

ORDINANCE NO. 100-89

AN ORDINANCE TO PROVIDE FOR THE ISSUANCE OF
\$425,000 PRINCIPAL AMOUNT OF
GENERAL OBLIGATION REFUNDING
WARRANTS OF THE CITY OF CORDOVA, ALABAMA

BE IT ORDAINED by the Mayor and City Council of the City of Cordova in the State of Alabama as follows:

Section 1. Definitions and Use of Phrases.

(a) **Definitions.** The following words and phrases and others evidently intended as the equivalent thereof shall, in the absence of clear implication herein otherwise, be given the following respective interpretations as used herein:

"**Authorized Denominations**" means the sum of \$5,000 or any integral multiple thereof.

"**Available Systems Revenues**" means the gross revenues derived by the City from the Systems less the amounts provided to be deducted from said revenues and paid to the Board pursuant to the provisions of the Sewage Plant Operation Agreement as compensation for services performed by the Board under said agreement.

"**Bank**" means First Commercial Bank, Birmingham, Alabama, in its capacity as registrar, transfer agent and paying agent with respect to the Warrants.

"**Board**" means The Water Works and Gas Board of the City of Cordova.

"**Business License Tax**" means the general business privilege or license tax of the City levied by an ordinance of the City adopted November 18, 1976, with respect to businesses, professions and occupations conducted within the corporate limits of the City.

"City" means the municipal corporation of Cordova in the State of Alabama and includes its successors and assigns and any municipal corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

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

"Council" means the governing body of the City as from time to time constituted.

"Escrow Fund" means the Escrow Fund created in Section 19 hereof.

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

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

"Gross Receipts Tax" means those certain license or privilege taxes of the City levied by ordinances of the City adopted on October 19, 1948, and July 16, 1974, respectively to the extent that the said taxes are levied with respect to business conducted within the corporate limits of the City.

"Holder" means the person in whose name a Warrant is registered on the registry books of the Bank pertaining to the Warrants.

"Interest Payment Date" means each June 1 and December 1, commencing December 1, 1989.

"Mayor" means the mayor of the City.

"Month" means a calendar month.

"Newspaper" means a newspaper printed in the English language and published not less than six days during each calendar week in the locality specified.

"Overdue Interest" means interest due but not paid on the Interest Payment Date on which such interest is required to be paid.

"Overdue Interest Payment Date" means the date fixed by the Bank, pursuant to the provisions of Section 11 hereof, for the payment of Overdue Interest.

"Pledged Business License Tax Proceeds" means the proceeds received by the City from the Business License Tax.

"Pledged Funds" means the Pledged Gross Receipts Tax Proceeds, the Pledged Business License Tax and the Available Systems Revenues.

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

"Rebate Period" means the period established by the Code and the regulations issued thereunder as the period for which the rebate must be computed and remitted to the United States of America.

"Redemption Date" means the date fixed for redemption of any of the Warrants in a Resolution adopted pursuant to the provisions of Section 4(a)(1) hereof.

"Redemption Price" means the price at which the Warrants may be redeemed.

"Refunded Warrants" means those of the General Obligation Refunding and Capital Improvement Warrants, dated December 1, 1982, having stated maturities in 1990, and thereafter.

"Required Rebate" means the amount, if any, that is required by the provisions of Section 148(f) of the Code and any regulations of the Department of Treasury issued thereunder, to be paid by the City to the United States of America in order that the Warrants shall not be treated as "arbitrage bonds" within the meaning of Section 103(b)(2) and Section 148 of the Code.

"Resolution" and **"Ordinance"** mean, respectively, a resolution or ordinance adopted by the Council.

"Sewage Disposal Plant" means the sewage disposal facilities owned by the City, as the said facilities may be at any time be constituted, including all additions, improvements and extensions thereto that may hereafter be made.

"Sewage Plant Operation Agreement" means that certain agreement between the City and the Board dated February 1, 1969, and authorized by Resolution No. 205-69 of the City adopted on February 25, 1969, under which the Board is designated by the City as the agent of the City for the management, maintenance and operation of the Sewage Disposal Plant and for collection of charges for services rendered by the Systems.

"Systems" means the Sewage Disposal Plant and the Sewer System.

"United States Securities" means any securities that are direct obligations of the United States of America and any securities with respect to which payment of the principal thereof and the interest thereon is unconditionally guaranteed by the United States of America.

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

Use of Words and Phrases. The following words and phrases, where used in this Agent, shall be given the following and respective interpretations:

"Herein", "hereby", "hereunder", "hereof", and other equivalent words refer to this Ordinance as an entirety and not solely to the particular portion hereof in which any such word is used.

The definitions set forth in Section 1(a) hereof shall be deemed applicable whether the words defined are herein used in the singular or the plural.

Wherever used herein any pronoun or pronouns shall be deemed to include both singular and plural and to cover all genders.

Section 2. **Findings.** The Council has ascertained and does hereby find and declare that the following facts are true and correct:

(a) The City has heretofore issued its General Obligation Refunding and Capital Improvement Warrants, dated December 1, 1982, pursuant to the provisions of an Ordinance adopted by the City on December 14, 1982;

(b) The Council has determined that it would be advantageous to the City to refund the Refunded Warrants in order to reduce the debt service payable on the Refunded Warrants; and

(c) The Council has determined that it is necessary, desirable and in the public interest that the Warrants hereinafter authorized be issued for the purpose of providing funds (1) to refund the Refunded Warrants, and (2) to pay the expenses of issuing the Warrants.

Section 3. (a) **Authorization and Description of the Warrants.** Pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Sections 11-47-2 of the Code of Alabama, 1975, as amended, and for the purpose of refunding the Refunded Warrants, and paying the expenses of issuing the Warrants, there are hereby authorized to be issued by the City \$425,000 principal amount of General Obligation Refunding Warrants. The Warrants shall be issued as fully registered warrants without coupons, shall be dated June 1, 1989, shall mature and become payable on December 1 in the years and amounts and bear interest at the per annum rates of interest as follows:

Year	Amount Maturing	Interest Rate
1992	\$25,000	6.75 %
1993	25,000	6.90
1994	25,000	7.00
1995	30,000	7.00
1996	30,000	7.05
1997	35,000	7.10
1998	35,000	7.15
1999	40,000	7.20
2000	40,000	7.25
2001	45,000	7.30
2002	45,000	7.35
2003	50,000	7.40

The Warrants shall be initially issued in the Authorized Denominations and registered in the names of the Holders as shall, pursuant to the provisions of Section 17 hereof, be designated by the purchaser.

(b) **Payment of Principal.** The principal of the Warrants shall be payable at the principal office of the Bank in Birmingham, Alabama, upon presentation and surrender of the Warrants as the same become due and payable.

(c) **Interest Rate and Method of Payment.** The Warrants shall bear interest from their date until their respective maturities at the per annum rates of interest set forth above (computed on the basis of a 360-day year of twelve consecutive 30-day months). Such interest shall be payable semiannually on each June 1 and December 1, commencing December 1, 1989, until and at the maturity of the Warrants. 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 lawful Holders of the Warrants at the address shown on the registry books of the Bank pertaining to the Warrants. The Warrants shall bear interest after their respective maturities until paid at the per annum rate of interest borne by the respective Warrants.

(d) **Redemption Provisions.** Those of the Warrants having stated maturities in 1997 and thereafter shall be subject to redemption and payment at the option of the City, prior to their respective maturities, as a whole or in part, in inverse order of their maturities on December 1, 1996, and on any Interest Payment Date thereafter, at and for the following respective redemption prices (expressed as percentage of the principal amount redeemed) for each Warrant (or principal portion thereof) redeemed plus accrued interest thereon to the Redemption Date:

If The Redemption Date Is	Redemption Price
On December 1, 1996	103.00 %
In 1997	102.50
In 1998	102.00
In 1999	101.50
In 2000	101.00
In 2001	100.50
In 2002, or thereafter	100.00

In the event that less than all of the principal of the Warrants of a maturity is redeemed and prepaid, the Bank shall select by that portion of the Warrants of such maturity to be redeemed and prepaid such redemption to be in amounts of \$5,000 or multiples thereof.

Any such redemption or prepayment of the Warrants shall be effected in the following manner:

(1) **Call.** The City shall by Resolution call for redemption and prepayment on a stated Interest Payment Date when they are by their terms subject to redemption Warrants (or principal portions thereof), and shall recite in said Resolution (i) that the City is not in default of the principal of or interest on any of the Warrants, or (ii) that all of the Warrants then outstanding to be retired on the Redemption Date.

(2) **Notice.** Not more than sixty (60) nor less than thirty (30) days prior to the Redemption Date, the City shall give, or cause to be given, written notice of such redemption and prepayment by United States Registered Mail or United States Certified Mail to the Holders of the each of the Warrants the principal of which is, in whole or in part, to be redeemed and prepaid, stating the following: that the Warrants (or principal portions thereof) have been called for redemption and will become due and payable at the Redemption Price, on a specified Redemption Date and that all interest thereon will cease after the Redemption Date. The Holders of any of the Warrants may waive the requirements of this subsection with respect to the Warrants held by them without affecting the validity of the call for redemption of any other Warrants.

(3) **Payment of Redemption Price.** The City shall make available at the Bank, on or prior to the Redemption Date, the total Redemption Price of the Warrants (or portions thereof) that are to be prepaid and redeemed on the Redemption Date.

Upon compliance with the foregoing requirements on its part contained in this subsection, and if the City is not on the Redemption Date in default on the payment of the principal of or interest on any of the Warrants, the Warrants (or principal portions thereof) called for redemption shall become due and payable at the Redemption Price on the Redemption Date specified in such notice, anything herein or in the Warrants to the contrary notwithstanding, and the Holders thereof shall then and there surrender them for redemption; provided however, that in the event that less than all of the outstanding principal of any Warrant is to be redeemed, the registered Holder thereof shall surrender the Warrant that is to be prepaid in part to the Bank in exchange, without expense to the Holder, for a new Warrant of like tenor except in a principal amount equal to the unredeemed portion of the Warrant. All future interest on the Warrants (or principal portions thereof) so called for redemption shall cease to accrue after the Redemption Date. Out of the moneys so deposited with it, the Bank shall make provision for payment of the

Warrants (or principal portions thereof) so called for redemption at the Redemption Price and on the Redemption Date.

Section 3. Security for Payment of Warrants. (a) General Obligation. 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.

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

(1) that upon delivery of the Warrants there will be no outstanding agreement or pledge with respect to the Pledged Gross Receipts Tax Proceeds other than (a) the agreements and pledge with respect thereto that are contained in the proceedings for the benefit of the 1982 Warrants, and (b) the agreements and pledge with respect thereto that are herein contained;

(2) that upon delivery of the Warrants there will be no outstanding agreement or pledge with respect to the Available Systems Revenues other than (a) the agreements and pledges with respect thereto that are contained in the proceedings for the benefit of the 1982 Warrants, and (b) the agreements and pledge with respect thereto that are herein contained;

(3) that upon delivery of the Warrants there will be no outstanding agreement or pledge with respect to the Pledged Business License Tax Proceeds other than the agreements and pledge with respect thereto that are herein contained; and

(4) that the agreements and pledge 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.

While no default exists in the payment of the principal of or interest on the Warrants and while all payments at the time required by the provisions of Section 8 to have been made into the Warrant Fund shall have been made therein, any part of the Pledged 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 4, 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 May and November after compliance with the provisions of Section 4 hereof in respect of semiannual payments into the Warrant Fund is not pledged hereunder; and

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

Section 4. Warrant Fund. (a) Payments Therein and Use and Continuance Thereof. There is hereby created a special fund to be designated the "City of Cordova 1989 Warrant Fund", for the purpose of providing for the payment of the principal of and interest on the Warrants, at the respective maturities of said principal and interest, which special fund shall be maintained until the principal of and interest on the Warrants have been paid in full. Payments into the Warrant Fund shall be made as follows:

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

(2) On or before the first day of July 1, 1989, and on or before the first day of each month thereafter until the principal of and interest on the

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Warrants shall have been paid in full, the City will pay into the Warrant Fund an amount equal to the sum of (i) one-sixth (1/6th) of the interest that will mature on the Warrants on the then next succeeding December 1 (one-fifth 1/5th) in the case of the interest due December 1, 1989 plus (ii), one-twelfth (1/12th) of the principal, if any, that will mature on the Warrants on the then next succeeding December 1.

The payments provided in paragraph (2) of this subsection (a) to be made into the Warrant Fund shall be made therein out of the Pledged Funds and to the extent of the insufficiency thereof, out of the general funds of the City; and the City will in no event permit a default to occur in the payments provided in this subsection (a) to be made into the Warrant Fund. All moneys paid into the Warrant Fund shall be used only for payment of the principal of and interest on the Warrants, upon or after the respective maturities of such principal and interest; provided, that if at the final maturity of the Warrants, howsoever the same may mature, there shall be in the Warrant Fund moneys in excess of the amount required to retire the Warrants, then any such excess shall thereupon be returned to the City. When the amount of money on deposit in the Warrant Fund equals or exceeds the aggregate of the principal and interest to their respective maturities on the Warrants at the time outstanding, no further payments need be made into the Warrant Fund except to make good the moneys paid therein which may become lost or which may not be immediately available for withdrawal under the provisions of this section.

(b) **Depositories for Warrant Fund.** The City hereby designates First Commercial Bank, Birmingham, Alabama, as the depository for the Warrant Fund with respect to payment of principal of and interest on the Warrants.

The City reserves the right from time to time to designate one or more banks (which may or may not include the Bank heretofore herein designated) as a depository for the Warrant Fund.

In the event that any bank at any time designated as depository for any portion of the Warrant Fund should at any time decline to act as such depository, or should resign as such depository, or should cease to be a member of the Federal Deposit Insurance Corporation (or any agency which may succeed to its duties), or should cease to be duly qualified and doing business within the State of Alabama, then any other bank or banks at the time designated as depository or depositories for the same portion of the Warrant Fund shall continue to serve as such depository or depositories without designation by the City of any additional depository or depositories; but if at any time the sole remaining depository for any portion of the Warrant Fund should resign, cease to be a member of said Federal Deposit Insurance Corporation (or successor agency thereto) or should cease to be duly qualified and doing business within the State of Alabama, then the City shall by resolution designate a successor to such depository; provided, that any such successor depository shall be and remain a member of the Federal Deposit Insurance Corporation

(or of any agency which may succeed to its duties) and shall be and remain duly qualified and doing business in the State of Alabama.

(c) **Trust Nature of and Security for the Warrant Fund.** The Warrant Fund shall be and at all times remain public funds impressed with a trust for the purpose for which the Warrant Fund is herein created. Each depository for any part of the Warrant Fund shall at all times keep the moneys on deposit with it in the Warrant Fund continuously secured for the benefit of the City and the holders of the Warrants either

(1) by holding on deposit as collateral security, United States Securities or other marketable securities eligible as security for the deposit of trust funds under regulations of the Board of Governors of the Federal Reserve System, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the Warrant Fund, or

(2) if the furnishing of security in the manner provided in the foregoing clause (1) of this sentence is not permitted by the then applicable law and regulations, then in such other manner as may be required or permitted by the applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of public funds;

provided, however, that it shall not be necessary for any such depository so to secure any portion of the moneys on deposit in the Warrant Fund that may be insured by the Federal Deposit Insurance Corporation (or by any agency of the United States of America that may succeed to its functions) or any portion of the said moneys that may be invested pursuant to the provisions of subsection (d) of this section.

(d) **Investment of Moneys in the Warrant Fund.** So long as the City shall not be in default hereunder it may, at any time and from time to time as it in its sole discretion shall deem advisable, cause to be invested in United States Securities or in bank time deposits any or all of the moneys in the Warrant Fund; provided, that each such investment shall mature not later than the Interest Payment Date next following the date such investment is made. In the event of any such investment, the securities in which the investment is made shall become a part of the Warrant Fund and shall be held by the depository for the moneys so invested to the same extent as if they were moneys on deposit in the Warrant Fund; but so long as the City shall not be in default under any of the provisions hereof the income from such investments may be withdrawn by the City and used for any lawful purpose. The City may likewise at any time and from time to time cause any securities in which any such investment shall be made to be sold or otherwise converted into cash, whereupon the net proceeds derived from any such sale or conversion, after payment of all necessary expenses incident to such sale or conversion, shall become a part

of the Warrant Fund. Each depository for the Warrant Fund shall be fully protected in making investments, sales, and conversions of any such securities upon direction given to it in a resolution adopted by the Council.

Section 5. **Form of Warrants.** The Warrants shall be in substantially the following form:

(Form of Warrant)

No.

UNITED STATES OF AMERICA

STATE OF ALABAMA

CITY OF CORDOVA

GENERAL OBLIGATION REFUNDING WARRANT

[herein insert interest rate]

% Due

[here insert maturity date]

Subject to prior payment and other provisions as herein provided

The City Treasurer of the City of Cordova, a municipal corporation under the laws of Alabama ("the City"), will pay to

or registered assigns, solely out of the revenues hereinafter referred to, the principal sum of _____ DOLLARS 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 December 1, 1989, and semiannually thereafter on each June 1 and December 1 until the due date hereof. The principal of and premium (if any) on this Warrant shall be payable only upon presentation and surrender of this Warrant at the principal office of First Commercial Bank, Birmingham, Alabama ("the Bank").

Interest on this Warrant shall be remitted by the Bank to the then registered holder hereof at the address shown on the registry books of the Bank pertaining to the Warrants. The Ordinance provides that 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.

This Warrant evidences a duly authorized issue of Warrants designated General Obligation Refunding Warrants aggregating \$425,000 in principal amount (herein called "the Warrants"). This Warrant is issued pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Section 11-47-2 of the Code of Alabama, 1975, as amended and an ordinance ("the Ordinance") of the City duly adopted by the governing body of the City for the purpose of refunding certain outstanding warrants of the City.

Those of the Warrants having stated maturities in 1997 and thereafter are subject to redemption and prepayment prior to their respective maturities, at the option of the City, on December 1, 1996, and on any June 1 and December 1 thereafter, as a whole or in part, in inverse order of their maturities, at and for the following respective redemption prices (expressed as a percentage of the principal amount redeemed) plus accrued interest thereon to the date fixed for redemption:

If The Redemption Date Is	Redemption Price
On December 1, 1996	103.00 %
In 1997	102.50
In 1998	102.00
In 1999	101.50
In 2000	101.00
In 2001	100.50
In 2002, or thereafter	100.00

In the event that less than all of the principal of the Warrants of a maturity is to be prepaid and redeemed, the Bank shall by process of random selection, select the principal portion of the Warrants of such maturity to be redeemed and prepaid. The Ordinance requires that written notice of the call of redemption of this Warrant (or portion of the principal thereof) be forwarded by United States Registered or Certified Mail to the registered owner of such Warrant, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption. In the event that less than all the outstanding principal of this Warrant is to be redeemed, the registered Holder hereof shall surrender this Warrant to the Bank in exchange for a new Warrant of like tenor herewith except in a principal amount equal to the unredeemed portion of this Warrant. Upon the giving of notice of redemption in accordance with the provisions of the Ordinance, the Warrants (or principal portions thereof) so called for redemption and prepayment shall become due and payable on the date specified in such notice, anything herein or in the Ordinance to the contrary notwithstanding, and the Holders thereof shall then and there surrender them for prepayment, and all future interest on the Warrants (or principal portions thereof) so called for prepayment shall cease to accrue after the date specified in such notice, whether or not the Warrants are so presented.

By the execution of this Warrant, the City acknowledges that it is indebted to the payee hereof in the principal amount hereof in accordance with the terms thereof.

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

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 do exist, have been performed and have happened; and that the indebtedness evidenced and ordered paid by this Warrant, together with all other indebtedness of the City, was at the time the same was created and is now within every debt and other limit prescribed by the constitution and laws of the State of Alabama.

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 for the exchange of Warrants for a like aggregate principal amount of Warrants of the same maturity and in authorized denomination, all upon the terms and subject to the conditions set forth in the Ordinance.

This Warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the Bank (the registrar and transfer agent of the City) and only upon surrender of this Warrant to the Bank for cancellation, and upon any such transfer a new Warrant of like tenor hereof will be issued to the transferee in exchange therefor, all as more particularly described in the Ordinance. 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 Ordinance.

The Bank shall not be required to transfer or exchange this Warrant during the period of fifteen (15) days next preceding any June 1 or December 1; and, in the event that this Warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Bank shall not be required to register or transfer this Warrant during the period of thirty (30) days next preceding the date fixed for such redemption and prepayment.

Execution by the Bank of its 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 corporate 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 June 1, 1989.

CITY OF CORDOVA

By _____
Its Mayor

Attest:

Its City Clerk

The City may, in its discretion, cause a portion of the foregoing text to be printed on the reverse of the Warrant, in which event the face of the Warrant shall state the following:

Reference is made to the Further Provisions of this Warrant Set Forth on the Reverse hereof

(Form of Registration Certificate)

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

FIRST COMMERCIAL BANK

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 6. Execution of Warrants by City. The Warrants shall be executed on behalf of the City by the Mayor and attested by the City Clerk, and the seal of the City shall be impressed on each of the Warrants. The signatures of the Mayor and the 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 the Bank). Signatures on the Warrants by persons who are officers of the City at the times such signatures were written or printed shall continue to be effective although such persons cease to be such officers prior to the delivery of the Warrants, whether initially issued or exchanged for Warrants of different denominations from those initially issued.

Section 7. Registration Certificate on Warrants. A registration certificate by the Bank, in substantially the form hereinabove recited, duly executed by the manual signature of the Bank, shall be endorsed on each of the Warrants and shall be essential to its validity.

Section 8. Registration and Transfer of Warrants. All 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 9. **Exchange of Warrants.** Upon the request of the Holder of one or more Warrants, the City shall execute, and the Bank shall register and deliver, upon surrender to the Bank of such Warrant or Warrants in exchange thereof, a Warrant or Warrants in different Authorized Denominations 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 17 hereof) shall be without expense to the Holder or transferee. 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 10. **Accrual of Interest on Warrants.** All Warrants issued prior to December 1, 1989, in exchange for Warrants initially delivered, shall bear interest from June 1, 1989, and all Warrants issued on or after December 1, 1989, shall bear interest from the June 1 or December 1, as the case may be, next preceding the date of its issuance and delivery unless (1) such date of delivery is on June 1 or December 1, in which event such Warrant shall bear interest from the date of its issuance and delivery, or (2) at the time of such delivery the City is in default in the payment of interest on the Warrant in lieu of which such new Warrant is issued, in which event such new Warrant shall bear interest from the last Interest Payment Date to which interest has previously been paid or made available for payment on the Warrant in lieu of which such new Warrant is issued. 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 11. **Persons to Whom Payment of Interest on Warrants is to be Made.** Interest on the Warrants shall, except as provided in the next succeeding paragraph of this Section 11, be payable in lawful money of the United States of America by check or draft mailed by the Bank to the lawful Holders of the Warrants at the address shown on the registry books of the Bank pertaining to the Warrants.

Any provision hereof to the contrary notwithstanding, Overdue Interest shall not be payable to the Holder of the Warrants solely by reason of such Holder having been the Holder on the Interest Payment Date on which such interest became due and payable, but shall be payable by the Bank as follows:

- (a) Not less than ten (10) days following receipt by the Bank of immediately available funds in an amount sufficient to enable the Bank to

pay all Overdue Interest, the Bank shall fix an Overdue Interest Payment Date for payment of such Overdue Interest.

(b) Such Overdue Interest Payment Date fixed by the Bank shall be a date not more than twenty (20) days following the expiration of the period described in the foregoing subparagraph (a).

(c) Overdue Interest shall be paid by check or draft mailed by the Bank to the persons in whose names the Warrants were registered on the Overdue Interest Payment Date.

Payment of Overdue Interest in the manner prescribed in this paragraph to the persons in whose names the Warrants were registered on the Overdue Interest Payment Date shall fully discharge and satisfy all liability for the same.

Section 12. Persons Deemed Owners of Warrants. The City and the Bank may deem and treat the person in whose name a Warrant is registered as the absolute owner thereof for all purposes; they shall not be affected by notice to the contrary; and all payments by any of them to the person in whose name a Warrant is registered, shall to the extent thereof fully discharge and satisfy all liability for the same.

Section 13. 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 Holder with the expense of issuing any such new Warrant.

Section 14. Sale of Warrants. The Warrants are hereby sold to Joe Jolly & Co., Inc., and First Commercial Bank at and for a purchase price equal to \$413,100, plus accrued interest, if any, from their date until the date of their delivery. The Warrants shall be initially registered in the names of such other persons, firms or corporations as may be designated by said purchasers prior to the time of delivery of the Warrants. The City Clerk is hereby authorized and directed to deliver the Warrants to said purchasers upon payment to the City of the purchase price of the Warrants.

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Section 15. **Use of Proceeds from Sale of Warrants.** The entire principal proceeds of the Warrants shall be applied as follows:

(a) the proceeds of the Warrants representing accrued interest on the Warrants shall be deposited into the Warrant Fund; and

(b) the sum of \$4,900 shall be paid to the City and the balance of the proceeds shall be paid into the Escrow Fund.

Section 16. **Concerning the Code.** (a) **General.** The City recognizes that the Code imposes certain conditions to the exemption from Federal income taxation of interest income on the Warrants. Accordingly, the City agrees that it will continually comply with all requirements imposed by the Code as a condition to the exemption from Federal income taxation of the interest income on the Warrants. With respect to any question arising under this Section 16, the City may rely upon an opinion of nationally recognized bond counsel acceptable to it.

(b) **Warrants not to be "Private Activity Bonds."** The City will not apply the proceeds of the Warrants in a manner that would cause any of the Warrants to be "private activity bonds" within the meaning of Section 141(a) of the Code.

(c) **Designation of Warrants as "Qualified Tax-Exempt Obligations."** Pursuant to the provisions of Section 265 of the Code, the Warrants are hereby designated as "qualified tax-exempt obligations" within the meaning of 265(b)(3)(D) of the Code. In connection with such designation, the City hereby finds and declares that, during the calendar year 1989, the amount of tax-exempt obligations heretofore issued by the City (including the Warrants) and by all "subordinate entities," when added to the amount of the tax-exempt bonds which the City reasonably anticipates are to be issued by the City and by all "subordinate entities" during calendar year 1989, will not together exceed \$10,000,000. The Council hereby finds and declares that the City has not, during calendar year 1989, issued any tax-exempt obligations, whether in the form of notes, bonds, warrants or bank loans (whether for capital improvements or operating expenses).

The Council understands that it will be necessary for an investigation to be made of the records of the City as to those public corporations, agencies, bureaus or commissions that may constitute "subordinate entities" within the meaning of the Code. Accordingly, the Mayor and City Clerk are each hereby authorized and directed to make such investigations and to make such representations and certificates, in the name and behalf of the City, to the Underwriter and to Bradley, Arant, Rose & White, Bond Counsel

to the City in connection with the issuance of the Warrants, and the Underwriter and Bond Counsel are hereby expressly authorized to rely upon such certificates and representations.

(d) **Concerning the Arbitrage Provisions of the Code.** (1) **General.** The City agrees that it will comply with all provisions of the Code necessary to preclude the Warrants being considered "arbitrage bonds" within the meaning of Section 148 of the Code.

(2) **Concerning the Warrant Fund.** It is not expected that any Required Rebate will be required with the respect to any such investment earnings in the Warrant Fund.

(e) **Provisions Respecting Registration of Warrants to Comply with Provisions of Code.** The City and the Bank recognize that the provisions of the Code require that the Warrants be in "registered form," and that, in general, 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 Holder or the issuance of a new Warrant to a new 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 Code, or under other applicable laws and regulations.

Section 17. Denominations of Warrants as Initially Issued. The Warrants of each maturity shall be initially issued in Authorized Denominations as requested by the purchaser and registered in the names of the persons specified by the purchaser. If, for any reason, the City is unable to prepare or cause to be prepared Warrants in the Authorized Denominations requested by the purchaser and registered in the names of the persons specified by the purchaser, the City may deliver one Warrant for each maturity in the principal amount of such maturity, each registered in the name of the purchaser of the Warrants from the City.

Section 18. Authorization of Official Statement. The Mayor is hereby authorized and directed to prepare or cause to be prepared and to execute and deliver on behalf of the City an Official Statement respecting the Warrants in substantially the form marked Exhibit A, which is attached to the meeting of the Council at which this Ordinance is adopted and which is hereby made a part hereof as if set forth in full herein. The Mayor

is hereby authorized and directed to cause the Official Statement to be delivered to Joe Jolly & Co., Inc., the purchaser of the Warrants.

Section 19. Escrow Fund. (a) Payments and Transfers Therein; Depository Therefor. There is hereby created a special separate account of the City to be designated the "Escrow Fund". The City is hereby authorized to designate a banking institution as the depository for the Escrow Fund.

(b) **Use Thereof.** The moneys on deposit in the Escrow Fund shall be used only for the purpose of paying the redemption price, on December 1, 1989, of the Refunded Warrants and paying the principal and interest due on the Refunded Warrants on December 1, 1989. In the event that, on December 1, 1989, moneys on deposit in the Escrow Fund are not sufficient to pay the principal of and interest on the Refunded Warrants and to pay the redemption price of the Refunded Warrants due on December 1, 1989, the City will deposit into the Escrow fund, out of any moneys available to it, an amount equal to such insufficiency. Moneys on deposit in the Escrow Fund shall be remitted to SouthTrust Bank of Alabama, National Association, at the times and in the manner necessary to enable the said bank to effect the redemption of the Refunded Warrants.

(c) **Investment Thereof.** Pending the use of moneys in the Escrow fund for the purpose for which the said moneys are herein authorized to be used, moneys on deposit in the said account may be invested in United States Securities or in certificate of deposit having a yield not in excess of the yield on the Warrants (as such yield is required to be computed in accordance with the Code). The moneys on deposit in the Escrow Fund shall (a) be invested in a certificate of deposit of First Commercial Bank at 8.50% maturing July 10, 1989, and (b) thereafter in a certificate of the State and Local Government Series maturing December 1, 1989.

Section 21. Provisions for Payment 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 construed to have agreed thereby with the Holders of the Warrants that it will make, out of the funds supplied to it for that purpose, all remittances of principal and interest on the Warrants in bankable funds at par without any deduction for exchange or other costs, fees or expenses. The City agrees with the Holders of the Warrants that it will pay all charges for fees and expenses which may be made by such bank in the making of remittances in bankable funds of the principal of and interest on any of the Warrants.

Section 22. Creation of Contract. The provisions of this Ordinance shall constitute a contract between the City and each Holder of the Warrants.

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

CITY OF CORDOVA

By P. J. "Bo" Richardson
Mayor

Attest:

Sept M. Felkins
City Clerk

Councilmember CARTER moved that the rules be suspended and unanimous consent be granted for immediate consideration of and action on said ordinance, which motion, on being seconded by Councilmember WILLIAMS, was put to vote and the following vote thereon was recorded:

YEAS

NAYS

Councilmembers

NONE

The chairman announced that the motion for unanimous consent for immediate consideration of and action upon said ordinance had been unanimously carried. Councilmember SARGENT then moved that the said ordinance be finally adopted as read, which motion, on being seconded by Councilmember CARTER, was put to vote, and the following vote was recorded:

YEAS

NAYS

Councilmembers

DeANNA CORDELL

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

COUNCIL Member CARTER thereupon introduced the following resolution in writing:

BE IT RESOLVED by the Mayor and City Council (herein together called "the Council") of the City of Cordova (herein called "the City") in the State of Alabama as follows:

Section 1. Findings. The Council hereby finds and recites that (a) the City has heretofore issued pursuant to Ordinance No. 104-82 of the City adopted on November 23, 1982 (herein called "the Authorizing Ordinance"), its General Obligation Refunding and Capital Improvement Warrants, dated December 1, 1982, originally issued in the aggregate principal amount of \$500,000 and (b) the City is not in default in the payment of the principal of and interest on any of the said warrants.

Section 2. Call for Redemption. Acting pursuant to the provisions of Section 4 of the Authorizing Ordinance, the Council does hereby elect to redeem and pay, and does hereby call for redemption and payment, on December 1, 1990, those of the said warrants having stated maturities on December 1, 1990, and thereafter, and aggregating \$255,000 in principal amount (herein called "the Called Warrants"), the redemption of each Called Warrant to be effected at a redemption price equal to 104% of the principal amount of each warrant so called for redemption. The interest maturing on December 1, 1989, with respect to the Called Warrants will also be paid on the December 1, 1989.

Section 3. Authorization. The Mayor and the City Clerk are each hereby authorized and directed to take or cause to be taken, in the name and behalf of the City, all of the actions required by the provisions of the Authorizing Ordinance to be taken in order to effect the redemption on December 1, 1989, of the Called Warrants herein called for redemption. The Council hereby directs SouthTrust Bank of Alabama, National Association, paying agent with respect to the Called Warrants, to call the Called Warrants for redemption on December 1, 1989.

ADOPTED this 27Th day of JUNE, 1989.

R. J. "Bo" Richardson
Mayor

Attest:

Sybil M. Felkins
City Clerk

Councilmember CARTER moved that the rules be suspended and that unanimous consent be given for immediate consideration of and action on said resolution, which motion was seconded by Councilmember WILLIAMS and, upon the motion being put to vote, the following vote was recorded:

YEAS:
MAYOR RICHARDSON
CLAYTON CARTER
BILL WILLIAMS
ARNOLD D. HARBISON
JOE SARGENT
JOE CHRISTIAN
DEANNA CORDELL

NAYS:

NONE

The mayor thereupon declared that the motion for unanimous consent for immediate consideration of and action on said resolution had been unanimously carried. Councilmember CARTER thereupon moved that the said resolution be finally adopted, which motion was seconded by Councilmember WILLIAMS and, upon the motion being put to vote, the following vote was recorded:

YEAS:

MAYOR RICHARDSON
 CLAYTON CARTER
 BILL WILLIAMS
 ARNOLD D. HARBISON
 J & K SARGENT
 JOE CHRISTIAN

NAYS:

~~NONE~~

DEANNA CORDELL

The mayor thereupon declared that the motion for adoption of said resolution had been unanimously carried.

* * *

There being no further business to come before the meeting, it was thereupon, on motion duly made, seconded and adopted, adjourned.

B. J. "Bo" Richardson

Mayor

CITY OF CORDOVA, ALABAMA

Sybil M. Felkin

City Clerk

CITY OF CORDOVA, ALABAMA