

ORDINANCE NO. 499

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

Section 1. **Findings.** The Mayor and City Council (herein together 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 entered into various co-operative agreements with The Water Works and Sewer Board of the City of Hamilton (herein called the "Board"), an Alabama public corporation, to provide an adequate supply of water to the public in the City and in the surrounding territory;

(b) the City and the Board agree that the supply of water that is now available to the public in the corporate limits of the City and in the surrounding territory (which is herein called the "Service Area") will be inadequate to supply the needs of the public in the Service Area in future years;

(c) in order to provide an increased supply of water in the Service Area it is necessary and desirable for the Board or the City to construct a water supply and treatment plant (herein called the "Supply and Treatment Plant"), having a capacity of 4,000,000 gallons of water per day;

(d) it is also necessary and desirable for the Board or the City to construct certain capital improvements (herein called the "Improvements") to the water works plant and distribution system (herein called the "Board's System") that is owned by the Board and that serves the public in the Service Area;

(e) the estimated cost of the Supply and Treatment Plant is \$5,250,000, and the estimated cost of the Improvements is \$250,000;

(f) the City has received a grant from an agency of the United States of America in the amount of \$1,000,000, to be used to pay a portion of the costs of constructing the Supply and Treatment Plant;

(g) although the Board has full legal authority to borrow money in order to pay the costs of constructing the Supply and Treatment Plant and the Improvements, the Board and the City have determined that the City can finance the costs of constructing the Supply and Treatment Plant and the Improvements more advantageously than can the Board;

(h) the City is willing to borrow the amounts necessary to pay a portion of the costs of constructing the Supply and Treatment Plant and the Improvements, but only if the Board will agree to pay to the City, for the use of the Supply and Treatment Plant and the Improvements, amounts that will be necessary to pay the principal of and the interest on the moneys so borrowed by the City when due;

(i) in order to provide funds to the Board with which to pay the costs of constructing various capital improvements to the Board's System, the City has heretofore issued its General Obligation Refunding Warrants, Series 1987, dated August 1, 1987 (herein called the "Series 1987 Warrants"), originally issued in the aggregate principal amount of \$1,605,000 and now outstanding in the aggregate principal amount of \$1,385,000;

(j) the City can realize a savings in interest cost by refunding the Series 1987 Warrants;

(k) the Board has heretofore issued various revenue bonds and other evidences of indebtedness (herein called the "Board's Obligations") which are now outstanding in the aggregate principal amount of \$1,120,000;

(l) the Board will realize a reduction in its annual debt service obligations if the City refunds the Board's Obligations so that the principal indebtedness evidenced thereby will come due over a more extended period of time; and

(m) in order to provide a portion of the funds required to pay a portion of the costs of constructing the Supply and Treatment Plant and the Improvements, in order to refund the Series 1987 Warrants and the Board's Obligations, and also to pay the expenses of issuing the Series 1992 Water System Warrants hereinafter authorized, it is necessary and desirable for the City to borrow the principal sum of \$7,300,000, and in evidence of that borrowing to issue the aforesaid Series 1992 Water System Warrants.

The Series 1987 Warrants are hereby ratified in all respects, and the Series 1987 Warrants are hereby declared to be and to represent valid and subsisting general obligation indebtedness of the City.

**Section 2. Authorization of the Series 1992 Water System Warrants.**  
Pursuant to the provisions of the Constitution and laws of the State of Alabama, including particularly Section 11-47-2, Code of Alabama 1975 and Section 11-81-4, Code of Alabama 1975, and for the purposes of (i) paying the costs of constructing the Supply and Treatment Plant and the Improvements, (ii) refunding the principal of the Series 1987 Warrants, (iii) refunding the principal of the Board's Obligations, and (iv) paying the expenses of issuing the Series 1992 Water System Warrants hereinafter referred to, there are hereby authorized to be issued by the City its General Obligation Water System Warrants, Series 1992 (herein called the "Series 1992 Water System Warrants"), in the aggregate principal amount of

\$7,300,000. The Series 1992 Water System Warrants shall be dated November 1, 1992, shall be numbered from R-1 up, shall be in the denomination of \$5,000 or any integral multiple thereof, and shall mature on November 1 in the following respective principal amounts and years:

<u>Year of Maturity</u>	<u>Aggregate Principal Amount Maturing</u>
1995	\$ 135,000
1996	140,000
1997	150,000
1998	155,000
1999	160,000
2000	170,000
2001	185,000
2002	190,000
2003	250,000
2004	265,000
2005	275,000
2006	300,000
2007	310,000
2008	330,000
2012	1,585,000
2017	2,700,000

The Council hereby finds and declares that those of the Series 1992 Water System Warrants maturing in 1995, as well as \$105,000 in principal amount of those of the Series 1992 Water System Warrants maturing in 1996 are being issued to pay the expenses of issuing the Series 1992 Water System Warrants; that \$35,000 in principal amount of those of the Series 1992 Water System Warrants maturing in 1996, as well as those of the Series 1992 Water System Warrants in 1997 to 2003, inclusive, and \$205,000 in principal amount of those of the Series 1992 Water System Warrants maturing in 2004, are being issued to refund the principal of the Series 1987 Warrants; that \$60,000 in principal amount of those of the Series 1992 Water System Warrants maturing in 2004, as well as those of the Series 1992 Water System Warrants maturing in 2005 to 2007, inclusive, and \$175,000 in principal amount of those of the Series 1992 Water System Warrants maturing in 2008 are being issued to refund the principal of the Board's Obligations; that \$155,000 in principal amount of those of the Series 1992 Water System Warrants maturing in 2008, as well as \$95,000 in principal amount of those of the Series 1992 Water System Warrants maturing in 2012, are being issued in order to pay the costs of constructing the Improvements; and that \$1,490,000 in principal amount of those of the Series 1992 Water System Warrants maturing in 2012, as well as all of the Series 1992 Water System Warrants maturing in 2017, are being issued in order to pay the costs of constructing the Supply and Treatment Plant.

**Section 3. Interest Rates and Place of Payment.** The Series 1992 Water System Warrants shall bear interest from their date until their respective maturities at the following per annum rates:

- 4.25% on those having stated maturities in 1995;
- 4.75% on those having stated maturities in 1996;
- 5.00% on those having stated maturities in 1997;
- 5.25% on those having stated maturities in 1998;
- 5.50% on those having stated maturities in 1999;
- 5.70% on those having stated maturities in 2000;
- 5.85% on those having stated maturities in 2001;
- 6.00% on those having stated maturities in 2002;
- 6.15% on those having stated maturities in 2003;
- 6.30% on those having stated maturities in 2004;
- 6.40% on those having stated maturities in 2005;
- 6.50% on those having stated maturities in 2006;
- 6.60% on those having stated maturities in 2007;
- 6.70% on those having stated maturities in 2008;
- 6.90% on those having stated maturities in 2012; and
- 7.00% on those having stated maturities in 2017.

Such interest shall be payable on May 1, 1993, and semiannually on each May 1 and November 1 thereafter until and at the maturity of the Series 1992 Water System Warrants. The principal of and premium, if any, on the Series 1992 Water System Warrants shall be payable at the principal office of SouthTrust Bank of Alabama, National Association, in Birmingham, Alabama, and interest on the Series 1992 Water System 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 Series 1992 Water System Warrants are respectively payable at their addresses as they appear on the registry books of the Bank pertaining to the Series 1992 Water System Warrants; provided that the final payment of such interest shall be made only upon surrender of the appropriate Series 1992 Water System Warrant or Series 1992 Water System 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 eight percent (8%) per annum.

**Section 4. Optional Redemption of Callable Series 1992 Water System Warrants.** Those of the Series 1992 Water System Warrants having stated maturities in 2003 and thereafter (herein called the "Callable Series 1992 Water System 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 Callable Series 1992 Water System Warrants, on November 1, 2002, 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 Series 1992 Water System 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 Series 1992 Water System 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 so redeemed):

If the date of redemption is in 2002	3%
If the date of redemption is in 2003	2-1/2%
If the date of redemption is in 2004	2%
If the date of redemption is in 2005	1-1/2%
If the date of redemption is in 2006	1%
If the date of redemption is in 2007	1/2%
If the date of redemption is in 2008 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 Series 1992 Water System Warrants bearing stated numbers and in a stated aggregate principal amount and shall recite in such resolution that the City is not in default in payment of the principal of or the interest on any of the Series 1992 Water System 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 Series 1992 Water System Warrants by depositing into the United States registered or certified mail, addressed to the named payee of each Callable Series 1992 Water System Warrant, at the address of such payee as the same appears on the registry books of the Bank pertaining to the Series 1992 Water System Warrants, a notice which shall state the following: that Callable Series 1992 Water System 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 Series 1992 Water System Warrant may waive the requirements of this subsection with respect to the Callable Series 1992 Water System Warrant or Callable Series 1992 Water System Warrants held by him or it without affecting the validity of the call for redemption of any other Callable Series 1992 Water System Warrants.

(c) On or prior to the date fixed for redemption the City shall notify the Bank (or any other bank at which the Series 1992 Water System 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 Series 1992 Water System Warrants so called.

Upon compliance with the foregoing requirements on its part contained in this section, and if on the redemption date specified in said resolution and notice the City is not in default in payment of the principal of or the interest on any of the Series 1992 Water System Warrants, the Callable Series 1992 Water System Warrants so called for redemption shall become due and payable at the redemption price on the date fixed for redemption, and interest thereon shall thereafter cease. No bank at which the Series 1992 Water System 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 Series 1992 Water System Warrant so called for redemption on that date unless the Callable Series 1992 Water System 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 Series 1992 Water System Warrant it shall not be liable to the holder of such applicable Callable Series 1992 Water System Warrant or to the City or to anyone whomsoever.

Section 5. **Mandatory Redemption of Series 1992 Term Warrants.** Those of the Series 1992 Water System Warrants maturing on November 1, 2012 (the "Series 1992 2012 Term Warrants") shall be subject to mandatory redemption prior to their stated maturity, at a redemption price equal to the par or face amount of each Series 1992 2012 Term Warrant so redeemed plus accrued interest thereon to the date of redemption, in the following respective principal amounts on the following dates:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
November 1, 2009	\$ 355,000
November 1, 2010	380,000
November 1, 2011	410,000

As a result of such mandatory redemption, \$440,000 in principal amount of Series 1992 2012 Term Warrants shall remain to be paid on November 1, 2012, their stated maturity date.

Those of the Series 1992 Water System Warrants maturing on November 1, 2017 (the "Series 1992 2017 Term Warrants") shall be subject to mandatory redemption prior to their stated maturity, at a redemption price equal to the par or face amount of each Series 1992 2017 Term Warrant so redeemed plus accrued interest thereon to the date of redemption, in the following respective principal amounts on the following dates:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
November 1, 2013	\$ 470,000
November 1, 2014	505,000
November 1, 2015	535,000
November 1, 2016	575,000

As a result of such mandatory redemption, \$615,000 in principal amount of Series 1992 2017 Term Warrants shall remain to be paid on November 1, 2017, their stated maturity date.

Any such redemption shall be effected in the following manner:

(a) Prior to September 15 in each year next preceding any November 1 on which Series 1992 2012 Term Warrants or Series 1992 2017 Term Warrants (herein together called "Series 1992 Term Warrants") are to be redeemed, the Bank shall select by lot Series 1992 Term Warrants in an aggregate amount equal to the principal amount thereof required to be redeemed on the next succeeding November 1;

(b) Not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption the City shall give notice, or shall cause the Bank on its behalf to give notice, of the redemption of such Series 1992 Term Warrants by depositing into the United States registered or certified mail, addressed to the named payee of each Series 1992 Term Warrant, or portion thereof to be redeemed, at the address of such payee as the same appears on the registry books of the Bank pertaining to the Series 1992 Water System Warrants, a notice which shall state that Series 1992 Term 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 payee of any Series 1992 Term Warrant may waive the requirements of this subsection with respect to the Series 1992 Term Warrant or Series 1992 Term Warrants held by him or it without affecting the validity of the call for redemption of any other Series 1992 Term Warrants; and

(c) On or prior to the date fixed for redemption the City shall make available at the Bank from moneys on deposit in the Warrant Fund created in Section 8 hereof, the total redemption price of the Series 1992 Term Warrants so called.

Upon compliance with the foregoing requirements on its part contained in this section, and if on the redemption date specified in said resolution and notice the City is not in default in payment of the principal of or the interest on any of the Series 1992 Water System Warrants, the Series 1992 Term Warrants so called for redemption shall become due and payable at the redemption price on the date fixed for redemption, and interest thereon shall thereafter cease. No bank at which the Series 1992 Water System Warrants may at any time be payable shall be required to pay any interest maturing on the date fixed for redemption which is

applicable to any Series 1992 Term Warrant so called for redemption on that date unless the Series 1992 Term Warrant to which such interest is applicable is presented for payment on such date; provided that in the event any such bank should pay any such interest without payment of the applicable Series 1992 Term Warrant it shall not be liable to the holder of such applicable Series 1992 Term Warrant or to the City or to anyone whomsoever.

At the option of the City, to be exercised on or before the September 1 next preceding any November 1 on which Series 1992 Term Warrants are to be redeemed, the principal amount of Series 1992 Term Warrants so required to be redeemed shall be reduced to the extent of the sum of the following credits:

(a) a credit equal to such principal amount of Series 1992 Term Warrants as shall have been delivered by the City to the Bank for cancellation and retirement and as shall not have been theretofore credited against any previous mandatory redemption of Series 1992 Term Warrants;

(b) a credit equal to such principal amount of Series 1992 Term Warrants as shall have been purchased by the Bank for cancellation and retirement with moneys provided by the City and as shall not have been theretofore credited against any previous mandatory redemption of Series 1992 Term Warrants; and

(c) a credit equal to such principal amount of Series 1992 Term Warrants as shall have been redeemed pursuant to the provisions of Section 4 hereof and as shall not have been theretofore credited against any previous mandatory redemption of Series 1992 Term Warrants.

The Series 1992 Term Warrants so delivered, purchased or redeemed, as the case may be, in respect of any redemption of Series 1992 Term Warrants required on any November 1 shall be credited by the Bank at the face amount thereof against the principal amount of Series 1992 Term Warrants required to be redeemed on such November 1, and any unused credit shall be credited against such future mandatory redemptions of Series 1992 Term Warrants as shall be specified by the City; provided that no such credit shall be allowed for any Series 1992 Term Warrants so delivered, purchased or redeemed, as the case may be, unless the delivery, purchase or redemption thereof is accomplished in a timely manner, which, in the case of any Series 1992 Term Warrant delivered to or purchased by the Bank pursuant to clauses (a) and (b), respectively, of this paragraph, shall mean that such Series 1992 Water System Warrant shall be delivered to or purchased by the Bank on or before the September 1 next preceding such November 1 and which, in the case of any Series 1992 Term Warrant to be credited in the manner contemplated by clause (c) of this paragraph, shall mean that such Series 1992 Water System Warrant shall be redeemed on or before the interest payment date next preceding such November 1. The Bank shall use reasonable efforts to purchase Series 1992 Term Warrants with moneys provided by the City pursuant to clause (b) of this paragraph, including requesting or advertising for tenders if requested to do so by the City.

Section 6. **General Obligation and Special Pledges.** The indebtedness evidenced and ordered paid by the Series 1992 Water System 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 Series 1992 Water System 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 following:

- (a) the revenues from the privilege license tax (the "Sales Tax Revenues") levied by the City on the privilege of selling tangible personal property at retail within the corporate limits of the City;
- (b) the revenues from the occupational license fee (the "Occupational Tax Revenues") levied by the City on the gross compensation of individuals engaged in any trade, occupation or profession for work done or services rendered within the corporate limits of the City;
- (c) the revenues from the general municipal ad valorem tax (the "Ad Valorem Tax Revenues") authorized to be levied on all taxable property located within the corporate limits of the City by the Constitution of Alabama of 1901; and
- (d) the revenues paid to the City by the Board under the Water Supply Agreement hereinafter authorized (the "Water System Revenues"), to be derived from the operation of the Water System.

The pledge herein made is for the benefit of all the Series 1992 Water System Warrants, pro rata and without preference of one over another; provided that while no default exists in payment of the principal of and the interest on the Series 1992 Water System Warrants, such amount of the Sales Tax Revenues, the Occupational Tax Revenues, the Ad Valorem Tax Revenues and the Water System Revenues that shall be necessary to meet the requirements set forth in Section 8 hereof shall be paid into the Series 1992 Water System Warrant Fund created in Section 8 hereof, in order to provide for payment of the principal of and the interest on the Series 1992 Water System Warrants when due. After so much of the Sales Tax Revenues, the Occupational Tax Revenues, the Ad Valorem Tax Revenues and the Water System Revenues (which are herein together called the "Pledged Revenues") as shall be necessary to pay the principal of and the interest on the Series 1992 Water System Warrants shall have been paid into the said Series 1992 Water System Warrant Fund, any balance of the Pledged Revenues remaining while all payments hereinafter provided to be made into said Series 1992 Water System Warrant Fund are current and no delinquency or deficit exists with respect thereto, may be used by the City for any lawful purpose.

The City hereby warrants and represents that except for its General Obligation Refunding Warrants, Series 1992, dated November 1, 1992 (herein called the "Series 1992 Refunding Warrants"), it has no outstanding securities payable out of or secured by a special pledge of any of the Pledged Revenues; and that upon the issuance of the Series 1992 Water System Warrants, the aforesaid pledge for the benefit of the Series 1992 Water System Warrants will be prior and superior to any pledge and agreement respecting any Pledged

Revenues 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 except with respect to the Series 1992 Refunding Warrants and any Additional Warrants that shall be hereafter issued by the City. The City agrees that to such extent, if any, as the Pledged Revenues available for payment of the principal of and the interest on the Series 1992 Water System 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 interest on the Series 1992 Water System Warrants, will be sufficient to pay at their respective maturities the principal of and the interest on the Series 1992 Water System Warrants.

**Section 7. Reservation of Right to Issue Additional Warrants.** The City hereby reserves the right to issue the Series 1992 Refunding Warrants simultaneously with the issuance of the Series 1992 Water System Warrants on a parity of lien and pledge with the Series 1992 Water System Warrants as regards the pledge of the Pledged Tax Revenues hereinafter defined. The City further reserves the right to issue, at any time and from time to time and for any lawful purpose or purposes, warrants or other evidences of indebtedness (herein called the "Additional Warrants"), without express limit as to aggregate principal amount, to be secured pro rata and on a parity with the Series 1992 Water System Warrants as regards the pledge of the Sales Tax Revenues, the Occupational Tax Revenues and the Ad Valorem Tax Revenues (which are herein together called the "Pledged Tax Revenues") herein made for the benefit of the Series 1992 Water System Warrants, but only if there has been filed in the office of the City Clerk of the City a certificate of the Mayor and the City Treasurer of the City dated not less than thirty (30) days prior to the date of issuance of any Additional Warrants, stating that the Water System Revenues, as well as the Pledged Tax Revenues, received by the City during the fiscal year of the City next preceding the said fiscal year during which any Additional Warrants are proposed to be issued was 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 of the City with respect to the Series 1992 Water System Warrants, any Additional Warrants then outstanding, and the Additional Warrants proposed to be issued.

**Section 8. Series 1992 Water System Warrant Fund.** There is hereby created a special trust fund designated the "Series 1992 Water System Warrant Principal and Interest Fund" (herein called the "Series 1992 Water System Warrant Fund"), which shall be maintained until the principal of and the interest on the Series 1992 Water System Warrants shall have been paid in full. The City will pay or cause to be paid into the Series 1992 Water System Warrant Fund the following:

(a) Promptly upon the sale of the Series 1992 Water System Warrants, the City will pay into the Series 1992 Water System Warrant Fund or cause to be paid therein the amounts required to be paid therein under the provisions of Section 21 hereof;

(b) On or before the last business day of November 1, 1992, and on or before the last business day of each succeeding calendar month thereafter

until the principal of and the interest on the Series 1992 Water System Warrants have been paid in full or until provision shall have been made for the payment thereof, the City will pay into the Series 1992 Water System Warrant Fund an amount which, when added to the amounts on deposit in the Series 1992 Water System Warrant Fund and available for that purpose, will be equal to one-sixth (1/6) of the semiannual installment of interest that will mature with respect to the Series 1992 Water System 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 Series 1992 Water System Warrants on the then next ensuing November 1;

provided that there shall be credited against any amount required to be paid into the Series 1992 Water System Warrant Fund any amount then held in the Series 1992 Water System Warrant Fund, from whatever source derived (including, without limitation, interest earnings on amounts held in the Series 1992 Water System Warrant Fund), but only to the extent that the amount so held in the Series 1992 Water System Warrant Fund does not itself consist of the proceeds of prior payments made pursuant to the provisions of clause (b) of this sentence and has not theretofore been credited against a previously due payment into the Series 1992 Water System Warrant Fund pursuant to the provisions of this section.

The payments herein required to be made into the Series 1992 Water System Warrant Fund shall [except as otherwise provided in the preceding clause (a) of this section and in the succeeding provisions of this paragraph] first be made therein with the Water System Revenues and then with the Pledged Tax Revenues. To such extent, if any, as the Pledged Revenues available for such purpose shall not be sufficient to make any payment herein required to be made into the Series 1992 Water System Warrant Fund, the City will make such payment from its other available funds, and it will in no event allow a default to occur in the payments into the Series 1992 Water System Warrant Fund. The moneys in the Series 1992 Water System Warrant Fund shall be used solely for payment of the principal of and the interest on the Series 1992 Water System Warrants upon or after their respective maturities. Whenever there is on deposit in the Series 1992 Water System Warrant Fund an amount equal to or in excess of the aggregate of the principal and interest thereafter coming due on the Series 1992 Water System Warrants then outstanding, the City shall not be required to make any further payments therein except to make good any moneys therein that may become lost or otherwise unavailable for withdrawal. When all the Series 1992 Water System Warrants have been retired and no principal or interest shall be outstanding with respect thereto, any moneys then remaining on deposit in the Series 1992 Water System Warrant Fund shall be returned to the City.

**Section 9. Concerning the Series 1992 Water System Warrant Fund.** The Bank is hereby designated as the custodian, depository and disbursing agent for the Series 1992 Water System Warrant Fund. In the event that the Bank (or any successor depository for the Series 1992 Water System 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 Series 1992 Water System Warrant Fund shall constitute public funds impressed with a trust for the benefit of the City and the holders of the Series 1992 Water System Warrants. The depository for the Series 1992 Water System 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 Series 1992 Water System Warrants, with another bank or trust company, or

(b) by the deposit of such Federal Securities, in trust for the benefit of the City and the holders of the Series 1992 Water System 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 Series 1992 Water System 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 Series 1992 Water System Warrant Fund (exclusive of any amount held therein for payment of matured but unpaid Series 1992 Water System Warrants, Series 1992 Water System 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 the principal of or interest on the Series 1992 Water System Warrants or for payment of the redemption price of any Series 1992 Water System 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 Series 1992 Water System 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 Series 1992 Water System Warrant Fund 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 148 of the Internal Revenue Code of 1986, or any predecessor or successor rule or regulation) greater than the yield on the Series 1992 Water System Warrants. All Federal Securities or interest-bearing bank deposits in which any portion of the moneys in the Series 1992 Water System Warrant Fund are invested, together with all income therefrom, shall become a part of the Series 1992 Water System Warrant Fund.

In the event that at any time the moneys held in the Series 1992 Water System Warrant Fund are sufficient to effect retirement of all the Series 1992 Water System

Warrants or in the event that at any time the total of the moneys held in the Series 1992 Water System Warrant Fund equals or exceeds the aggregate principal of the Series 1992 Water System 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 Series 1992 Water System Warrant Fund unless (i) further payments are needed to make good moneys paid therein that may have been lost for any reason whatsoever, or (ii) the Series 1992 Water System Warrants thereafter become subject to redemption under any of the provisions hereof and further payments into the Series 1992 Water System Warrant Fund are needed to effect such redemption.

**Section 10. Concerning the Sales Tax and the Occupational Tax.** The City agrees that so long as any of the principal of or the interest on the Series 1992 Water System Warrants remains unpaid, it will:

(a) continue to levy and collect the aforesaid privilege license tax (which is herein called the "Sales Tax") (or a municipal tax substantially equivalent to the Sales Tax) at rates not less than those currently in effect and upon the businesses and professions within the corporate limits of the City that are now subject thereto; provided that the City may hereafter modify the rates at which the Sales Tax is levied, and may exempt various activities therefrom, and the proceeds from various activities from the measure thereof, if the aggregate annual proceeds collected therefrom following any such modification or exemption shall not be less than the aggregate annual proceeds received therefrom during the fiscal year of the City that ended September 30, 1992;

(b) continue to levy and collect the aforesaid occupational license fee (which is herein called the "Occupational Tax") (or a municipal tax substantially equivalent to the Occupational Tax) at rates not less than those currently in effect and upon the activities within the corporate limits of the City that are now subject thereto; provided that the City may hereafter modify the rates at which the Occupational Tax is levied, and may exempt various activities therefrom, and the proceeds from various activities from the measure thereof, if the aggregate annual proceeds collected therefrom following any such modification or exemption shall not be less than the aggregate annual proceeds received therefrom during the fiscal year of the City that ended September 30, 1992;

(c) continue to levy and collect the Sales Tax (or a municipal tax substantially equivalent thereto) without reduction in the aggregate annual amount of the proceeds therefrom;

(d) continue to levy and collect the Occupational Tax (or a municipal tax substantially equivalent thereto) without reduction in the aggregate annual amount of the proceeds therefrom;

(e) 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 a

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municipal 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 Series 1992 Water System Warrants; and

(f) make such increases, within reasonable limitations, in the rates of the Occupational Tax (or in the event of the levy in lieu of the Occupational Tax of a municipal 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 Series 1992 Water System Warrants; and

In the event the City levies, in lieu of the Sales Tax, any municipal tax substantially equivalent thereto, or in the event that the City levies, in lieu of the Occupational Tax, any municipal tax substantially equivalent thereto, all the provisions hereof respecting the Sales Tax or the Occupational Tax, as the case may be (including, without limitation, those provisions of Section 6 hereof regarding the special pledge of each thereof for the benefit of the Series 1992 Water System Warrants) shall be applicable, with the necessary changes in detail, to any tax or taxes.

**Section 11. Form of Series 1992 Water System Warrants, Etc.** The Series 1992 Water System 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 Series 1992 Water System Warrant]

No. R-\_\_

§ \_\_\_\_\_

UNITED STATES OF AMERICA

STATE OF ALABAMA

CITY OF HAMILTON

GENERAL OBLIGATION WATER SYSTEM WARRANT  
Series 1992

INTEREST RATE                      MATURITY DATE                      REGISTRATION DATE                      CUSIP

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

The City Treasurer of the CITY OF HAMILTON, a municipal corporation under the laws of the State of Alabama (herein called the "City"), is hereby ordered and directed to pay to \_\_\_\_\_ or registered assigns, to whom the City acknowledges itself indebted as herein set out, 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 May 1, 1993, and semiannually on each May 1 and November 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 Series 1992 Water System 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 Eight Percent (8%) per annum.

This warrant is one of an issue aggregating \$7,300,000 in principal amount (herein called the "Series 1992 Water System Warrants"), which are authorized to be issued pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Sections 11-47-2 and 11-81-4, Code of Alabama 1975, as well as an ordinance duly adopted by the governing body of the City, for purposes for which the City is authorized by law to borrow money and to issue warrants. Those of the Series 1992 Water System Warrants having stated maturities in 2003 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 Series 1992 Water System 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 November 1, 2002, 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 Series 1992 Water System Warrants, at and for a redemption price, with respect to each warrant redeemed, equal to its par or face value plus accrued interest thereon to the date of redemption and the following premium (expressed as a percentage of the par or face value of each Series 1992 Water System Warrant so redeemed):

If the date of redemption is in 2002	3%
If the date of redemption is in 2003	2-1/2%
If the date of redemption is in 2004	2%
If the date of redemption is in 2005	1-1/2%
If the date of redemption is in 2006	1%
If the date of redemption is in 2007	1/2%
If the date of redemption is in 2008 or thereafter	None

Those of the Series 1992 Water System Warrants maturing on November 1, 2012, are subject to mandatory redemption prior to their stated maturity at a redemption price equal to the par or face value of each warrant or portion thereof so redeemed plus accrued interest thereon to the date of redemption, in the following respective principal amounts on the following dates:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
November 1, 2009	\$ 355,000
November 1, 2010	380,000
November 1, 2011	410,000

Those of the Series 1992 Water System Warrants maturing on November 1, 2017, are subject to mandatory redemption prior to their stated maturity at a redemption price equal to the par or face value of each warrant or portion thereof so redeemed plus accrued interest thereon to the date of redemption, in the following respective principal amounts on the following dates:

<u>Date of Redemption</u>	<u>Principal Amount to be Redeemed</u>
November 1, 2013	\$ 470,000
November 1, 2014	505,000
November 1, 2015	535,000
November 1, 2016	575,000

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 (i) the revenues from the privilege license tax levied by the City on the privilege of selling tangible personal property at retail within the corporate limits of the City, (ii) the revenues from the occupational license fee levied by the City on the gross compensation of individuals engaged in any trade, occupation or profession within the corporate limits of the City, (iii) the proceeds of the general municipal ad valorem tax authorized to be levied on all taxable property located in the City under the Constitution and laws of the State of Alabama, and (iv) certain revenues to be paid to the City by The Water Works and Sewer Board of the City of Hamilton, all as is more fully described in the ordinance of the City under which the Series 1992 Water System Warrants were authorized to be issued, subject to certain conditions which are more fully described in the said ordinance of the City.

It is hereby certified and recited that the indebtedness evidenced and ordered paid by this warrant is lawfully due without condition, abatement or offset of any description; that this warrant has been registered in the manner provided by law; that all conditions, actions and things required by the constitution and laws of the State of Alabama to exist, be performed or happen precedent to and in the issuance of this warrant exist, have been performed and have happened; and that the indebtedness evidenced and ordered paid by this warrant, together with all other indebtedness of the City, was at the time the same was created and is now within every applicable debt and other limit prescribed by the constitution and laws of the State of Alabama.

The Series 1992 Water System Warrants are issuable only as fully registered warrants in the denomination of \$5,000 or any integral multiple thereof. Provision is made in the ordinance of the City under which the Series 1992 Water System Warrants were authorized to be issued for the exchange of Series 1992 Water System Warrants for a like aggregate principal amount of Series 1992 Water System 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 May 1 or November 1; and, in the event that this warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Bank shall not be required to register or transfer this warrant during the period of forty-five (45) days next preceding the date fixed for such redemption and prepayment.

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

IN WITNESS WHEREOF, the City has caused this warrant to be executed 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 Series 1992 Water System Warrants, and has caused this warrant to be dated November 1, 1992.

**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 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 \_\_\_\_\_, 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 12. Execution of Series 1992 Water System Warrants by City.** The Series 1992 Water System 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 Series 1992 Water System Warrants. The signatures of the said Mayor and the said City Clerk may be facsimile signatures of said officers, and the seal of the City imprinted on the Series 1992 Water System Warrants may be a facsimile of such seal (it being understood that a condition to the validity of each Series 1992 Water System Warrant is the appearance on such Series 1992 Water System Warrant of a registration certificate, substantially in the form hereinabove provided, executed by the manual signature of the Bank). Signatures on the Series 1992 Water System Warrants by persons who are officers of the City at the times such signatures were written or printed shall continue to be effective although such persons cease to be such officers prior to the delivery of the Series 1992 Water System Warrants, whether initially issued or exchanged for Series 1992 Water System Warrants of different denominations from those initially issued.

**Section 13. Registration Certificate on Series 1992 Water System 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 Series 1992 Water System Warrants and shall be essential to its validity.

**Section 14. Registration and Transfer of Series 1992 Water System Warrants.** All the Series 1992 Water System 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 Series 1992 Water System Warrants as are presented for those purposes, all in the manner and to the extent hereinafter specified.

No transfer of a Series 1992 Water System Warrant shall be valid hereunder except upon presentation and surrender of such Series 1992 Water System 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 Series 1992 Water System Warrant, registered in the name of such transferee and of like tenor as that presented for transfer. The person in whose name a Series 1992 Water System 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 Series 1992 Water System Warrants by receiving or accepting such Series 1992 Water System Warrant, shall consent and agree and shall be estopped to deny that, insofar as the City and the Bank are concerned, the Series 1992 Water System Warrants may be transferred only in accordance with the provisions of this ordinance.

The Bank shall not be required to register or transfer any Series 1992 Water System Warrant during the period of fifteen (15) days next preceding any interest payment date with respect thereto; and if any Series 1992 Water System Warrant is duly called for redemption (in whole or in part), the Bank shall not be required to register or transfer such Series 1992 Water System Warrant during the period of forty-five (45) days next preceding the redemption date.

**Section 15. Exchange of Series 1992 Water System Warrants.** Upon the request of the named payee of two or more Series 1992 Water System Warrants, the City shall execute, and the Bank shall register and deliver, upon surrender to the Bank of such Series 1992 Water System Warrant or Series 1992 Water System Warrants in exchange thereof, a Series 1992 Water System Warrant or Series 1992 Water System 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 Series 1992 Water System Warrant or Series 1992 Water System Warrants so surrendered, all as may be requested by the person surrendering such Series 1992 Water System Warrant or Series 1992 Water System Warrants.

The registration, transfer and exchange of Series 1992 Water System Warrants (other than pursuant to Section 19 hereof) 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 16. Accrual of Interest on Series 1992 Water System Warrants.** All Series 1992 Water System Warrants issued prior to May 1, 1993, in exchange for Series 1992 Water System Warrants initially delivered hereunder, shall bear interest from the date of issuance of the Series 1992 Water System Warrants, and all Series 1992 Water System Warrants issued on or after May 1, 1993, shall bear interest from the May 1 or November 1, as the case may be, next preceding the date of its issuance and delivery unless (1) such date of delivery is a May 1 or November 1, in which event such Series 1992 Water System 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 in lieu of which such new Series 1992 Water System Warrant is issued, in which event such new Series 1992 Water System Warrant shall bear interest from the last interest payment date to which interest has previously been paid. The preceding provision shall be construed to the end that the issuance of a Series 1992 Water System Warrant shall not affect any gain or loss in interest to the named payee thereof.

**Section 17. Persons to Whom Payment of Interest on Series 1992 Water System Warrants is to be Made.** Interest on the Series 1992 Water System 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 Series 1992 Water System Warrants at their respective addresses shown on the registry books of the Bank pertaining to the Series 1992 Water System Warrants. Overdue interest shall be paid by check or draft mailed by the Bank to the respective named payees of the Series 1992 Water System 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 Series 1992 Water System Warrants on the overdue interest payment date shall fully discharge and satisfy all liability for the same.

**Section 18. Persons Deemed Owners of Series 1992 Water System Warrants.** The City and the Bank may deem and treat the person in whose name a Series 1992 Water System 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 Series 1992 Water System Warrant is registered, shall to the extent thereof fully discharge and satisfy all liability for the same.

**Section 19. Replacement of Mutilated, Lost, Stolen or Destroyed Series 1992 Water System Warrants.** In the event any Series 1992 Water System Warrant is mutilated, lost, stolen or destroyed, the City may execute and deliver a new Series 1992 Water System Warrant of like tenor as that mutilated, lost, stolen or destroyed; provided that (a) in the case

of any such mutilated Series 1992 Water System Warrant, such Series 1992 Water System Warrant is first surrendered to the City and the Bank, and (b) in the case of any such lost, stolen or destroyed Series 1992 Water System 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 Series 1992 Water System Warrant.

**Section 20. Sale of Series 1992 Water System Warrants.** The Series 1992 Water System Warrants are hereby sold and awarded to Blount, Parrish & Roton, Inc. of Montgomery, Alabama, at and for a purchase price of \$7,134,355.80, which includes an "original issue discount" of \$56,144.20 with respect to the Series 1992 Water System Warrants. The Series 1992 Water System Warrants shall be initially registered in the name of the said Blount, Parrish & Roton, Inc., or in the names of such other persons, firms or corporations as may be designated by the said Blount, Parrish & Roton, Inc., prior to the time of delivery of the Series 1992 Water System Warrants. The City Clerk of the City is hereby authorized and directed to deliver the Series 1992 Water System Warrants to the said Blount, Parrish & Roton, Inc., upon payment to the City of the purchase price of the Series 1992 Water System Warrants.

**Section 21. Use of Proceeds from Sale of Series 1992 Water System Warrants.** The proceeds from the sale of the Series 1992 Water System Warrants shall be applied as follows:

(a) that part of the said proceeds that represents accrued interest on the Series 1992 Water System Warrants from their date to the date of payment therefor shall be deposited in the Series 1992 Water System Warrant Fund and shall be applied for payment of the interest which will mature on the Series 1992 Water System Warrants on May 1, 1993;

(b) the sum of \$2,616,530 shall be paid to SouthTrust Bank of Alabama, National Association to be deposited in the Escrow Fund created in the Escrow Trust Agreement authorized in Section 29 hereof;

(c) the sum of \$4,450,000 shall be deposited into a special construction account to be established at The First National Bank of Hamilton, Hamilton, Alabama, and used to pay the costs of constructing the Supply and Treatment Plant and the Improvements; and

(d) the balance of the said proceeds shall be applied to payment of the expenses of issuance of the Series 1992 Water System Warrants.

**Section 22. Provisions Respecting Registration of Series 1992 Water System Warrants to Comply with Provisions of Internal Revenue Code of 1986.** The City and the Bank recognize that the provisions of the Internal Revenue Code of 1986 require that the Series 1992 Water System Warrants be in "registered form", and that each Series 1992 Water

System Warrant must be registered as to both principal and interest and any transfer of any Series 1992 Water System Warrant must be effected only by the surrender of the old Series 1992 Water System Warrant and either by the reissuance of the old Series 1992 Water System Warrant to a new named payee or the issuance of a new Series 1992 Water System Warrant to a new such named payee. The Bank may rely upon an opinion of recognized bond counsel with respect to any question which may arise pertaining to the transfer, exchange or reissuance of Series 1992 Water System Warrants. The provisions of this ordinance pertaining to transfer, exchange or reissuance of Series 1992 Water System 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 1986 or under other applicable laws and regulations.

**Section 23. Provisions Constitute Contract.** The provisions of this ordinance shall constitute a contract between the City and the holders of the Series 1992 Water System Warrants.

**Section 24. Series 1992 Water System Warrants Payable at Par.** Each bank at which the Series 1992 Water System Warrants shall at any time be payable, by acceptance of its duties as paying agent therefor, shall be considered to have agreed thereby with the holders of the Series 1992 Water System Warrants that all payments made by it of the Series 1992 Water System Warrants shall be made in bankable funds at par and without deduction for exchange, fees or expenses. The City agrees with the holders of the Series 1992 Water System Warrants that it will pay all charges for exchange, fees or expenses which may be made by any such bank in the making of payments in bankable funds of the Series 1992 Water System Warrants.

**Section 25. 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 26. 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 Series 1992 Water System Warrants in such form as the said Mayor shall determine to be necessary or desirable in carrying out the offering and sale of the Series 1992 Water System 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 Series 1992 Water System Warrants is hereby authorized.

**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 documents and certificates (including, without limitation, a so-called "No-Arbitrage Certificate") as may be necessary to consummate the issuance and sale of the Series 1992 Water System Warrants and to carry out fully the financing authorized by this ordinance.

**Section 28. Series 1992 Water System 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, namely the 1992 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 Series 1992 Water System Warrants as "qualified tax-exempt obligations" for purposes of said Section 265(b)(3) of the Internal Revenue Code of 1986.

**Section 29. Authorization of Escrow Trust Agreement.** In order to provide for the payment and retirement of the Series 1987 Warrants and the Board's Obligations, 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 that is attached to the minutes of the City of which this ordinance forms a part, with such changes therein and additions thereto as the said Mayor of the City shall deem appropriate.

**Section 30. Authorization of Water Supply Agreement.** The Mayor of the City is hereby authorized and directed to execute and deliver, for and on behalf of the City, a Water Supply Agreement between the City and the Board, and the City Clerk of the City is also authorized and directed to affix the seal of the City to the said Water Supply Agreement and to attest the same. The said Water Supply Agreement shall be in substantially the form that is attached to the minutes of the City of which this ordinance forms a part, with such changes therein and additions thereto as the said Mayor of the City shall deem appropriate.

**Section 31. Call of the Callable Series 1987 Warrants for Redemption.** The City hereby calls those of the Series 1987 Warrants having stated maturities in 1995 and thereafter for redemption on October 1, 1994, and will redeem and pay those of the Series 1987 Warrants having stated maturities in 1995 and thereafter on that date, at and for a redemption price equal to the par or face amount of each such Series 1987 Warrant redeemed plus accrued interest to October 1, 1994, and a premium of two percent (2%) of the said par or face amount of each such Series 1987 Warrant so redeemed.

ADOPTED this 9th day of December, 1992.