

ORDINANCE NO.

AN ORDINANCE AUTHORIZING THE ISSUANCE  
AND SALE OF \$800,000 CITY OF RAINSVILLE  
GENERAL OBLIGATION WARRANT  
SERIES 2000

BE IT ORDAINED, by the Town Council of the City of Rainsville, Alabama, as follows:

SECTION 1. Definitions, Use of Words and Phrases.

- (a) The following words and phrases shall have the following respective meanings in this ordinance:

"Bank" means Community Bank, Rainsville, Alabama.

"Code" means the Internal Revenue Code of 1986, as amended.

"Governing Body" means the Town Council of the Issuer.

"Incidental Use" means use of the Project by a person or an entity whereby (a) the use does not involve the transfer to the person or entity of possession and control over space that is separated from other arm of the Project by walls, partitions or other physical barriers; (b) the use described in the foregoing clause (a) is not related to any other use of the Project by the same person that is not described in the foregoing clause (a); and (c) all uses of the Project that are described in the foregoing clauses (a) and (b) do not, in the aggregate, involve the use of more than two and one-half percent (2-1/2%) of the Project.

"Issuer" means the Town of Rainsville, Alabama.

"Net Proceeds", when used with reference to the Warrant, means the face amount of the Warrant, plus accrued interest and premium, if any, less original issue discount and less proceeds deposited in a reserve fund, if any.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Project" means the improvement, paving, and repair of streets, and purchase of garbage trucks, and any costs relating thereto or in connection therewith.

"Warrant" means the warrant issued pursuant to this ordinance and authorized herein.

- (b) The definitions set further herein include both singular and plural. Whenever used herein, any noun or pronoun shall be deemed to include both singular and plural and to cover all genders.

SECTION 2. Findings. The Governing Body has ascertained and determined, and does hereby find and declare that the following facts are true and correct:

- (a) It is necessary to the continued progress of the Issuer for the Project to be completed
- (b) The total capital costs of the Project is currently estimated by the Governing Body to not exceed the face amount of the Warrant.
- (c) The Issuer does not now have, and will not have in the foreseeable future, funds available to pay the costs of financing the Project.
- (d) In comparison to other financing alternatives, the terms of the Warrant provide attractive and advantageous financing for the Issuer.

SECTION 3. Authorization of the Warrant and Use of Proceeds. Pursuant to the applicable provisions of the Constitution and laws of the State of Alabama, including particularly Section 11-47-2 of the Code of Alabama 1975, as amended, there are hereby authorized to be issued by the Issuer \$800,000 aggregate principal amount of its General Obligation Warrant, Series 2000, the proceeds of which are to be used to finance the Project and to pay any costs or fees in connection with the issuance of the Warrant.

SECTION 4. Approval of Form of Warrant. The Issuer hereby acknowledges and approves all of the various terms within the Form of Warrant as indicated herein, including but not limited to, terms with respect to the interest rate(s) (including any interest rate adjustment provisions),

SECTION 5. Security. The indebtedness evidenced and ordered paid by the Warrant is a general obligation of the Issuer for the payment of the principal of, premium, if any, and interest hereon and all other amounts payable under the Warrant, and the full faith and credit of the Issuer are pledged thereto.

SECTION 6. Sale of the Warrant. The Warrant may be sold by private sale and is hereby sold to the Bank for a purchase price equal to 100% of its face value. The Clerk of the Issuer is hereby authorized and directed to deliver the Warrant to the said purchaser upon payment to the Issuer of the said purchase price.

SECTION 7. Provisions Constitute Contract. The provisions of this ordinance shall constitute a contract between the Issuer and the registered owner of the Warrant.

SECTION 8. Covenants Regarding Section 103 of the Code.. The parties hereto recognize that the Warrant is being sold on the basis that the interest payable thereon is excludable from gross income of the owners thereof under Section 103 of the Code. The Issuer does hereby covenant and agree for the benefit of the owners of the Warrant that neither will take nor fail to take any action which will cause the interest on the Warrant to be or become includable in gross income for federal income tax purposes.

SECTION 9. No Arbitrage. The Issuer will not directly or indirectly use or permit the use of any proceeds of the Warrant or any other funds of the Issuer, or take or omit to take any action that would cause the Warrant to be an 'arbitrage bond' within the meaning of Section 148 of the Code. To that end, the Issuer will comply with all requirements of Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Warrant, including, without limitation, payment from time to time of all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Warrant from time to time. The Issuer intends to draw on the Warrant only when needed and to pay costs and expenses authorized hereunder and thus does not expect to invest any of the proceeds of the Warrant pending expenditure thereof. The Issuer reasonably expects all of the proceeds of the Warrant to be expended by April, 2000.

SECTION 10. Private Business Use Limitation. The Issuer shall assure that (i) not in excess of ten percent (10 %) of the Net Proceeds of the Warrant is used for Private Business Use if, in addition, the payment of more than ten percent (10%) of the, principal or ten percent (10%) of the interest due on the Warrant during the term thereof is, under the terms of the Warrant of any underlying arrangement, directly or indirectly secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (a) in excess of five percent (5 %) of the Net Proceeds of the Warrant is used for a Private Business Use, and (b) an amount in excess of five percent (5 %) of the principal or five percent (5 %) of the interest due on the Warrant during the term thereof is, under the terms of the Warrant or any underlying arrangement, directly or indirectly secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property

used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said five percent (5 %) of Net Proceeds of the Warrant used for a Private Business Use shall be used for a Private Business Use related to the government use of a portion of the Project and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. In addition, the proceeds of the Warrant allocable to the Incidental Use of the Project shall not exceed two and one-half percent (2-1/2 %) of the proceeds of the Warrant. Further, the Issuer expects that neither the Project nor any other property financed with the proceeds of the Warrant will be used, administered, managed or leased by any person or entity other than by the Issuer. In no event will the Project or such other property be used, administered, managed or leased by any person or entity other than the Issuer unless the guidelines set forth in Revenue Procedure 82-14 or Revenue Procedure 82-15, as the case may be, or any successor thereto are satisfied.

SECTION 11. Private Loan Limitation. The Issuer shall assure that not in excess of the lesser of five percent (5 %) of the Net Proceeds of the Warrant or five million dollars are used, directly or indirectly, to make or finance a loan (other than loans constituting nonpurpose investments (within the meaning of Section 148(f)(6)(A) of the Code)) to persons other than state or local government units.

SECTION 12. Federal Guarantee Prohibition. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Warrant to be 'federally guaranteed' within the meaning of Section 149(b) of the Code and Treasury Regulations applicable thereto.

SECTION 13. Warrant Designated as a Qualified Tax-Exempt Obligation. The Issuer does hereby find and determine that the reasonable anticipated amount of "tax-exempt obligations" (as such term is used in Section 265(b)(3) of the Code) which will be issued by the Issuer and all 'subordinate entities' thereof during the current calendar year does not exceed \$10,000,000 (excluding private activity bonds under Section 141 of the Code, but including qualified 501 (c)(3) bonds as defined in Section 145 of the Code). The term "subordinate entity" shall have the meaning as defined or used in Section 265(b)(3) of the Code, including without limitation, public corporations or non-profit associations (i) the directors (or other members of the governing body) of which are appointed, in whole or in part, by the governing Body or by the chief executive officer of the Issuer, whether pursuant to general law or local law applicable to the Issuer, (ii) formed by the action of the Governing Body, (iii) otherwise subject to substantial control by the Governing Body, (iv) deriving its authority to issue bonds, notes, warrants and similar obligations, or its authority otherwise to incur indebtedness, from the Issuer or the Governing Body, (v) the property of which will revert to, or otherwise vest in, the Issuer upon the dissolution or other cessation of existence of such public corporation, board, agency, bureau, commission, non-profit corporation or non-profit association, (vi) which otherwise are non behalf of issuers of bonds, notes or other evidences of indebtedness with respect to the Issuer (including, without limitation, any entity or association which is a 'constituted authority' within the meaning of Revenue Ruling 57-187, within the meaning of Treas. Reg. § 1.103(b) or within the meaning of Proposed Treas. Reg. § 1.103(c), and any entity or association constituting a '63-20 corporation" or comparable entity or association satisfying the requirements of Revenue

Ruling 63-20 or the requirements of Revenue Procedure 82-26, (vii) which otherwise are "subordinate" to the Issuer, or (viii) other entities formed to avoid the purposes of the \$10,000,000 exception specified in Section 265(b)(3) of the Code or the \$5,000,000 exception specified in Section 148(t)(4)(D) of the Code. The Governing Body covenants and represents that the calendar year during which this ordinance is being adopted is the same calendar year during which the Warrant shall be issued. The Issuer covenants that the Warrant does not constitute a private activity bond under Section 141 of the Code. The Issuer covenants and represents that the Issuer shall receive all the benefits resulting from the issuance of the Warrant, within the meaning of Section 265(b)(3) of the Code.

SECTION 14. Small Issuer Exemption from Rebate Requirements. The Issuer desires that Section 148(f)(4)(D) of the Code apply to the Warrant. The Issuer covenants that it is a governmental unit with general taxing powers, that the Warrant is not a 'private activity bond' as defined in Section 141 of the Code, that 95 % or more of the Net Proceeds of the Warrant are to be used for a local governmental activities of the Issuer and that the aggregate face amount of all tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer, including all subordinate entities (as such term is used in Section 148(f)(4)(D) of the Code and as referred to in the preceding Section hereof) of the Issuer during the current calendar year is not reasonably expected to exceed \$5,000,000. The Governing body covenants and represents that the calendar year during which this ordinance is being adopted is the same calendar year during which the Warrant shall be issued.

SECTION 15. Execution of Other Documents. All of the officials of the Issuer are hereby separately authorized and directed in the name and on behalf of the Issuer to take any and all actions that they may deem advisable in order to give effect to the intent of this ordinance, and in connection therewith to perform in the name of the Issuer such actions and to execute, deliver, seal, attest and accept such other ancillary documents and certificates, as may be necessary or advisable to the issuance and sale of the Warrant, and to carry out fully the financing hereinabove authorized, and all such actions taken are hereby ratified and confirmed as valid and binding on the Issuer.

SECTION 16. Provisions of Ordinance Severable. The various provisions of this ordinance are hereby declared to be severable. In the event any provisions hereof shall be held invalid by a court of competent jurisdiction such invalidity shall not affect any other portion of this ordinance.

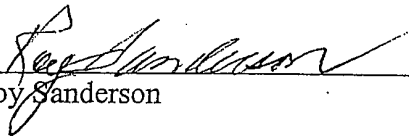
SECTION 17. Certain Covenants of the Issuer. The Issuer hereby covenants (i) not to reduce the taxes from the present level, (ii) not to exceed its total annual expense budget by more than 10%, (iii) to provide, in form acceptable to the Bank (a) the Issuer's annual audited financial statements within ninety (90) days of the end of the Issuer's fiscal year, which statements shall be prepared by independent certified public accountants, and (b) the Issuer's monthly interim financial statements within thirty (30) days of the end of each month, and (iv) to pay all costs, fees and expenses incurred by the Bank (including without limitation, attorneys' fees and expenses) relating to or arising from (a) non-payment of any amount due under the Warrant or (b) breach of any covenant of the Issuer under this ordinance or the Warrant.

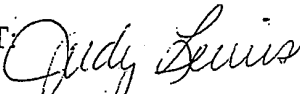
SECTION 18.

Effective Date. This ordinance shall become effective immediately upon its passage by the Governing Body.

ADOPTED this 13<sup>th</sup> day of March 2000.

CITY OF RAINSVILLE, ALABAMA

By: Mayor   
Roy Sanderson

ATTEST   
Town Clerk [Seal]

NO ARBITRAGE CERTIFICATE

The undersigned hereby certifies as follows:

- (1) I am the Mayor of the City of Rainsville, Alabama and am responsible for the issuance of the Eight Hundred Thousand Dollar (\$800,000.00) General Obligation Warrant of the Borrower dated the date of this certificate ("The Warrant").
- (2) The Warrant is issued to finance the purchase of two (2) garbage trucks, models 1988 Mack MR688's, 1999 Mack MR688s E7-300, and the paving of public roads under which obligation the Borrower will be approximately \$800,000.00. It is expected that the purchase will take place immediately, that the date of completion of purchase will be on or before \_\_\_\_\_, 2000, and that all proceeds of the Warrant will have been expended within said time.
- (3) The total cost of the purchase referenced above, and the paving project is presently estimated to be Eight Hundred Thousand Dollars (\$800,000.00)
- (4) No part of the proceeds of the Warrant will be paid into a sinking fund.
- (5) It is expected that all of the proceeds of the Warrant will be applied to the purchase of the garbage trucks and the paving project. The amount received by the Borrower in payment for the Warrant, which is the principal amount thereof, does not exceed the estimated total cost of the equipment.
- (6) No part of the proceeds of the Warrant will be used to be replace any monies which have been invested by the Borrower at a yield in excess of that borne by the Warrant.
- (7) On the basis of the foregoing facts estimates and circumstances it is not expected that the proceeds of the Warrant will be used in a manner which would cause the Warrant to be an "Arbitrage Bond" under Section 148 of the, Internal Revenue Code as amended and the regulation issued or pertinent thereunder.
- (8) To the best of my knowledge and belief there are no other facts, estimates or circumstances which would materially change such expectations and the expectations set forth above are reasonable.
- (9) The Borrower has not been notified of any listing or proposed listing of it by the Commissioner of Internal Revenue as an issuer which has been disqualified under Reg. Section 1. 103-13 (a)(iv).

Given this 13<sup>th</sup> day of March 2000.

Mayor Roy Sanderson, Mayor

UNITED STATE OF AMERICA  
STATE OF ALABAMA  
CITY OF RAINSVILLE

GENERAL OBLIGATION WARRANT, SERIES 2000

KNOW ALL MEN BY THESE PRESENTS that the City Treasurer (the 'Treasurer') of the City of Rainsville, Alabama (the 'Issuer'), a municipal corporation created and existing under the laws of the State of Alabama, for value received, is hereby ordered and directed to pay from the sources as hereinafter provided to Community Bank (the 'Bank') or registered assigns, in whose name this Warrant is registered on the books of the Treasurer, the principal sum of EIGHT HUNDRED THOUSAND (\$800,000.00) , with interest from the date hereof on the unpaid principal balance hereof at the rate of 5.85 % per annum until paid in full. The principal amount of the warrant shall be advanced by the Bank pursuant to draws by the Issuer, as evidenced by the records of the Bank and Schedule A attached hereto. The Bank is hereby authorized by the Issuer to endorse on said Schedule A (or any continuation thereof) the information to be completed thereon; provided, that any failure by the Bank to make any such endorsement or any failure by the Mayor or the Clerk of the Issuer to execute Schedule A attached hereto shall not affect the obligations of the Issuer hereunder. The Bank, at its sole option, shall not be obligated to advance any draw under this Warrant (i) until, with respect to such draw, Schedule A attached hereto is executed by the said Mayor or Clerk, or (ii) if there has been any default hereunder or any breach of any covenant under this Warrant or the ordinance authorizing the issuance of this Warrant. This Warrant is not "revolving" and the total principal amount of all draws shall not exceed the sum of \$800,000.00. The balance of the principal drawn on said Warrant shall be divided into and amortized on \_\_\_\_\_ monthly payments of principal and interest. The Issuer shall pay one monthly payment on \_\_\_\_\_ 2000, and monthly thereafter until the full principal and interest is paid in full with all payments being first applied to the interest due or overdue and then to principal.

This Warrant is subject to redemption or prepayment of principal installments by the Issuer prior to maturity, upon written request of the Issuer, on any date in whole or in part in the inverse order of the installments at a price equal to the principal amount thereof plus unpaid accrued interest to the redemption or prepayment date.

This Warrant is subject to immediate mandatory redemption by the Issuer at par upon written demand of Community Bank upon noncompliance by the Issuer with Section 17 (relating to certain covenants by the Issuer) of the Issuer's ordinance authorizing the issuance of this Warrant.

All payments of principal, premium, if any, and interest hereon shall be payable by check or draft mailed to the registered owner at the address as it appears on the registration books maintained by the Treasurer.



By acceptance hereof, each registered owner covenants and agrees to note all payments of principal and interest hereon prior to any transfer or attempted transfer hereof. ANY ASSIGNEE OR TRANSFEREE OF THIS WARRANT TAKES IT SUBJECT TO ALL PAYMENTS OF PRINCIPAL AND INTEREST IN FACT MADE WITH RESPECT HERETO, WHETHER OR NOT SUCH PAYMENTS ARE REFLECTED HEREON OR ON ANY PAYMENT RECORD PERTAINING HERETO.

The 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 duly adopted by the governing body of the Issuer, for purposes for which the Issuer is authorized to borrow money under said section, and more specifically for the purpose(s) recited in said ordinance.

The indebtedness evidenced and ordered paid by this Warrant is a general obligation of the Issuer for the payment of the principal of, premium, if any, and interest hereon and all other amounts payable hereunder, and the full faith and credit of the Issuer are pledged hereto.

This Warrant is transferable by assignment, provided that the assignment shall not be effected until surrender of the Warrant to and registration by the Treasurer.

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

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, action and things provided by the Constitution and laws of the State of Alabama to exist, be performed or happen precedent to or in the issuance of this Warrant exist, have been performed and have happened; and that the indebtedness evidenced and ordered paid by this Warrant, together with all other indebtedness of the Issuer, 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.

IN WITNESS WHEREOF, the Issuer has caused this Warrant to be executed in its name with the manual signature of the Major of the Issuer hereon, has caused it's official seal to be affixed hereon, has caused the said execution of this Warrant and the said seal to be attested by the signature of its Clerk manually subscribed hereon and has caused this Warrant to be dated 1997.

SEAL

Attest:

*Judy Lewis*  
Its City Clerk

CITY OF RAINSVILLE

By *Ken Simpson*  
Its Mayor

SCHEDULE A

| Date<br>of draw | Amount<br>of draw | Aggregate<br>Amount of<br>Principal<br>drawn | Date of<br>Principal<br>payment | Amount of<br>Principal<br>payment | Aggregate<br>Outstanding<br>Principal<br>amount | Signature of<br>Chairman or<br>Secretary |
|-----------------|-------------------|--|---------------------------------|-----------------------------------|---|--|
|-----------------|-------------------|--|---------------------------------|-----------------------------------|---|--|

INCUMBENCY CERTIFICATE

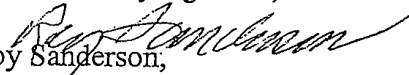
The undersigned Mayor of the City of Rainsville, Alabama, a municipal corporation, hereby certifies as follows:

- (1) The following constitute all persons who have been elected to a position on the Mayor and City Council and are now serving as members of the governing body of the City of Rainsville, Alabama, a municipal corporation, for the terms of office set opposite their names:

| Name                                  | Beginning of Term | Ending of Term |
|---------------------------------------|-------------------|----------------|
| Roy Sanderson, Mayor                  | October 1996      | October 2000   |
| <del>David Shirey, Councilwoman</del> | October 1996      | October 2000   |
| Ricky Byrum, Councilman               | October 1996      | October 2000   |
| Donnie Chandler, Councilman           | October 1996      | October 2000   |
| Roger Wigley, Councilman              | October 1996      | October 2000   |

- (2) <sup>Special</sup> ~~Regular~~ meetings for the Mayor and City Council of the City of Rainsville, Alabama held on the 1<sup>st</sup> Monday evenings of each month.
- (3) There is no litigation pending and to the best of my knowledge, information and belief there is no litigation threatened involving the legality or validity of any of the following: the incumbency of any of the present members of the governing body of the City of Rainsville to their offices; or the election of any of the members of the governing body of the City of Rainsville, Alabama.

WITNESS my signature, under the seal of the City, this the 13<sup>th</sup> day of March 2000.

  
Roy Sanderson,  
Mayor of the City of Rainsville, Alabama  
SEAL



CERTIFICATION

I, Judy Lewis, Clerk of the City of Rainsville, Alabama  
(the "Issuer"), do hereby certify that the following is a true and correct copy of Ordinance No.  
which was duly passed by the City Council of the Issuer at its special scheduled meeting held on  
March 13 2000. I further certify that the said meeting was  
duly held pursuant to all required notices, that a quorum of the City Council was present and voting  
throughout and that the said Ordinance is in full force and effect and has not been rescinded,  
amended or modified since its adoption.

Dated March 13<sup>th</sup> 2000.

Town Clerk  
Judy Lewis  
SEAL

WAIVER OF NOTICE

The undersigned, constituting all members of the Mayor and City Council of the City of Rainsville, Alabama hereby waive any and all notice of the time, place and purpose of a meeting of the said Mayor and City Council called to be held in the City Hall in Rainsville, Alabama, on, March 13 2000, at 4:30 o'clock p.m., and hereby consent to the transaction of any and all business that may come before the meeting.

Roy Sanderson, Mayor

Nathaniel Ledbetter, Councilman

~~David Shirey, Councilwoman~~

Donnie Chandler, Councilman

Ricky Bynum, Councilman

Roger Wigley, Councilman

The undersigned, as City Clerk, hereby certifies that the attached pages constitute a true, full and complete copy of the minutes of a meeting of the Mayor and City Council of City of Rainsville, Alabama held on March 13, 2000, as the same appear in the permanent records of the Mayor and City Council in my custody.

In Witness Whereof, I have hereunto affixed my signature under the seal of the said Town, this day of 13 March 2000.

Judy Lewis City Clerk

ATTEST:

Roy Sanderson  
Roy Sanderson, Mayor