

The following ordinance was then introduced in writing by Councilmember Sudduth and read to the meeting:

ORDINANCE NO. 681

AN ORDINANCE TO PROVIDE FOR THE
ISSUANCE OF \$5,270,000 AGGREGATE
PRINCIPAL AMOUNT OF GENERAL OBLIGATION
WARRANTS OF THE CITY OF ROANOKE, ALABAMA

BE IT ORDAINED by the Mayor and City Council of the City of Roanoke 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:

"Additional Parity Securities" means any securities which the City may at the time of issuance be authorized to issue and for the payment of the principal of and interest on which the Pledged Tax Proceeds may be pledged under the reserved right so to do contained in, and in accordance with the provisions of, Section 7 hereof.

"Annual Debt Service Requirement" means the amount of principal and interest having a stated maturity during a Fiscal Year.

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

"Bank" means AmSouth Bank, National Association, in the City of Birmingham, Alabama, in its capacity as registrar, transfer agent and paying agent with respect to the Warrants.

"Callable Warrants" means those of the Warrants having stated maturities in 2003 and thereafter.

"Called Warrant" means a Callable Warrant that has been called for redemption pursuant to the provisions of Section 4 hereof.

"City" means the municipal corporation of Roanoke 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.

"City Treasurer" means the city treasurer of the City.

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

"Council" means the Mayor and City Council of the City, or other governing body of the City, as the said governing body may from time to time be constituted.

"Eligible Certificate" means an interest-bearing certificate of deposit issued by the Bank or any bank, savings and loan association or trust company organized under the laws of the United States of America or any state thereof that is (to the extent not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation) collaterally secured by a pledge of United States Securities (a) having at any date of calculation a market value (taking account of any accrued interest thereon) not less than the principal of and the accrued interest on the certificates of deposit secured thereby, (b) deposited and pledged with any Federal Reserve Bank or with any bank or trust company organized under the laws of the United States or any state thereof, and having combined capital and surplus and undivided profits of not less than \$15,000,000, and (c) for which a receipt signed by the bank or trust company having custody of such collateral securities and containing a sufficient description thereof has been furnished to the Bank.

"Eligible Investments" means (a) United States Securities, (b) Eligible Certificates, (c) bank deposits fully insured by the Federal Deposit Insurance Corporation, and (d) interests in such investment trusts as may be permitted by the provisions of Section 11-81-21, as amended, of the Code of Alabama of 1975.

"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 that certain special privilege or license tax of the City levied by Ordinance No. 676 of the City adopted April 26, 1993, on persons, corporations and others engaging in the businesses of selling at retail tangible personal property or conducting places of amusement (the said tax being measured by the gross proceeds or gross receipts of the said businesses), to the extent that the said tax is 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 May 1 and November 1 during the period beginning May 1, 1994, and continuing until and including May 1, 2014.

"Mayor" means the mayor of the City.

"Month" means a calendar month.

"Outstanding Parity Warrant Ordinance" means Ordinance No. 672 of the City adopted April 27, 1992, pursuant to which the Series 1992 Warrants were issued.

"Outstanding Parity Warrants" means the Series 1992 Warrants.

"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 16 hereof, for the payment of Overdue Interest.

"Parity Securities" means the Outstanding Parity Warrants, the Warrants herein authorized and any Additional Parity Securities that may hereafter be issued pursuant to the provisions of Section 7 hereof.

2
"Pledged Tax Proceeds" means the proceeds from the Gross Receipts Tax.

"Police Jurisdiction" means the territory outside the corporate limits of the City but within its police jurisdiction.

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

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

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

"Series 1992 Warrants" means the General Obligation Warrants of the City, dated May 1, 1992, which were issued in the aggregate principal amount of \$1,210,000 pursuant to authorization in Ordinance No. 672 of the City adopted April 27, 1992, and which are presently outstanding in the aggregate principal amount of \$1,165,000.

"Term Warrants Due 2014" means those of the Warrants having a stated maturity in 2014.

"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.

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

"Herein," "hereby," "hereunder," "hereof," and other equivalent words in 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. (a) Findings with Respect to School Improvements. The Council has ascertained and does hereby find and declare as follows:

(i) it is necessary, desirable and in the public interest that the City provide, construct and equip certain public school improvements in the City (estimated to cost approximately \$5,200,000); and

(ii) in order to provide the funds necessary to acquire and construct the said improvements and to pay the costs of issuing the warrants hereinafter described, it is necessary, desirable and in the public interest that the City issue, on its full faith and credit, the warrants hereinafter authorized to be issued.

(b) Findings with Respect to Eligibility of the Warrants to be Issued on a Parity with Outstanding Parity Warrants. The Council has ascertained and found and does hereby declare as follows:

(i) the City is in full compliance with all the provisions of the Outstanding Parity Warrant Ordinance;

(ii) pursuant to the provisions of Section 7 of the Outstanding Parity Warrant Ordinance and in order to establish that the City has the privilege, under the Outstanding Parity Warrant Ordinance, the Mayor and the City Treasurer have filed in the office of the City Clerk a certificate as to the amount of the Pledged Tax Proceeds received by the City during the Fiscal Year of the City that ended on September 30, 1993; the said certificate discloses that the proceeds received by the City from the Gross Receipts Tax during the Fiscal Year of the City that ended on September 30, 1993 was \$1,177,491.25; the facts set forth in the said certificate are true and correct and are in accordance with the official records of the City; the said certificate is duly on file in the office of the City Clerk as a part of the permanent records of the City; and a copy of the said certificate is hereby ordered to be marked Exhibit A and to be attached to the minutes of the meeting at which this Ordinance is adopted;

(iii) the maximum Annual Debt Service Requirement during any one Fiscal Year of the City with respect to the Outstanding Parity Warrants and the Warrants is \$642,518, being the Annual Debt Service Requirement during the Fiscal Year ending September 30, 2008; one and one-quarter times the amount of \$642,518 (or 125% of the said sum) is \$803,147.50; and

(iv) the sum of \$1,177,491.25, which is the amount stated in the aforesaid certificate to be the proceeds received by the City from the Gross Receipts Tax during the Fiscal Year that ended on September 30, 1993 (which is the Fiscal Year next preceding the Fiscal Year during which the Warrants are to be delivered to the purchasers thereof) is greater than the sum of \$803,147.50; the said proceeds are, accordingly, more than one and one-quarter times (or 125% of) the maximum Annual Debt Service Requirement during the current or any then succeeding Fiscal Year with respect to the Outstanding Parity Warrants and the Warrants; and the Warrants are, therefore, eligible to be issued on a parity with the Outstanding Parity Warrants, all pursuant to and in accordance with the provisions of Section 7 of the Outstanding Parity Warrant Ordinance.

Section 3. Authorization and Description of the Warrants. (a) Principal Maturities and Interest Rates. Pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Section 11-47-2 of the Code of Alabama of 1975, as amended, and for the purposes hereinabove stated, there are hereby authorized to be issued by the City \$5,270,000 aggregate principal amount of General Obligation Warrants, Series 1994. The Warrants shall be issued as fully registered warrants without coupons, shall be dated January 1, 1994, shall mature and become payable on May 1 in the years and amounts and bear interest at the per annum rates of interest as follows:

<u>Year of Maturity</u>	<u>Amount Maturing</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Amount Maturing</u>	<u>Interest Rate</u>
1995	\$175,000	3.00%	2003	\$ 235,000	4.30%
1996	180,000	3.40	2004	245,000	4.40
1997	185,000	3.60	2005	255,000	4.50
1998	195,000	3.70	2006	265,000	4.70
1999	200,000	3.90	2007	280,000	4.80
2000	210,000	4.00	2008	295,000	4.90
2001	215,000	4.10	2009	310,000	5.00
2002	225,000	4.20	2014	1,800,000	5.25

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 24 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 the City of Birmingham, Alabama, upon presentation and surrender of the Warrants as the same become due and payable.

(c) Computation of Interest 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 May 1 and November 1, commencing May 1, 1994, 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 rate of 8% per annum.

Section 4. Redemption Provisions. (a) Optional Redemption. Those of the Warrants having stated maturities in 2003 and thereafter shall be subject to redemption and prepayment prior to their respective maturities, at the option of the City, as a whole or in part on May 1, 2002, and on any date thereafter (but if in part, of such maturities as shall be selected by the City and only in integral multiples of \$5,000 and, if less than all Warrants having a single maturity are to be redeemed, those to be redeemed to be selected by the Bank by lot), at and for the following respective Redemption Prices (expressed as percentages of the principal amount redeemed) plus accrued interest thereon to the Redemption Date:

<u>Redemption Date</u> <u>(Both Inclusive)</u>	<u>Redemption Price</u>
May 1, 2002 -- April 30, 2003	102%
May 1, 2003 -- April 30, 2004	101
May 1, 2004, and thereafter	100

(b) Mandatory Redemption. The Term Warrants Due 2014 shall be subject to redemption and prepayment prior to their maturity on May 1 in each of the following years and in the following principal amounts at and for a Redemption Price equal of the principal amount thereof plus accrued interest thereon to the Redemption Date:

<u>Years</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u> <u>to be</u> <u>Redeemed</u>
2010	\$325,000
2011	340,000
2012	360,000
2013	380,000
2014	395,000 (maturity)

In the event that, pursuant to the provisions of Section 4(a) hereof, the City shall have partially redeemed Term Warrants Due 2014 or shall have provided for a partial redemption of Term Warrants Due 2014 in such a manner that, under the provisions of Section 25 hereof, the Term Warrants Due 2014 for the redemption of which provision is made are considered as fully paid, the City may, by written notice to the Bank, elect to apply all or any part (but only in integral multiples of \$5,000) of the principal amount of such Term Warrants Due 2014 so redeemed or to be redeemed to the reduction of the principal amount of Term Warrants Due 2014 required to be redeemed pursuant to the provisions of this Section 4(b) on any November 1 coterminous with or subsequent to the date such optional redemption actually occurs. Such notice shall be deemed effective only if it is given prior to the giving of notice of redemption contrary to the provisions of such notice pursuant to the provisions of Section 4(c).

(c) Manner of Redemption. Any such redemption or prepayment of the Warrants shall be effected in the following manner:

(i) Call. The City shall by Resolution call for redemption and prepayment on a stated date when they are by their terms subject to redemption Warrants (or principal portions thereof) and shall recite in said Resolution (A) that the City is not in default in the payment of the principal of or interest on any of the Warrants or (B) that all of the Warrants then outstanding are to be retired on the Redemption Date; provided, however, that it shall not be necessary for the City to adopt a Resolution with respect to any mandatory redemption under the provisions of paragraph (b) of this Section 4.

(ii) 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 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.

(iii) 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 in 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 5. 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.

Section 6. Special Pledge. As additional security for payment of the principal of and interest on the Warrants, there are hereby irrevocably pledged for payment of the principal of and the interest on the Warrants, pro rata and without preference of one 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 the Gross Receipts Tax and the proceeds thereof. The special pledge herein made of the Pledged Tax Proceeds is and shall be on a parity with any pledge for the benefit of Additional Parity Securities that may hereafter be made pursuant to the provisions of Section 7 hereof. To such extent, if any, as the Pledged Tax Proceeds available for such purpose may not be sufficient to pay the principal of and the interest on the then outstanding Parity Securities, at the respective maturities of such principal and interest, the City agrees to use for such purpose so much of its general revenues derived from other sources and available for such purpose as, when added to the Pledged Tax

Proceeds available therefor, shall be sufficient to pay at their respective maturities the principal of and the interest on the Parity Securities.

The City represents, warrants and agrees

(a) that upon delivery of the Warrants there will be no outstanding agreement or pledge with respect to the Pledged Tax Proceeds other than the agreements and pledge with respect to the Pledged Tax Proceeds that are herein contained and the agreements and pledge heretofore made in the Outstanding Parity Warrant Ordinance with respect to the Series 1992 Warrants; and

(b) that the agreements and pledge respecting the Pledged Tax Proceeds herein made shall be and remain prior and superior to any and all pledges and agreements respecting the Pledged Tax Proceeds that may hereafter be made by the City other than any parity pledge of the Pledged Tax Proceeds that may hereafter be made for the benefit of any Additional Parity Securities that may be issued pursuant to the provisions of Section 7 hereof.

While no default exists in the payment of the principal of or interest on the Parity Securities and while all payments at the time required by the provisions of Section 8 hereof to have been made into the Warrant Fund shall have been made therein, any part of the Pledged Tax Proceeds that may not be needed to pay at their respective maturities the principal of and interest on the Parity Securities, or for making monthly payments into the Warrant Fund pursuant to the requirements of the said Section 8, may be used by the City for any lawful purpose.

The City hereby specifically recognizes and declares that

(aa) that portion of the Pledged Tax Proceeds remaining at the end of each Month, after compliance with the provisions of Section 8 hereof in respect of monthly payments into the Warrant Fund, is not pledged hereunder; and

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

Section 7. Reservation of Privilege to Issue Additional Parity Securities. The City reserves the privilege to issue at any time and from time to time additional bonds, warrants,

or other securities of the City that the City may at the time of such issuance be lawfully authorized to issue, and to pledge for payment of the principal thereof and the interest thereon, on a parity of lien and pledge with the pledge of the Pledged Tax Proceeds made in this Ordinance, and pro rata and on a parity with the like pledge that may be made for the benefit of each series of the Additional Parity Securities, so much of the Pledged Tax Proceeds as may be necessary to pay the principal of and interest on the Additional Parity Securities at the respective maturities of said principal and interest; provided, that in order to make such parity pledge, the following conditions must exist and be complied with:

(a) The Additional Parity Securities so issued shall be general obligations of the City for the payment of the principal of and interest on which the full faith and credit of the City shall be validly and irrevocably pledged.

(b) At the time such Additional Parity Securities shall be issued, the City shall have fully complied with all provisions of this Ordinance then required to be performed including making all payments then required to be made into the Warrant Fund.

(c) The proceeds received by the City from the Gross Receipts Tax during the Fiscal Year next preceding the Fiscal Year during which any such Additional Parity Securities are delivered to the purchaser thereof must be not less than one and one-quarter times (125% of) the maximum Annual Debt Service Requirement during the then current or any then succeeding Fiscal Year with respect to all Parity Securities that will be outstanding immediately following the issuance of the Additional Parity Securities then proposed to be issued. The amount of the annual proceeds received by the City from the Gross Receipts Tax during each of the Fiscal Year shall be conclusively established by whichever of the following shall be applicable:

(1) [If during the said Fiscal Year the proceeds from the Gross Receipts Tax paid to the City shall consist of remittances of proceeds from the Gross Receipts Tax to the City by the State Department of Revenue] a certificate by the Mayor and the City Treasurer, setting forth (i) the total amount of the said remittances to the City by the State Department of Revenue during the said Fiscal Year (which remittances will have had deducted therefrom by the said Department the costs of collection deductible by the said Department from the said proceeds), (ii) the estimate of the Mayor and the City Treasurer of that portion of said remittances that consists of proceeds from the Gross Receipts Tax that were collected in the Police Jurisdiction, and (iii) the difference between the amount set forth in the said certificate pursuant to clause (i) of

this subparagraph and the amount set forth in the said certificate pursuant to clause (ii) of this subparagraph; and the said difference shall be deemed to constitute the total amount of the annual proceeds received by the City from the Gross Receipts Tax during the said Fiscal Year; provided, that in the event the remittances represent collections of the Gross Receipts Tax and any parallel excise tax (commonly called "the use tax") that may be levied by the City and the information furnished to the City by the said Department with respect to the said Fiscal Year does not separate collections referable to the Gross Receipts Tax from collections referable to the said use tax, said officers may estimate the portions of such total collections that is referable to the Gross Receipts Tax, but such estimate may not exceed 88% of the total collections of the Gross Receipts Tax and any use tax during such Fiscal Year; or

(2) [If the proceeds received by the City from the Gross Receipts Tax during the said Fiscal Year shall consist of collections thereof made directly by officers and employees of the City] a certificate signed by the Mayor and the City Treasurer setting forth the total proceeds collected within the corporate limits of the City from the Gross Receipts Tax during the said Fiscal Year, certifying the correctness of the said amount, and stating that the said amounts were established by and taken from the official records of the City.

(d) There shall be included in the certificate filed pursuant to the requirements of the foregoing paragraph (c), or set forth in a separate certificate filed in the office of the City Clerk, a statement by the Mayor and City Treasurer that the rates of the Gross Receipts Tax in effect at the time of the issuance of the then proposed Additional Parity Securities were not less than the highest effective rates during the Fiscal Year next preceding the issuance of the then proposed Additional Parity Securities.

(e) Each issue of the Additional Parity Securities shall be given a different series designation, shall have stated maturities of principal on May 1 of the years in which the Additional Parity Securities of that series shall mature, and shall bear interest payable (not less often than semiannually) on May 1 and November 1. Any series may have provisions for redemption prior to maturity and such other provisions not in conflict with this Ordinance as the Council shall determine advisable and shall set forth in the proceedings in which the Additional Parity Securities of that series are authorized to be issued.

(f) Contemporaneously with the issuance of any Additional Parity Securities, the City will make the payments into the Warrant Fund that are required by the provisions of Section 8 hereof to be made at the time of such issuance.

Section 8. Warrant Fund. (a) Payments Therein and Use and Continuance Thereof. The special fund, created in the Outstanding Parity Warrant Ordinance and designated "Roanoke 1992 Warrant Fund," for the purpose of providing for the payment of the principal of and interest on the Parity Securities, at the respective maturities of said principal and interest, is hereby continued and shall be maintained until the principal of and interest on the Parity Securities shall have been paid in full. Payments into the Warrant Fund shall be made as follows:

(i) there shall be paid into the Warrant Fund, simultaneously with the issuance of any of the Parity Securities 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;

(ii) on or before the last day of the Month during which the Warrants are issued, the City will pay into the Warrant Fund an amount which, when added to the amount paid therein with respect to the Warrants pursuant to the provisions of paragraph (i) of this subsection and the amount required to be paid therein on or before the last day of April, 1994, pursuant to the provisions of paragraph (iii) of this subsection, will equal the interest that will mature with respect to the Warrants on May 1, 1994;

(iii) prior to the last day of April, 1994, and prior to the last day of each successive April and October thereafter until the principal of and interest on the Parity Securities shall have been paid in full, the City will pay into the Warrant Fund an amount equal to the semiannual installment of interest that will mature on the then next succeeding Interest Payment Date with respect to the Parity Securities at the time outstanding, plus the principal, if any, that will mature with respect to the Parity Securities on the then next succeeding Interest Payment Date; provided, however, that following payment into the Warrant Fund of any sum out of the proceeds from the sale of any Parity Securities, pursuant to the provisions of paragraph (i) of this subsection, there shall be credited on the amount required by this paragraph (iii) to be paid into the Warrant Fund an amount equal to any such sum so paid into the Warrant Fund pursuant to the provisions of the said paragraph (i); and

(iv) simultaneously with the issuance of any series of Additional Parity Securities, the City will pay into the Warrant Fund such additional moneys when added to (A) the sum that will be on deposit in the Warrant Fund immediately following such issuance, and (B) the subsequent payments that are herein required to be made into the Warrant Fund between the date of such issuance and the then next succeeding May 1, will make available on the then next succeeding May 1 an amount equal to all principal and interest maturing on that May 1 with respect to the Parity Securities and on the November 1, if any, occurring between the date of the issuance of such Additional Parity Securities and said then next succeeding May 1, an amount equal to the interest maturing on the Parity Securities on the said November 1. The payments provided in paragraphs (ii), (iii) and (iv) of this subsection (a) to be made into the Warrant Fund shall be made therein out of the Pledged Tax Proceeds; provided, however, that to such extent, if any, as the Pledged Tax Proceeds (including any available moneys in the said account) should be insufficient to make any monthly payment provided in either of said paragraphs (ii), (iii) and (iv) to be made into the Warrant Fund, then the said monthly payment shall be made out of the general revenues 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 Parity Securities, upon or after the respective maturities of such principal and interest; provided that if at the final maturity of the Parity Securities, howsoever the same may mature, there shall be in the Warrant Fund moneys in excess of the amount required to retire the Parity Securities, 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 Parity Securities 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; provided that in the event any Additional Parity Securities should thereafter be issued, payments into the Warrant Fund shall be resumed in accordance with the applicable provisions of this section.

(b) Depository for Warrant Fund. The City hereby designates AmSouth Bank, National Association, in the City of Birmingham, Alabama, as the depository for that portion of the Warrant Fund that consists of moneys paid therein that are measured by (i) the interest that will mature with respect to the Warrants on the then next ensuing Interest Payment Date and (ii) the principal of the Warrants that will mature on the then next ensuing May 1.

The City reserves the right from time to time of designating one or other bank or banks as additional depository or depositories for the Warrant Fund insofar as the Warrant Fund shall consist of payments measured by the maturing installments of the principal of and interest on any of the Additional Parity Securities that may hereafter be issued.

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 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 Parity Securities, either

(i) 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 Comptroller of the Currency, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the Warrant Fund, or

(ii) if the furnishing of security in the manner provided in the foregoing clause (i) 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 (e) of this section.

(d) Pledge of Warrant Fund. The Warrant Fund and all moneys at any time therein are hereby irrevocably pledged solely for payment of the principal of and interest on the Warrants and any Additional Parity Securities that may hereafter be issued pursuant to the provisions of Section 7 hereof. Except as provided in this section, none of the moneys provided in this section to be paid into the Warrant Fund, and no part of the moneys at any time forming a part thereof or pertaining thereto, shall be used for any purpose whatsoever other than for payment of the principal of and interest on the Parity Securities.

(e) Investment of Moneys in the Warrant Fund. Section 8 hereof shall apply in the event the City shall 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 Eligible Investments 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. 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 9. Maintenance of Pledged Tax. The City agrees that, so long as any of the principal of or the interest on the Warrants remains unpaid, it will do and perform the following acts:

(a) the City will continue the levy of, and will collect, the Gross Receipts Tax at rates not less than the rates presently in effect and without reduction in the aggregate annual amount of the proceeds thereof; provided, however, that the City reserves the privilege at any time to exempt particular businesses from the Gross Receipts Tax if the aggregate annual proceeds from the Gross Receipts Tax following any such exemption shall be not less than the aggregate annual proceeds from the Gross Receipts Tax during the Fiscal Year prior to the effective date of any such exemption; provided, further, that the privilege, reserved in the first proviso of this sentence, to exempt certain businesses from the Gross Receipts Tax, subject to the conditions stated in the said proviso, shall be deemed to include the privilege to reduce the rate or rates of the Gross Receipts Tax, with respect to a particular business or businesses, if the aggregate annual proceeds from the Gross Receipts Tax following any such reduction shall be not less than the aggregate annual proceeds from the Gross Receipts Tax during the Fiscal Year prior to the effective date of any such reduction; and

(b) if such action should become necessary to provide moneys to pay the principal of and interest on the Parity Securities, at the respective maturities of such principal and interest, the City will levy and collect the Gross Receipts Tax at such rate or rates as shall make available proceeds which, when added to the revenues of the City from other sources available for such purposes, will be sufficient to pay the reasonable expenses of carrying on the necessary governmental functions of the City, to satisfy prior pledges, and to yield Pledged Tax Proceeds in amount sufficient to pay the principal of and interest on the Parity Securities at the respective maturities of said principal and interest.

Section 10. 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 ROANOKE
GENERAL OBLIGATION WARRANT
SERIES 1994

INTEREST RATE

MATURITY DATE

CUSIP NUMBER

Subject to prior payment and other provisions herein

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

or registered assigns, 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 May 1, 1994, and semiannually thereafter on each May 1 and November 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 AmSouth Bank, National Association ("the Bank"), in the City of Birmingham, Alabama.

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. Interest shall be deemed to have been timely paid if the check or draft in payment thereof is mailed by the Bank on or before the date said interest becomes due and payable. The ordinance hereinafter referred to 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 is one of a duly authorized issue of Warrants designated General Obligation Warrants, Series 1994, aggregating \$5,270,000 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 of 1975, as amended, and an ordinance ("the Ordinance") of the City duly adopted by the governing body of the City.

Those of the Warrants having stated maturities in 2003 and thereafter are subject to redemption and prepayment prior to their respective maturities, at the option of the City, as a whole or in part, on May 1, 2002, and on any date thereafter (but if in part, of such maturities as shall be selected by the City and only in integral multiples of \$5,000 and, if less than all Warrants having a single maturity are to be redeemed, those to be redeemed to be selected by the Bank by lot), at and for the following respective redemption prices (expressed as percentages of the principal amount redeemed) with respect to each Warrant (or portion thereof) redeemed plus accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u> <u>(Both Inclusive)</u>	<u>Redemption Price</u>
May 1, 2002 -- April 30, 2003	102%
May 1, 2003 -- April 30, 2004	101
May 1, 2004, and thereafter	100

Those of the Warrants having a stated maturity in 2014 are also subject to redemption on May 1, 2010, and on each May 1 thereafter until and including May 1, 2013, in such amounts as are set forth in the Ordinance. In the event that less than all the principal of the Warrants of a single maturity is to be prepaid and redeemed, the Bank shall, by process of random selection, determine the principal portion of the Warrants of such maturity to be redeemed and prepaid.

The Ordinance requires that written notice of the call for 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. 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. In addition thereto, the City has in the Ordinance specially pledged for payment of the principal of and interest on the Warrants, so much as may be necessary for said purpose of the special privilege or license tax levied by the City, on those engaging in the businesses of selling certain tangible personal property at retail or conducting places of amusement within the corporate limits of the City (the said tax being herein called "the Gross Receipts Tax"), together with the proceeds from the Gross Receipts Tax. In the Ordinance, the City reserved the privilege, upon compliance with certain requirements set forth in the Ordinance, of issuing additional securities and securing them by a pledge of the Gross Receipts Tax (and its proceeds) on a parity with the aforesaid pledge thereof for the benefit of the Warrants.

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 is not in excess of all other indebtedness of the City, was at the time the same was created a legal debt, and is subject to the 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 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 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 the 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, and has caused this Warrant to be dated January 1, 1994.

CITY OF ROANOKE

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)

Date of Registration:

This Warrant was registered in the name of the above-registered owner on the date hereinabove set forth.

AMSOUTH BANK, NATIONAL ASSOCIATION
Birmingham, Alabama

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, Broker or Firm)*

By _____
(Authorized Officer)

Its Medallion Number: _____

* Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

Section 11. 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 said 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 12. 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 13. 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 called for redemption (in whole or in part), the Bank shall not be required to register or transfer such Warrant during the period of forty-five (45) days next preceding the Redemption Date.

Section 14. 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 18 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 15. Accrual of Interest on Warrants. All Warrants issued prior to May 1, 1994, in exchange for Warrants initially delivered, shall bear interest from January 1, 1994, and all Warrants issued on or after May 1, 1994, 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 (a) such date of delivery is a May 1 or November 1, in which event such Warrant shall bear interest from the date of its issuance and delivery, or (b) 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 16. 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 16, 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 17. 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 18. Replacement of Mutilated, Lost, Stolen or Destroyed Warrants. In the event any Warrant is mutilated, lost, stolen or destroyed, the City may execute and deliver a new Warrant of like tenor as that mutilated, lost, stolen or destroyed; provided that (a) in the case of any such mutilated Warrant, such Warrant is first surrendered to the City and the Bank, and (b) in the case of any such lost, stolen or destroyed Warrant, there is first furnished to the City and the Bank evidence of such loss, theft or destruction satisfactory to each of them, together with indemnity satisfactory to each of them. The City may charge the Holder with the expense of issuing any such new Warrant.

Section 19. Sale of Warrants. The Warrants are hereby sold to The Frazer Lanier Company, Incorporated, at and for a purchase price equal to \$5,133,230.10 (reflecting an underwriter's discount of \$65,875 and original issue discount of the following amounts with respect to the following maturities: \$764.40, 1998; \$946, 1999; \$1,726.20, 2000; \$2,001.65, 2001; \$2,328.75, 2002; \$2,660.20, 2003; \$2,996.35, 2004; \$4,429.35, 2005; \$3,654.35, 2006; \$5,395.60, 2007; \$5,944.25, 2008; \$4,891.80, 2009; and \$33,156, 2014), plus accrued interest from their date until the date of their delivery. The Warrants shall be initially registered in the name of the said purchaser, or in the names of such other persons, firms or corporations as may be designated by the said purchaser prior to the time of delivery of the Warrants. The City Clerk is hereby authorized and directed to deliver the Warrants to the said purchaser and to make payment to the City of the purchase price of the Warrants.

Section 20. Use of Proceeds from Sale of Warrants. The entire principal proceeds of the Warrants shall be applied as follows:

(a) that part of the said proceeds which represents accrued interest on the Warrants from January 1, 1994, to the date of payment therefor, shall be deposited in the Warrant Fund, pursuant to the provisions of Section 8(a)(i) hereof, and shall be applied for payment of the interest which will mature on the Warrants on May 1, 1994; and

(b) the balance of the said principal proceeds (i.e., \$5,133,230.10) shall be applied for payment of the costs of the acquisition and construction of the improvements and the issuance expenses referred to in Section 21 hereof and to that end shall be paid into the City of Roanoke Improvement Account provided for in Section 21 hereof.

Section 21. City of Roanoke Improvement Account. (a) Creation Thereof. There is hereby created a special account to be designated the "City of Roanoke Improvement Account," which shall be continued as an active account until all the moneys therein have been expended. The Commercial Bank of Roanoke, Alabama, in the City of Roanoke, Alabama, is hereby designated as the depository for the said account.

(b) Use Thereof. The moneys on deposit in the said special account shall be used solely for the payment of the costs of the acquisition and construction of the said improvements and the cost of issuing the Warrants.

(c) Investment Thereof. Pending the use of the moneys in the said special account for the purposes for which the said moneys are herein authorized to be used, moneys on deposit therein may be invested in United States Securities or in bank time deposits or certificates of deposit. In the event of any such investment, the securities or certificates in which the investment is made and the income therefrom shall become a part of the said account and shall be held by the depository for the said account to the same extent as if there were moneys on deposit in the said account. The City may likewise at any time and from time to time cause any securities or certificates 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 said special account. The depository for the said special account shall be fully protected in making investments, sales and conversions of any such securities or certificates upon direction given to it in a Resolution.

Section 22. Provisions Respecting Registration of Warrants to Comply with Provisions of the Code. The City and the Bank recognize that the provisions of the Code, as amended, 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 23. Approval of Preliminary Official Statement and Authorization of Official Statement. The Council hereby approves and adopts the Preliminary Official Statement dated January 4, 1994, respecting the Warrants in substantially the form submitted to the Council, a copy of which, marked Exhibit B, is attached to the minutes at which this Ordinance is adopted. The said Exhibit B is made a part of this Ordinance in all respects as if set forth in full herein. The Council hereby deems the said Official Statement "final" within the meaning of SEC Rule 15c2-12(b)(1) for the purposes of such rule. The Mayor is hereby authorized and directed to execute a final Official Statement of the City with respect to the Warrants in substantially the form of the Preliminary Official Statement, with such changes thereto and additions thereto as shall be necessary to conform to the provisions of this Ordinance and all other changes and additions as the Mayor shall deem necessary and appropriate. The Mayor is hereby authorized and directed to cause the said final Official Statement to be delivered to the purchaser of the Warrants.

Section 24. Denominations of Warrants as Initially Issued. The Warrants of each maturity shall be initially issued in Authorized Denominations as requested by the said purchaser and registered in the names of the persons specified by the said purchaser. If, for any reason, the City is unable to prepare or cause to be prepared Warrants in the Authorized Denominations requested by the said purchaser and registered in the names of the persons specified by the said purchaser, the City may deliver one Warrant for each maturity in the principal amount of such maturity, each registered in the name of the said purchaser of the Warrants from the City.

Section 25. Escrow for Warrants. In addition to all other circumstances under which the Warrants are to be deemed paid, any of the Warrants shall be considered as fully paid if there shall be filed with the City Clerk and the Bank each of the following:

- (a) a trust agreement between the City and a banking corporation or national banking association making provision for the retirement of such Warrants

by creating for that purpose an irrevocable trust fund sufficient to provide for payment and retirement of such Warrants (including payment or the interest that will mature thereon until and on the dates they are retired, as such interest becomes due and payable), either by redemption prior to their respective maturities, by payment at their respective maturities or by payment of part thereof at their respective maturities, which said trust fund shall consist of (i) United States Securities which are not subject to redemption prior to their respective maturities at the option of the issuer and which, if the principal thereof and the interest thereon are paid at their respective maturities, will produce funds sufficient so to provide for payment and retirement of all such Warrants, or (ii) both cash and such United States Securities which together will produce funds sufficient for such purpose, or (iii) cash sufficient for such purpose;

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

(c) an opinion of bond counsel to the effect that the execution and effectuation of the trust agreement referred to in the preceding clause (a) will not result in subjecting the interest income on such Warrants to Federal income taxation.

Section 26. 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 27. Concerning Compliance with the Internal Revenue Code of 1986. The City covenants and agrees that it will, to the extent permitted by law, comply with the provisions of the Code that constitute conditions to or requirements for (1) the exclusion of the interest income on the Warrants from the gross income of the recipients thereof for Federal income tax purposes pursuant to the provisions of Section 103 of the Code and (2) the exclusion of such interest income received by taxpayers other than corporations from alternative minimum taxable income for purposes of the computation of the alternative minimum tax applicable to such taxpayers pursuant to the provisions of Section 55 of the Code. Without limiting the generality of the foregoing, the City will (a) rebate to the United States such amounts from investment earnings on proceeds of the Warrants at such times, and restrict the yield on the investment of such proceeds in such manner, as shall be necessary to prevent any of the

Warrants from being or becoming an "arbitrage bond" within the meaning of Section 148 of the Code, (b) maintain such records respecting the investment and expenditure of proceeds of the Warrants as may be needed to calculate the amounts of any such required payments and (c) not apply the proceeds derived from the sale of any of the Warrants in a manner that would cause any of the Warrants to be or become a "private activity bond" within the meaning of Section 141 of the Code. Further, the City designates the Warrants as "qualified tax-exempt obligations" for purposes of paragraph (b)(3)(A) of Section 265 of the Code and, in connection therewith and after due investigation and consideration, finds, determines and declares that the amount of tax-exempt obligations (other than private activity bonds) that have heretofore during the current calendar year been issued by the City and by its subordinate entities and the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds) that will be issued by the City and by its subordinate entities during the current calendar year will not exceed \$10,000,000.

Section 28. Payment Procedure Pursuant to Municipal Bond Insurance Policy.

As long as the bond insurance with respect to the Warrants shall be in full force and effect, the City and the Bank agree to comply with the following provisions:

(a) if one (1) day prior to an Interest Payment Date the Bank determines that there will be insufficient funds in the Warrant Fund to pay the principal of or interest on the Warrants on such Interest Payment Date, the Bank shall so notify AMBAC Indemnity Corporation ("AMBAC Indemnity"). Such notice shall specify the amount of the anticipated deficiency on the Warrants, to which such deficiency is applicable and whether such Warrant deficiency is due as to principal or interest, or both. If the Bank has not so notified AMBAC Indemnity at least one (1) day prior to an Interest Payment Date, AMBAC Indemnity will make payments of principal or interest due on the Warrants on or before the first (1st) day next following the date on which AMBAC Indemnity shall have received notice of nonpayment from the Bank;

(b) the Bank shall, after giving notice to AMBAC Indemnity as provided in (a) above, make available to AMBAC Indemnity and, at AMBAC Indemnity's direction, to the United States Trust Company of New York, as insurance trustee for AMBAC Indemnity or any successor insurance trustee (the "Insurance Trustee"), the registration books maintained by the Bank and all records relating to the Warrants maintained under this Ordinance;

(c) the Bank shall provide AMBAC Indemnity and the Insurance Trustee with a list of Holders of Warrants entitled to receive principal or interest payments from AMBAC Indemnity under the terms of the Municipal Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the Holders of Warrants entitled to receive full or partial

interest payments from AMBAC Indemnity and (ii) to pay principal upon Warrants surrendered to the Insurance Trustee by the Holders of Warrants entitled to receive full or partial principal payments from AMBAC Indemnity;

(d) the Bank shall, at the time it provides notice to AMBAC Indemnity pursuant to (a) above, notify Holders of Warrants entitled to receive the payment of principal or interest thereon from AMBAC Indemnity (i) as to the fact of such entitlement, (ii) that AMBAC Indemnity will remit to them all or a part of the interest payments next coming due upon proof of entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the Holder's right to payment, (iii) that should they be entitled to receive full payment of principal from AMBAC Indemnity, they must surrender their Warrants (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Warrants to be registered in the name of AMBAC Indemnity) for payment to the Insurance Trustee, and not the Bank, and (iv) that should they be entitled to receive partial payment of principal from AMBAC Indemnity, they must surrender their Warrants for payment thereon first to the Bank who shall note on such Warrants the portion of the principal paid by the Bank and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal;

(e) in the event that the Bank has notice that any payment of principal of or interest on a Warrant which has become due for payment and which is made to a Holder by or on behalf of the City has been deemed a preferential transfer and theretofore recovered from its Holder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Bank shall, at the time AMBAC Indemnity is notified pursuant to (a) above, notify all Holders that in the event that any Holder's payment is so recovered, such Holder will be entitled to payment from AMBAC Indemnity to the extent of such recovery if sufficient funds are not otherwise available, and the Bank shall furnish to AMBAC Indemnity its records evidencing the payments of principal of and interest on the Warrants which have been made by the Bank and subsequently recovered from Holders and the dates on which such payments were made; and

(f) in addition to those rights granted AMBAC Indemnity under this Ordinance, AMBAC Indemnity shall, to the extent it makes payment of principal of or interest on Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Bank shall note AMBAC Indemnity's rights as

subrogee on the registration books maintained by the Bank upon receipt from AMBAC Indemnity of proof of the payment of interest thereon to the Holders of the Warrants, and (ii) in the case of subrogation as to claims for past due principal, the Bank shall note AMBAC Indemnity's rights as subrogee on the registration books maintained by the Bank upon surrender of the Warrants by the Holders thereof together with proof of the payment of principal thereof.

Section 29. Creation of Contract. The provisions of this Ordinance shall constitute a contract between the City and each Holder of the Warrants.

Section 30. 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.

ADOPTED this 24th day of January, 1994.

Mayor

Attest:

City Clerk

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

YEAS:

NAYS:

Mayor Ziglar
Councilmembers Davis
Joiner
Robinson
Bell
Sudduth

None

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

YEAS:

NAYS:

Mayor Ziglar
Councilmembers Davis
Joiner
Robinson
Bell
Sudduth

None

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

CITIZENS COMMITTEE REPORT:

Rev. S.T. Janney presented maps, and other information concerning the location the committee had sought out for a Middle School site to the Mayor and City Council.

MAYOR'S REPORT-SITE SELECTION OF MIDDLE SCHOOL:

Mayor Ziglar reported and thanked all the ones who have worked so hard and were able to voice their opinion concerning the location of the new Middle School; however; the selection according to the State Constitution State of Alabama gives authority to the Board of Education to select the site.

UNFINISHED BUSINESS-SITE SELECTION:

On motion by Walter Sudduth seconded by Councilmember Bell to withdraw their motion for approving site for new middle School.

ERIC TUCKER-REQUEST FOR USE OF RECREATION BUILDING:

Eric Tucker requested to use recreation center for a basketball tournament to help sponsor their team to a national tournament.

APPROVAL FOR USE OF RECREATION BUILDING:

On motion by Councilmember Davis seconded by Councilmember Bell authorizing use of recreation building for this tournament, but from this date forward building will not be used for private use.

Upon roll call vote on the motion the following voted:

Councilmember Bell- Yes

Councilmember Sudduth- Yes

Councilmember Joiner- Yes

Councilmember Robinson- Yes

Councilmember Davis- Yes

Mayor Ziglar- Yes

Mayor Ziglar recommended that the recreation committee adopt a policy for the city to go by when using city recreational facilities.

6
ORDINANCE 681

We have ORDINANCE #681 and it is to provide for the issuance of \$5,270,000 - Principal amount of GENERAL OBLIGATION WARRANTS of the City of Roanoke, for CONSTRUCTION of the middle school; REMODELING of Knight Enloe School, and Handley High School.

I would entertain a MOTION for ORDINANCE #681 be introduced in writing.

Do I have a motion that rules be SUSPENDED and UNANIMOUS consent for immediate CONSIDERATION be given?

(After motion and second - ask for ROLL CALL VOTE)

"DO I HAVE A MOTION FOR FINAL PASSAGE OF ORDINANCE #681?"

(After motion and second -- ask for ROLL CALL VOTE)