied by the Authorizing Amendment and by the Refunding Amendment (herein called the "Special Tax") and that to such extent as is necessary for such purpose, it will, and hereby does obligate itself irrevocably to, continue so to levy, collect and apply the proceeds of the Special Tax, subject and subordinate to all prior charges thereon and all prior agreements made with respect thereto. The City hereby agrees that the aforesaid agreement to levy and collect the Special Tax for the benefit of the Warrants will be prior and superior to any similar agreement hereafter made for the benefit of any other bonds, warrants, notes or other securities of the City, and the City will acknowledge that fact in the proceedings of the Council in and by which any such bonds, warrants, notes or other securities of the City are authorized to be issued.

Section 9. Warrant Fund. There is hereby created a special trust fund designated the "Series 1985 Warrant Principal and Interest Fund" (herein called the "Warrant Fund"), which shall be maintained until the principal of and the interest on the Warrants shall have been paid in full. The Warrant Fund shall consist of two accounts, the Primary Account and the Escrow Account. In any case in which moneys shall be required to be paid into the Warrant Fund without direction as to which account into which such moneys are required to be paid, such moneys shall be paid into the Warrant Fund Primary Account.

The City will pay or cause to be paid into the Warrant Fund Primary Account the following:

(a) promptly following the issuance and sale of the Warrants, the City will pay into the Warrant Fund the accrued interest received by it on the sale of the Warrants;

(b) on or before the 25th day of January, 1986, the City will pay into the Warrant Fund such amount as, when added to the amount paid therein with respect to the Warrants pursuant to the provisions of the preceding clause (a), will equal one-third (1/3) of the interest that will mature with respect to the Warrants on June 1, 1986 plus one-sixth (1/6) of the principal that will mature with respect to the Warrants on December 1, 1986; and

(c) on or before the 25th day of February, 1986, and on or before the 25th day of each succeeding calendar month thereafter until the principal of and the interest on the Warrants have been paid in full or until provision shall have been made for the payment thereof, the City will pay into the Warrant Fund an amount equal to one-sixth (1/6) of the semiannual installment of interest that will mature with respect to the Warrants on the then next succeeding interest payment date plus one-twelfth (1/12) of the installment of principal that will mature with respect to the Warrants on the then next ensuing December 1.

The entire proceeds from the sale or all or any part of the Project shall be paid into the Warrant Fund Escrow Account. All moneys on deposit in the Warrant Fund Escrow Account shall be exhausted as soon as practicable by the application thereof for one or more of the following purposes:

(a) for the payment of the principal of the Warrants at or after their respective maturities;

(b) for the redemption of Callable Warrants on the earliest practicable date on which under their terms and the terms hereof such redemption may be effected, subject to the condition that moneys in the Warrant Fund Escrow Account shall not be used for the payment of any portion of the redemption price of the Warrants so redeemed that constitutes premium;

(c) for the purchase of Warrants for retirement, subject to the condition that moneys in the Warrant Fund Escrow Account shall not be used for the payment of any portion of the purchase price of the Warrants so purchased that constitutes premium;

(d) to the extent that the proceeds of the rental of the Project (which are herein called the "Pledged Rentals"), of the Occupational Tax or of the Special Tax shall not be sufficient for that purpose, for the payment of interest on the Warrants at or after the respective due dates of such interest.

To the extent that moneys in the Warrant Fund Escrow Account can be applied to the payment of the principal of the Warrants, such moneys shall be so applied in preference to any moneys at the time to be paid into or on deposit in the Warrant Fund Primary Account, all to the end that moneys at any time held in the Warrant Fund Escrow Account shall be exhausted as soon as practicable. If at any time moneys in the Warrant Fund Escrow Account cannot be used for the purposes and in accordance with the conditions specified in the preceding provisions of this paragraph, then such moneys shall be held in the Warrant Fund Escrow Account until they can be so used for such purposes and in accordance with such conditions. Moneys held in the Warrant Fund Escrow Account shall, to the extent practicable, be invested in accordance with the applicable provisions of Section 10 hereof.

Subject to the foregoing provisions concerning the deposit of the proceeds from the sale of the Project into the Warrant Fund Escrow Account, payments herein required to be made into the Warrant Fund Primary Account shall first be made therein with the Pledged Rentals. To such extent, if any, as the Pledged Rentals, as well as the proceeds from the Occupational Tax, from the Special Tax and from the sale of the Project available for such purpose shall not be sufficient to make any payment herein required to be made into the Warrant Fund, the City will make such payment from any other funds available to it, and the City will in no event allow a default to occur in the payments into the Warrant Fund. The moneys in the Warrant Fund shall be used solely for payment of the principal of and the interest on the Warrants upon or after their respective maturities. Whenever there is on deposit in the Warrant Fund an amount equal to or in excess of the aggregate of the principal and interest thereafter coming due on the Warrants, the City shall not be required to make any further payments therein except to make good any moneys therein that may become lost or otherwise unavailable for withdrawal. When all the 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 10. 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 depository for the Warrant Fund that may be hereafter designated as herein provided) should at any time decline to act as such depository, or should resign as such depository, or should cease to be a member of the Federal Deposit Insurance Corporation (or any agency of the United States of America that may succeed to its functions), or should cease to be duly qualified to do business within the State of Alabama, then the Council shall by resolution designate a successor to such depository; provided that any successor depository so designated shall be and remain a member of the Federal Deposit Insurance Corporation (or of any agency of the United States of America that may succeed to its

functions) and shall be and remain duly qualified to do business in the State of Alabama. The moneys on deposit in the Warrant Fund shall constitute public funds impressed with a trust for the benefit of the City and the holders of the Warrants. The depository for the Warrant Fund shall at all times keep all moneys on deposit therein 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 (any such securities being herein called "Federal Securities") having a market value at least equal to the amount on deposit therein, said pledge to be accomplished either

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

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

The Bank shall, to the extent practicable, cause all the moneys held in the Warrant Fund (exclusive of any amount held therein for payment of matured but unpaid Warrants, Warrants called for redemption but not yet redeemed and matured but unpaid interest) that will not be needed, during the then next ensuing ten days, for payment of any maturing installment of principal of or interest on the Warrants or for payment of the redemption price of any Warrant called for redemption, to be kept continuously invested in Federal Securities or in interest-bearing bank deposits having such stated maturities as will assure the availability of cash moneys necessary to provide for payment and redemption of the principal of and the interest on the Warrants, as such principal and interest respectively become due and payable (whether at maturity, upon earlier call for redemption or otherwise). Moneys held in the Warrant Fund Escrow Account shall not be invested to produce a yield (as the term "yield" is used in Regulations published by the United States Treasury pursuant to Section 103(c) of the Internal Revenue Code, or any successor rule or regulation) greater than the yield on the Warrants. All securities and certificates in which any portion of the moneys in the Warrant Fund are invested, together with all income therefrom, shall become a part of the particular Warrant Fund account from which moneys were used to make such investment.

In the event that at any time the moneys held in the Warrant Fund are sufficient to effect retirement of all the Warrants or in the event that at any time the total of the moneys held in the Warrant Fund equals or exceeds the aggregate principal of the Warrants then outstanding plus the aggregate interest thereon then

due and to become due until the maturity thereof, then and in either of such events no further payments need thereafter be made into the Warrant Fund unless (i) further payments are needed to make good moneys paid therein that may have been lost for any reason whatsoever, or (ii) the Warrants thereafter become subject to redemption under any of the provisions hereof and further payments into the Warrant Fund are needed to effect such redemption.

Section 11. **Concerning the Proceeds from the Sale of the Project.** The proceeds from the sale of all or any part of the Project shall constitute a trust fund which shall be impressed with a lien in favor of the holders of the Warrants. As a result of the creation and existence of said lien, the Warrants shall constitute a preferred claim against the said proceeds from the sale of all or any part of the Project, which shall have preference over any other claims incurred by the City for any other purpose.

Section 12. **Forms of Warrants, Etc.** The Warrants, the Registration Certificate applicable thereto and the provisions for assignment thereof shall be in substantially the following forms, with appropriate insertions and variations therein to conform to the provisions hereof:

[Form of Warrant]

No. R-__

\$ _____

UNITED STATES OF AMERICA

STATE OF ALABAMA

CITY OF HAMILTON

GENERAL OBLIGATION REFUNDING WARRANT
Series 1985

___ % DUE

Subject to prior payment and other provisions as herein provided

The City Treasurer of the CITY OF HAMILTON, a municipal corporation under the laws of the State of Alabama (herein called the "City"), will pay to _____ or registered assigns, solely out of the revenues hereinafter referred to, 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 June 1, 1986, and semiannually on each June 1 and December 1 thereafter until and at the maturity hereof. The principal hereof shall be payable in lawful money of the United States of America at the principal office of SouthTrust Bank of Alabama, National Association, Birmingham, Alabama (herein called the "Bank"), and the interest hereon shall be paid by check or money order mailed to the named payee hereof at the address of the said payee as it appears on the registry books of the Bank pertaining to the Warrants hereinafter referred to. Both the principal hereof and the interest hereon shall bear interest after their respective due dates until paid at the rate of Twelve Percent (12%) per annum.

This warrant is one of an issue aggregating \$1,000,000 in principal amount (herein called the "Warrants"), which are authorized to be 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, as well as Amendment No. 84 and Amendment No. 246 to the Constitution of Alabama of 1901 and an ordinance duly adopted by the governing body of the City, for purposes for which the City is authorized by law to borrow money and to issue warrants. Those of the Warrants having stated maturities in 1992 and thereafter 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 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 December 1, 1991, and on any interest payment date thereafter, upon not less than thirty (30) days prior written notice given by United States certified or registered mail to the named payee of each of the Warrants, at and for a redemption price, with respect to each warrant redeemed, equal to 102% of its par or face value plus accrued interest thereon to the date of redemption.

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. In addition the City has specially pledged for such payment the rental and sales proceeds from certain real property owned by the City, all as is more fully described in the proceedings under which the Warrants were authorized to be issued.

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 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 Warrants were authorized to be issued for the exchange of Warrants for a like aggregate principal amount of Warrants of the same maturity and in authorized denominations, all upon the terms and subject to the conditions set forth in the aforesaid ordinance of the City.

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

The Bank shall not be required to transfer or exchange this warrant during the period of fifteen (15) days next preceding any June 1 or December 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 thirty (30) 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 with the facsimile signature of its Mayor, has caused a facsimile of its official seal to be hereunto imprinted, has caused this warrant to be attested by the facsimile signature of its City Clerk imprinted on each of the Warrants, and has caused this warrant to be dated December 1, 1985.

CITY OF HAMILTON

By _____
Its Mayor

Attest:

Its City Clerk

[Form of Registration Certificate]

This warrant was registered in the name of the above-registered owner
this ____ day of _____, 19__.

**SOUTHTRUST BANK OF ALABAMA,
NATIONAL ASSOCIATION**

By _____
Its Authorized Officer

[Form of Assignment]

For value received _____ hereby sell(s),
assign(s) and transfer(s) unto _____ the within war-
rant 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 _____, 19__.

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

Signature guaranteed:

(Bank, Trust Company or Firm)

By _____
(Authorized Officer)

Section 13. Execution of Warrants by City. The Warrants shall be
executed on behalf of the City by its Mayor and attested by its City Clerk, and the
seal of the City shall be impressed on each of the 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 Warrants may be a facsimile of such seal (it being understood that a condition to the validity of each Warrant is the appearance on such Warrant of a registration certificate, substantially in the form hereinabove provided, executed by the manual signature of an authorized officer of the Bank). Signatures on the 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 Warrants, whether initially issued or exchanged for Warrants of different denominations from those initially issued.

Section 14. Registration Certificate on Warrants. A registration certificate by the Bank, in substantially the form hereinabove recited, duly executed by the manual signature of the Bank, shall be endorsed on each of the Warrants and shall be essential to its validity.

Section 15. Registration and Transfer of Warrants. All the Warrants shall be registered as to both principal and interest, and shall be transferable only on the registry books of the Bank. The Bank shall be the registrar and transfer agent of the City and shall keep at its office proper registry and transfer books in which it will note the registration and transfer of such Warrants as are presented for those purposes, all in the manner and to the extent hereinafter specified.

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

The Bank shall not be required to register or transfer any Warrant during the period of fifteen (15) days next preceding any interest payment date with respect thereto; and if any Warrant is duly called for redemption (in whole or in part), the Bank shall not be required to register or transfer such Warrant during the period of thirty (30) days next preceding the redemption date.

Section 16. Exchange of Warrants. Upon the request of the named payee of two or more Warrants, the City shall execute, and the Bank shall register and deliver, upon surrender to the Bank of such Warrant or Warrants in exchange

thereof, a Warrant or Warrants in the denomination of \$10,000 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 Warrant or Warrants so surrendered, all as may be requested by the person surrendering such Warrant or Warrants.

Upon the exchange of any Warrant for any other Warrant or Warrants a number shall be assigned by the Bank to the Warrant or Warrants so issued in any such exchange which number shall correspond to the number or numbers of any Warrant or Warrants originally issued hereunder. The said numbers shall be reserved in the event of any subsequent exchange of Warrants hereunder and shall be assigned to any Warrant or Warrants issued in any subsequent exchange pursuant to the provisions of this ordinance.

The registration, transfer and exchange of Warrants shall be without expense to the payee thereof or any transferee thereof. In every case involving any transfer, registration or exchange, such named payee shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange.

Section 17. Accrual of Interest on Warrants. All Warrants issued prior to June 1, 1986, in exchange for Warrants initially delivered hereunder, shall bear interest from the date of issuance of the Warrants, and all Warrants issued on or after June 1, 1986, shall bear interest from the June 1 or December 1, as the case may be, next preceding the date of its issuance and delivery unless (1) such date of delivery is an June 1 or December 1, in which event such 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 Warrant in lieu of which such new Warrant is issued, in which event such new Warrant shall bear interest from the last interest payment date to which interest has previously been paid. The preceding provision shall be construed to the end that the issuance of a Warrant shall not affect any gain or loss in interest to the named payee thereof.

Section 18. Persons to Whom Payment of Interest on Warrants is to be Made. Interest on the Warrants shall be payable in lawful money of the United States of America by check or draft mailed by the Bank to the respective named payees of the Warrants at their respective addresses shown on the registry books of the Bank pertaining to the Warrants. Overdue interest shall be paid by check or draft mailed by the Bank to the respective named payees of the 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 named payees of the Warrants on the overdue interest payment date shall fully discharge and satisfy all liability for the same.

Section 19. Persons Deemed Owners of Warrants. The City and the Bank may deem and treat the person in whose name a Warrant is registered on the

registry books of the Bank as the absolute owner thereof for all purposes; they shall not be affected by notice to the contrary; and all payments by any of them to the person in whose name a Warrant is registered, shall to the extent thereof fully discharge and satisfy all liability for the same.

Section 20. Replacement of Mutilated, Lost, Stolen or Destroyed Warrants. In the event any Warrant is mutilated, lost, stolen or destroyed, the City may execute and deliver a new Warrant of like tenor as that mutilated, lost, stolen or destroyed; provided that (a) in the case of any such mutilated Warrant, such Warrant is first surrendered to the City and the Bank, and (b) in the case of any such lost, stolen or destroyed 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. The City may charge the named payee with the expense of issuing any such new Warrant.

Section 21. Sale of Warrants. The Warrants are hereby sold to SouthTrust Bank of Alabama, National Association, at and for a purchase price equal to \$975,000 (which is 97.5% of their face value). The Warrants shall be initially registered in the name of SouthTrust Bank of Alabama, National Association, or in the names of such other persons, firms or corporations as may be designated by SouthTrust Bank of Alabama, National Association, prior to the time of delivery of the Warrants. The City Clerk of the City is hereby authorized and directed to deliver the Warrants to SouthTrust Bank of Alabama, National Association, upon payment to the City of the purchase price of the Warrants.

Section 22. Use of Proceeds from Sale of Warrants. The entire principal proceeds derived from the sale of the Warrants shall be applied as follows:

(a) that part of the said proceeds that represents accrued interest on the Warrants from their date to the date of payment therefor shall be deposited in the Warrant Fund and shall be applied for payment of the interest which will mature on the Warrants on June 1, 1986; and

(b) the balance of said proceeds shall be paid to SouthTrust Bank of Alabama, National Association, to be deposited in the escrow fund created in the Escrow Agreement authorized in Section 27 hereof.

Section 23. Provisions Respecting Registration of Warrants to Comply with Provisions of Internal Revenue Code of 1954. The City and the Bank recognize that the provisions of the Internal Revenue Code of 1954, as amended, now require that the Warrants be in "registered form", and that each Warrant must be registered as to both principal and interest and any transfer of any Warrant must be effected only by the surrender of the old Warrant and either by the reissuance of the old Warrant to a new named payee or the issuance of a new Warrant to a new such named payee. The Bank may rely upon an opinion of nationally recognized bond counsel with respect to any question which may arise pertaining to the transfer, exchange or

reissuance of Warrants. The provisions of this ordinance pertaining to transfer, exchange or reissuance of Warrant need not or shall not be followed if the Bank receives an opinion of nationally 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 1954, as amended, or under other applicable laws and regulations.

Section 24. Provisions Constitute Contract. The provisions of this ordinance shall constitute a contract between the City and the holders of the Warrants.

Section 25. Warrants Payable at Par. Each bank at which the 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 Warrants that all payments made by it of the 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 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 Warrants.

Section 26. 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.

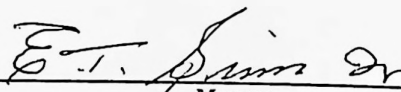
Section 27. Authorization of Escrow Trust Agreement. Upon delivery of the Warrants, the Mayor of the City is hereby authorized and directed to execute and deliver, for and in the name and behalf of the City, an Escrow Trust Agreement between the City and SouthTrust Bank of Alabama, National Association, as escrow trustee (said agreement being herein called the "Escrow Agreement"), in order to provide for the redemption and retirement of the Series 1981 Bonds on March 1, 1986. The Escrow Agreement shall be in such form as shall be acceptable to and approved by counsel to the City and the City's bond counsel with respect to the Warrants. The Mayor of the City is hereby authorized and directed to execute the Escrow Agreement, in the form so approved, for and in the name and behalf of the City. The City Clerk is hereby authorized and directed to affix the official seal of the City to the Escrow Agreement and to attest the same.

Section 28. Authorization of Official Statement. The Mayor of the City is hereby authorized to execute and deliver, for and in the name and behalf of the City, an Official Statement with respect to the Warrants in such form as the said Mayor shall determine to be necessary or desirable in carrying out the offering and sale of the Warrants. The determination by the Mayor of the definitive form of such Official Statement shall be conclusively established by his execution thereof, and

such Official Statement, as executed by the said Mayor, is hereby approved, and the use thereof in the offering and sale of the Warrants is hereby authorized.

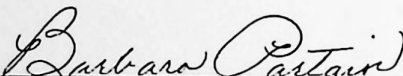
Section 29. **Execution of Ancillary Documents.** The Mayor and the City Clerk of the City are hereby authorized and directed to execute, deliver, seal and attest such other ancillary documents and certificates (including, without limitation, a so-called "No-Arbitrage Certificate") as may be necessary to consummate the issuance and sale of the Warrants and to carry out fully the financing authorized by this ordinance.

ADOPTED AND APPROVED this 12th day of November, 1985.



Mayor

Authenticated:



City Clerk

Councilman Hugh Holland moved that unanimous consent be given for the immediate consideration of and action on said ordinance, which motion was seconded by Councilman Chris Hamrick, and, upon said motion being put to vote, the following vote was recorded:

| | <u>YEAS:</u> | <u>NAYS:</u> |
|----------|--|--------------|
| Mayor: | E. T. Sims, Jr. | None |
| Council: | Bryce Bannister Chris Hamrick Hugh Holland Randy Jackson James Jones | |

The Mayor thereupon declared that the motion for unanimous consent for immediate consideration of and action on said ordinance had been unanimously carried. Council-

men Hugh Holland thereupon moved that said ordinance be finally adopted, which motion was seconded by Councilman Chris Hamrick, and, said motion being put to vote, the following vote was recorded:

| | <u>YEAS:</u> | <u>NAYS:</u> |
|----------|--|--------------|
| Mayor: | E. T. Sims, Jr. | None |
| Council: | Bryce Bannister Chris Hamrick Hugh Holland Randy Jackson James Jones | |

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

There being no further business to be discussed, a motion was made by Randy Jackson, seconded by Hugh Holland, to adjourn the meeting until the next regular meeting on November 26, 1985. A vote was cast and the motion adopted by unanimous approving vote.

Barbara Pastain
City Clerk

E. T. Sims Jr
Mayor