

ORDINANCE NO. 453

BE IT ORDAINED by the Mayor and 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) The City has heretofore issued its General Obligation Warrants, dated April 1, 1982 (herein called the "1982 Warrants"), which are presently outstanding in the aggregate principal amount of \$1,235,000.

(b) The Council has conducted a review of the City's revenue structure, its operating expenses, its capital outlay demands and its debt service structure. As a part of such review, the Council has considered methods of restructuring the City's outstanding debt service requirements and, in particular, lengthening the period of payment thereof. The Council has determined that the plan of financing herein authorized best meets the financial requirements expected in connection with the City's cash flows, and the Council has accordingly determined to restructure the indebtedness of the City through the issuance of the Warrants authorized herein. The issuance of the said Warrants pursuant to the plan of financing herein authorized will enable the City to restructure the indebtedness of the City on favorable terms by taking advantage of current market conditions for long-term financing.

(c) It is therefore necessary and desirable, and in the best interest of the City and its inhabitants, for the City to borrow the aggregate principal sum of \$1,605,000 for the purposes of (i) establishing an escrow fund to provide for the payment and retirement of the 1982 Warrants, and (ii) paying the expenses of issuing said Warrants authorized herein, and in evidence of such borrowing to issue the said Warrants.

Section 2. Authorization of the Warrants. Pursuant to the provisions of the constitution and laws of the State of Alabama, including particularly Sections 11-47-2 and 11-81-4 of the Code of Alabama 1975, and for the purposes of (i) refunding, in advance of maturity, the 1982 Warrants, and (ii) paying the expenses of issuing the said Warrants, there are hereby authorized to be issued by the City \$1,605,000 in aggregate principal amount of its General Obligation Refunding Warrants, Series 1987 (herein called the "Warrants"). The Warrants shall be dated August 1, 1987, shall be issued in fully registered form, shall be in the initial denomination of \$5,000 each or any integral multiple thereof (which are herein called "Authorized Denominations"), and shall mature on October 1 in the following respective principal amounts and years:

<u>Year of Maturity</u>	<u>Aggregate Principal Amount Maturing</u>	<u>Year of Maturity</u>	<u>Aggregate Principal Amount Maturing</u>
1988	\$25,000	1998	\$75,000
1989	45,000	1999	80,000
1990	45,000	2000	90,000
1991	50,000	2001	90,000
1992	55,000	2002	105,000
1993	55,000	2003	105,000
1994	60,000	2004	120,000
1995	60,000	2005	125,000
1996	65,000	2006	135,000
1997	75,000	2007	145,000

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:

5.00%	on those having stated maturities in 1988;
5.25%	on those having stated maturities in 1989;
5.50%	on those having stated maturities in 1990;
5.75%	on those having stated maturities in 1991;
6.00%	on those having stated maturities in 1992;
6.20%	on those having stated maturities in 1993;
6.40%	on those having stated maturities in 1994;
6.60%	on those having stated maturities in 1995;
6.80%	on those having stated maturities in 1996;
7.00%	on those having stated maturities in 1997;
7.10%	on those having stated maturities in 1998;
7.20%	on those having stated maturities in 1999;
7.30%	on those having stated maturities in 2000;
7.40%	on those having stated maturities in 2001;
7.50%	on those having stated maturities in 2002;
7.60%	on those having stated maturities in 2003;
7.625%	on those having stated maturities in 2004;
7.70%	on those having stated maturities in 2005;
7.75%	on those having stated maturities in 2006; and
7.75%	on those having stated maturities in 2007.

Such interest shall be payable on April 1, 1988, and semiannually on each April 1 and October 1 thereafter until and at the respective maturity dates 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 a per annum rate equal to the base rate of interest charged by SouthTrust Bank of Alabama, National Association, as in effect from time to time, plus two percent (2%).

Section 4. **Optional Redemption of Callable Warrants.** Those of the Warrants having stated maturities in 1995 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 it is not in default in payment of the principal of or the interest on any of the Warrants, on October 1, 1994, and on any interest payment date thereafter, as a whole or in part (but if in part, only in installments of \$5,000 or any integral multiple thereof and in the inverse order of their principal maturity dates, and 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 its par or face amount plus accrued interest to the date of redemption and the following premium (expressed as a percentage of the said par or face amount):

If the date fixed for redemption is in 1994 or 1995	2%
If the date fixed for redemption is in 1996	1%
If the date fixed for redemption is in 1997 or thereafter	None

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 registered holder of each Callable Warrant, at the address of such registered holder as the same appears on the registry books of the Bank pertaining to the Warrants, a notice which shall state that Callable Warrants in a stated aggregate principal amount have been called for redemption and will become due and payable at the applicable redemption price or prices on a specified redemption date, and that all interest thereon will cease after such redemption date. The registered holder 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 Pledge.** 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.

**Section 6. Special Pledge.** In addition to the pledge contained in the preceding Section 5 hereof, and as security for payment of the principal of and the interest on the Warrants and as part of the contract whereunder the money 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 (i) the proceeds received by the City from the special privilege or license tax (herein called the "Sales Tax") levied by the City under its Ordinances Nos. 374 and 390 against persons, firms or corporations engaging within the corporate limits of the City in the business of selling at retail tangible personal property or the business of operating places of amusement or entertainment, but excluding proceeds from the use tax and also excluding proceeds from said privilege or license tax levied in the police jurisdiction of the City but outside its corporate limits (herein such pledged proceeds are called the "Sales Tax Proceeds") (ii) the share of the proceeds of the sales and use tax levied by Marion County and paid to the City pursuant to 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 (herein called the "County Sales Tax Payments"), and (iii) the payments received by the City from The Water Works and Sewer Board of the City of Hamilton (the "Board") pursuant to that certain agreement between the City and the Board, dated April 1, 1982, as amended by the First Amendment thereto which is hereinafter authorized to be entered into by the City with the Board (herein called the "Board

Payments") (herein the Sales Tax Proceeds, the County Sales Tax Payments and the Board Payments are collectively called the "Pledged Funds"). The pledge herein made of the Pledged Funds is for the benefit of all the Warrants, pro rata and without preference of one over another or of any thereof over any other thereof, subject to the prior pledge of the Pledged Funds made for the benefit of the 1982 Warrants. The City hereby warrants and represents that it has no outstanding securities or contracts, other than the 1982 Warrants, payable out of or secured by a special pledge of any part of the Pledged Funds; and that upon the issuance of the Warrants, the aforesaid pledge of the Pledged Funds for the benefit of the Warrants will be prior and superior to any pledge and agreement respecting the Pledged Funds made for the benefit of or with respect to any securities issued by the City or any contract made by the City, other than the 1982 Warrants, and that the agreements and pledges respecting the Pledged Funds herein made shall be and remain prior and superior to any and all pledges and agreements respecting the Pledged Funds that may hereafter be made by the City (other than parity securities issued pursuant to Section 30 hereof). The City agrees that to such extent, if any, as the proceeds from the Pledged Funds available for payment of the principal of and the interest on the Warrants may not be sufficient to pay said principal and interest at their respective maturities, it will use for such purpose so much of the general revenues of the City derived from other sources and available for such purpose as, when added to the available proceeds from the Pledged Funds, will be sufficient to pay at their respective maturities the principal of and the interest on the Warrants.

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 7 hereof to have been made into the Warrant Fund shall have been made therein, any part of the Pledged Funds 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 7 hereof, may be used by the City for any lawful purpose.

The City hereby specifically recognizes and declares that (i) that portion of the Pledged Funds remaining at the end of each month after compliance with the provisions of Section 7 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 the use tax levied by the City or from that portion of the Sales Tax levied with respect to, or for the privilege of carrying on, any business activities conducted outside the corporation 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. The City recognizes that, in the agreement regarding the Board Payments, the Board has agreed to make the Board Payments directly to SouthTrust Bank of Marion County.

**Section 7. Warrant Fund.** There is hereby created a special trust fund designated the "Series 1987 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 City will pay or cause to be paid into the Warrant Fund 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 last business day of October, 1987, and on or before the last business day of each succeeding calendar month thereafter until the principal of and the interest on the Warrants have been paid in full or until full provision for such payment shall have been made, 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 with respect thereto; and

(c) On or before the last business day of the month of October, 1987, and on or before the last business day of each succeeding calendar month thereafter until the principal of and the interest on the Warrants have been paid in full or until full provision for such payment shall have been made, the City will pay into the Warrant Fund an amount equal to one-twelfth (1/12) of the annual installment of principal that will mature with respect to the Warrants on the then next succeeding October 1.

To such extent, if any, as the proceeds of the Pledged Funds available for such purpose shall not be sufficient to make the payments herein required to be made into the Warrant Fund, the City will pay the balance so required to be paid into the Warrant Fund from its general fund or from any other moneys available to it, and it will in no event allow a default to occur in the payments required to be made 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; and on or before each April 1 and each October 1, commencing with April 1, 1988 and until the Warrants are paid in full, an amount shall be paid from the Warrant Fund to the Bank, as paying agent for the Warrants, equal to the principal and interest maturing with respect to the Warrants on each such April 1 and October 1. Whenever there shall be on deposit in the Warrant Fund an amount equal to or in excess of the aggregate of the principal and interest thereafter coming due with respect to the Warrants, the City shall not be required to make any further payments therein except to make good any moneys that may become lost or otherwise unavailable for withdrawal from the Warrant Fund. 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 8. Concerning the Sales Tax.** The City agrees that so long as any of the principal of or the interest on the Warrants remains unpaid,

(a) it will continue to levy and collect the Sales Tax (or municipal taxes or license fees substantially equivalent to the Sales Tax) at rates not less than those currently in effect and upon the businesses or activities within the corporate limits of the City that are now subject thereto, provided, however, that such rates may be modified and particular business activities may be exempted from the Sales Tax, or from the

measure of the Sales Tax, if notwithstanding such action the annual aggregate amount collected from the Sales Tax within the corporate limits of the City in any ensuing Fiscal Year shall not be less than the aggregate amount collected from the Sales Tax within the corporate limits of the City during the Fiscal Year that ended on September 30, 1986;

(b) it will continue to levy and collect the Sales Tax (or municipal taxes or license fees substantially equivalent thereto) without any reduction in the aggregate annual amount of the proceeds therefrom; and

(c) it will make such increases, within reasonable limitations, in the rates of the Sales Tax (or in the event of the levy in lieu of the Sales Tax of municipal taxes or license fees substantially equivalent thereto, in the rates of such taxes or license fees) as, when added to the other Pledged Funds and the available revenues of the City, will provide moneys sufficient to pay at their respective maturities the installments of principal of and interest on the Warrants.

In the event the City levies, in lieu of the Sales Tax, any municipal taxes or license fees substantially equivalent thereto, all the provisions hereof respecting the Sales Tax (including, without limitation, those provisions of Section 6 hereof regarding the special pledge thereof for the benefit of the Warrants) shall be applicable, with the necessary changes in detail, to such municipal taxes or license fees.

Section 9. Concerning the Warrant Fund. SouthTrust Bank of Marion County, a state bank having its principal place of business in the City of Hamilton, Alabama, is hereby designated as the custodian, depository and disbursing agent for the Warrant Fund. In the event that such bank (or any successor depository for such 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 and doing 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 and doing business in the State of Alabama. The moneys on deposit in the Warrant Fund shall constitute public funds impressed with a trust for the benefit of the City and the holders of the 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 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.

So long as the City shall not be in default hereunder, it may at any time and from time to time at its option cause any or all of the moneys on deposit in the Warrant Fund to be invested in Federal Securities; provided, however, that the City shall make no such investment that would cause the Warrants to be or to become "arbitrage bonds," as that term is defined in Section 148 of the Internal Revenue Code of 1986. In the event of any such investment such Federal Securities, together with all income therefrom, shall become a part of the fund from which moneys were used to make such investment and shall be held by the depository therefor to the same extent as if they were moneys on deposit therein. The City may likewise from time to time cause any such Federal Securities to be sold or otherwise converted into cash to the extent that such sale or conversion is necessary to provide for payment of the principal of or the interest on the Warrants. In the event of any such sale or conversion, the net proceeds derived therefrom shall become a part of the Warrant Fund. The depository for any such fund shall be fully protected in making any such investment, sale or conversion of any such Federal Securities upon directions given it by the City. In the event any of said moneys shall be so invested it shall not be necessary for the depository therefor to secure any such investment (in any case where security for such moneys might otherwise be required) so long as such moneys shall remain so invested. In any determination of the amount of moneys at any time forming a part of the Warrant Fund, all such Federal Securities in which any portion of said fund is at the time so invested shall be included therein at their then market value.

**Section 10. 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 1987

INTEREST RATE

MATURITY DATE

CUSIP

Subject to prior payment as herein provided

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

D O L L A R S

on the maturity 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 April 1, 1988, and semiannually on each April 1 and October 1 thereafter until and at the maturity hereof. The principal hereof as well as any premium hereon shall be payable in lawful money of the United States of America at the principal office of SouthTrust Bank of Alabama, National Association, in Birmingham, Alabama (herein called the "Bank"), and the interest hereon shall be paid by check or draft mailed to the registered holder hereof at the address of the said holder 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 a per annum rate equal to the base rate of interest charged by SouthTrust Bank of Alabama, National Association, as in effect from time to time, plus two percent (2%).

This warrant is one of an issue aggregating \$1,605,000 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 Sections 11-47-2 and 11-81-4 Code of Alabama 1975, as well as an ordinance duly adopted by the governing body of the City, for purposes for which the City is authorized by law to borrow money and to issue warrants. Those of the Warrants having stated maturities in 1995 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, and 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 October 1, 1994, 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 registered holder of each of the Warrants, at and for a redemption price, with respect to each warrant redeemed, equal to its par or face amount plus accrued interest thereon to the date of redemption and the following premium (expressed as a percentage of the said par or face amount thereof):

If the date fixed for redemption is in 1994 or 1995	2%
If the date fixed for redemption is in 1996	1%
If the date fixed for redemption is in 1997 or thereafter	None

THE ORDINANCE UNDER WHICH THE WARRANTS ARE ISSUED CONTAINS NO PROVISIONS REQUIRING PUBLICATION OF NOTICE OF REDEMPTION OF ANY WARRANT AND HOLDERS OF THE WARRANTS MUST MAINTAIN A CURRENT ADDRESS ON FILE WITH THE BANK IN ORDER TO RECEIVE NOTICE OF ANY SUCH REDEMPTION. FROM AND AFTER THE DATE ANY WARRANT IS CALLED FOR REDEMPTION (PROVIDED THE BANK HAS SUFFICIENT FUNDS ON HAND TO EFFECT SUCH REDEMPTION), INTEREST SHALL CEASE TO ACCRUE THEREON.

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 proceeds derived from (i) the special privilege or license tax levied under Ordinance No. 374 of the City adopted July 11, 1966, as amended, by the City against persons, firms or corporations engaging in the City in the business of selling at retail tangible personal property or the business of operating places of amusement or entertainment (but excluding proceeds from the use tax or the proceeds from such special privilege or license tax levied outside the corporate limits of the City), and (ii) any taxes or license fees that may be levied by the City in lieu of, substitution for, or in continuation of the aforesaid tax. In the proceedings authorizing the Warrants to be issued, the City reserved the privilege of issuing, without express limitation as to principal amount, for any lawful purpose and upon the existence of and compliance with certain conditions precedent referred to in the said proceedings, on a parity of lien and pledge with the Warrants, additional warrants or other securities that the City may then be lawfully authorized to issue.

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 registered holder hereof, in person or by authorized attorney, only on the registry 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 April 1 or October 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.

All payments by the City or the Bank to the person in whose name a Warrant is registered shall to the extent thereof fully discharge and satisfy all liability for the same. ANY TRANSFEREE OF THIS WARRANT TAKES IT SUBJECT TO ALL PAYMENTS OF PRINCIPAL AND INTEREST IN FACT MADE WITH RESPECT HERETO.

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 August 1, 1987.

CITY OF HAMILTON

By \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Its City Clerk

[ Form of Registration Certificate ]

Date of Registration:

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

SOUTHTRUST BANK OF ALABAMA,  
NATIONAL ASSOCIATION

By \_\_\_\_\_  
Its Authorized Officer

[ Form of Treasurer's Certificate of Registration ]

I hereby certify that this warrant was at the time of the issuance thereof duly registered by me as a claim against the CITY OF HAMILTON, ALABAMA, and as a claim against the proceeds derived from the sales tax of the City referred to therein.



[ Form of Assignment ]

For value received \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto \_\_\_\_\_ the within warrant and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_, attorney, with full power of substitution in the premises, to transfer this warrant on the books of the within-mentioned Bank.

Dated this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

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 11. Execution and Registration 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 are 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.

The Warrants shall be registered by the City Treasurer in the records maintained by him or her as claims against the City and against the proceeds from the Sales Tax, which registration shall be made simultaneously with respect to all the Warrants. Such registration shall be evidenced by a certificate of the City Treasurer on each of the Warrants in substantially the form hereinabove provided. The signature of the City Treasurer on such certificate may be a facsimile of the

signature of such officer. The said Mayor, the said City Clerk and the said City Treasurer are hereby directed so to execute, attest and register the Warrants.

**Section 12. Registration Certificate on Warrants.** A registration certificate by the Bank, in substantially the form hereinabove recited, duly executed by the manual signature of an authorized officer of the Bank, shall be endorsed on each of the Warrants and shall be essential to its validity.

**Section 13. 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 holder 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 14. Exchange of Warrants.** Upon the request of the registered holder of any of the Warrants, the City shall execute, and the Bank shall register and deliver, upon surrender to the Bank of any Warrant or Warrants in exchange therefor, a Warrant or Warrants in the denomination of \$5,000 or any integral multiple thereof 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.

The registration, transfer and exchange of Warrants (other than pursuant to Section 18 hereof) shall be without expense to the holder thereof or any transferee thereof. In every case involving any transfer, registration or exchange, such holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange.



Section 15. **Accrual of Interest on Warrants.** All Warrants issued prior to April 1, 1988, in exchange for Warrants initially delivered hereunder, shall bear interest from August 1, 1987, and any Warrant issued on or after April 1, 1987, shall bear interest from the April 1 or October 1, as the case may be, next preceding the date of its issuance and delivery unless (1) such date of delivery is a April 1 or October 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 holder thereof.

Section 16. **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 registered holders 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 registered holders 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 registered holders of the Warrants on the overdue interest payment date shall fully discharge and satisfy all liability for the same.

Section 17. **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 either 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 18. **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 registered holder with the expense of issuing any such new Warrant.

Section 19. **Sale of Warrants.** The Warrants are hereby sold to SouthTrust Bank of Alabama, National Association, Birmingham, Alabama, and The Frazer Lanier Company, Incorporated, at and for a purchase price equal to \$1,568,887.50, which is 97.75% of their par or face value, plus accrued interest from their date to the date of their delivery. The Warrants shall be initially registered in the name of the said SouthTrust Bank of Alabama, National Association, or The

Frazer Lanier Company, Incorporated, or in the names of such other persons, firms or corporations as may be designated by the said SouthTrust Bank of Alabama, National Association, and the said The Frazer Lanier Company, Incorporated, 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 the said SouthTrust Bank of Alabama, National Association, and the said The Frazer Lanier Company, Incorporated, upon payment to the City of the purchase price of the Warrants.

**Section 20. Application of Proceeds of Sale.** The proceeds from the sale of the Warrants shall be disbursed as follows: (a) the accrued interest and premium (if any) paid to the City with respect to the Warrants shall be paid into the Warrant Fund; (b) there shall be paid to SouthTrust Bank of Alabama, National Association, as trustee of the Escrow Trust Agreement referred to in Section 26 hereof, such amount as shall be specified in said Escrow Trust Agreement as the amount required to be deposited into the escrow fund established thereunder; and (c) the sum of \$36,737.50 shall be deposited with the said SouthTrust Bank of Marion County, as depository and disbursing agent for the Issuance Expense Account referred to in Section 28 hereof.

In determining the amounts of Warrant proceeds to be applied for the purposes described in clause (b) of the preceding paragraph, the officials of the City may take into account moneys held in the debt service fund for the 1982 Warrant and available to be applied for the redemption and retirement of such securities.

**Section 21. Provisions Respecting Registration of Warrants to Comply with Provisions of Internal Revenue Code of 1986.** The City and the Bank recognize that the provisions of the Internal Revenue Code of 1986 require that the 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 registered holder or the issuance of a new Warrant to such new registered holder. 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 Warrants 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 1986 or under other applicable laws and regulations.

**Section 22. Provisions Constitute Contract.** The provisions of this ordinance shall constitute a contract between the City and the holders of the Warrants.

**Section 23. 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 24. 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 25. 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 26. Authorization of Escrow Trust Agreement; Call For Redemption of Certain 1982 Warrants. In order to provide for the refunding and retirement of the 1982 Warrants, the Mayor of the City is hereby authorized and directed to execute and deliver, for and on behalf of the City, an Escrow Trust Agreement between the City and SouthTrust Bank of Alabama, National Association, Birmingham, Alabama, and the City Clerk of the City is also authorized and directed to affix the seal of the City to the said Escrow Trust Agreement and to attest the same. The said Escrow Trust Agreement shall be in substantially the form attached hereto as Exhibit A.

In connection with the authorization of the execution and delivery of the said Escrow Trust Agreement, the Council hereby calls for redemption on April 1, 1992, all of the 1982 Warrants maturing after 1992 and bearing the numbers \_\_\_\_ through \_\_\_\_, inclusive, it being understood that the aggregate principal amount of the 1982 Warrants to be so redeemed is \$465,000. The Council hereby authorizes and directs SouthTrust Bank of Alabama, National Association, in its capacity as the escrow trustee under the Escrow Trust Agreement, to take on behalf of the City all actions required to effect the redemption of the aforesaid 1982 Warrants on April 1, 1992, including, without limitation, the publication of notice of such redemption in the manner required by the ordinance pursuant to which the 1982 Warrants were issued. At the time of the adoption of this ordinance, the City is not in default in the payment of the principal of or the interest on any of the 1982 Warrants. Those of the 1982 Warrants called for redemption herein are those of the outstanding 1982 Warrants that have the latest maturities.

Section 27. **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 agreements, including an Arbitrage Compliance Agreement in the Form attached hereto as Exhibit B and a First Amendment to that certain Agreement between the City and the Board, dated April 1, 1982, which First Amendment is substantially in the form of Exhibit C hereto, 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.

Section 28. **Issuance Expense Account.** There is hereby created a special account the full name of which shall be the "City of Hamilton Series 1987 Warrant Issuance Expense Account." The Issuance Expense Account shall be maintained as a separate account until the moneys in said account shall have been fully expended as hereinafter provided. SouthTrust Bank of Marion County shall be the depository and disbursing agent for the Issuance Expense Account.

The City will apply moneys in the Issuance Expense Account solely for payment of the expenses of issuing and selling the Warrants (including, without limitation, the fees and disbursements of the City's bond counsel, the costs of printing the Warrants and the Official Statement, certain expenses incurred in conducting the closing of the sale of the Warrants and the fee of the CUSIP Service Bureau), as and when such expenses become due and payable. The Mayor and the City Clerk are hereby authorized and directed to cause the said expenses to be paid, as promptly as may be feasible following the closing of the sale of the Warrants, by submitting to the Bank requisitions signed by either of said officers directing the payment of the expenses specified in said requisitions.

In the event the moneys deposited in or transferred to the Issuance Expense Account are not sufficient to pay all expenses or issuing the Warrants, the Mayor or the City Clerk is hereby authorized and directed to pay, out of any funds of the City available therefor, the remaining expenses of issuing the Warrants. If any moneys remain in the Issuance Expense Account after the payment of all expenses of issuing the Warrants, the Bank shall pay such remaining moneys to the City upon receipt of a certificate signed by the Mayor or the City Clerk stating that all expenses of issuing the Warrants, to the extent known to or anticipated by the City, have been paid in full.

Section 29. **Warrants Designated as Qualified Tax-exempt Obligations.** The City does hereby find and determine that the reasonably anticipated amount of tax-exempt obligations which will be issued by the City and all subordinate entities thereof during the current calendar year does not exceed \$10,000,000. Pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 the City does hereby designate the Warrants as "qualified tax-exempt obligations" for purposes of said Code. The Council does hereby find and determine that the City is not a governmental entity which is a "subordinate entity" with the meaning of said Section 265(b)(3) to any other governmental entity (for which purpose "subordinate entities" include governmental entities deriving their issuing authority from another governmental entity or subject to substantial control by another governmental entity), that

the only governmental entities having the power to issue tax-exempt obligations which are or may be "subordinate entities" to the City are the Board, \_\_\_\_\_, and \_\_\_\_\_, that that, based on its own expectations and on certifications obtained from representatives of such other entities, the Council does not reasonably anticipate that the amount of tax-exempt obligations (excluding "private activity" industrial development bonds) which will be issued by the City and all "subordinate entities" to the City, during the calendar year in which the Warrants will be issued by the City will exceed \$10,000,000.

**Section 30. Reservation of Right to Issue Additional Parity Securities.** The City hereby reserves the right to issue, at any time and from time to time and for any lawful purpose, bonds, warrants or other evidences of indebtedness, without express limit as to aggregate principal amount, to be secured, pro rata and on a parity of lien and pledge with the Warrants as regards the proceeds of the Sales Tax Proceeds, but if and only if there has been filed in the office of the City Clerk of the City an audited financial statement of the City reflecting that, during the fiscal year preceding the month in which such Additional Warrants are to be issued, the proceeds of the Sales Tax Proceeds were not less than one hundred twenty-five percent (125%) of the maximum principal and interest maturing during the then current or any subsequent fiscal year with respect to the Warrants, any additional parity securities then outstanding, and the additional parity securities proposed to be issued, but excluding the 1982 Warrants.

**Section 31. No-Arbitrage Covenant.** The City hereby covenants that it will not take any action, or omit to take any action (including paying or rebating to the United States of America any amounts required to be so paid in accordance with Section 148 of the Internal Revenue Code of 1986), with respect to the investment of any proceeds of the Warrants, or any other moneys accumulated by the City, if, as a result of such action by the City, or the omission of the City to take such action, as the case may be, such proceeds of the Warrants or such other moneys would be invested in a manner causing any of the Warrants to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986 and the applicable regulations thereunder. The City and the Bank shall be fully protected in relying upon an opinion of nationally recognized bond counsel as to the proper interpretation and application of the provisions of this section and other provisions of this ordinance intended to prevent any of the Warrants from being or becoming "arbitrage bonds," and the City or the Bank may take or permit actions not in compliance with such provisions if the City or the Bank obtains a written opinion of such bond counsel to the effect that such actions will not result in the interest income on any of the Warrants being or becoming subject to federal income taxation.

**Section 32. Defeasance of Warrants.** Any or all of the Warrants shall, for all purposes of this ordinance, be considered as fully paid if the Bank shall be provided with each of the following:

- (a) a trust agreement between the City and the Bank making provisions for the retirement of such Warrants by creating for that purpose an irrevocable trust fund sufficient to provide for payment and

retirement of such Warrants (including payment of the interest that will accrue thereon until and on the dates they are retired, as such interest becomes due and payable), either by redemption prior to their respective maturities, by payment at their respective maturities or by payment of part thereof at their respective maturities and redemption of the remainder prior to their respective maturities, which said trust fund shall consist of (1) any securities which are direct obligations of the United States of America or any securities the payment of the principal of and the interest on which is unconditionally guaranteed by the United States of America (herein called "Federal Securities") which are not subject to redemption prior to their respective maturities at the option of the issuer and which, if the principal thereof and the interest thereon are paid at their respective maturities, will produce funds sufficient so to provide for payment and retirement of all such Warrants or (2) both cash and such Federal Securities (or a combination thereof) which together will produce funds sufficient for such purpose, or (3) cash sufficient for such purpose; provided, however, that said trust agreement shall require all cash held on deposit in such trust fund to be kept continuously secured by holding on deposit as collateral security therefor Federal Securities having a market value at least equal at all times to the amount to be secured thereby;

(b) a certified copy of a duly adopted resolution or ordinance of the Council calling for redemption those of such Warrants that, according to said trust agreement, are to be redeemed prior to their respective maturities;

(c) a certificate of a firm of certified public accountants stating that, if the principal of and the interest on the investments (if any) forming part of the trust fund provided for in the preceding paragraph (a) are paid on the respective due dates of such principal and interest, said trust fund will produce funds sufficient to provide for the full payment and retirement of such Warrants; and

(d) an opinion of nationally recognized bond counsel to the effect that the execution and effectuation of the trust agreement referred to in the preceding subparagraph (a) will not result in subjecting the interest income on such Warrants to federal income taxation.

**Section 33. Ratification of Prior Actions.** All actions heretofore undertaken by the City in connection with the transactions contemplated by this ordinance (including, without limitation, the actions taken by SouthTrust Bank of Alabama, National Association as agent of the City for purposes of executing and filing the Subscription for Purchase and Issue of U.S. Treasury Securities—State and Local Government Series) are hereby ratified and confirmed.

ADOPTED AND APPROVED this 25<sup>th</sup> day of August, 1987.

\_\_\_\_\_  
Mayor

Authenticated:

Barbara Cartaini  
City Clerk

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

YEAS:

NAYS:

Councilmembers: all present

None

The Mayor thereupon declared that the motion for unanimous consent for immediate consideration of and action on said ordinance had been unanimously carried. Councilmember Rudy Tink thereupon moved that said ordinance be finally adopted, which motion was seconded by Councilmember Hugh Holland, and, said motion being put to vote, the following vote was recorded:

YEAS:

NAYS:

Councilmembers: all present

None

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