

ORDINANCE NO. 1296

AN ORDINANCE TO PROVIDE FOR THE ISSUANCE
OF \$720,000 PRINCIPAL AMOUNT OF GENERAL
OBLIGATION WARRANTS, SERIES 1971, OF THE
CITY OF PRICHARD, ALABAMA

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

Section 1. Definitions and Use of Phrases.

(a) Definitions. The following words and phrases,
in the absence of clear implication herein otherwise, shall
be given the following respective interpretations where used
in this ordinance:

"Additional Parity Securities" means any securi-
ties which the City may at the time of issuance be author-
ized to issue and for the payment of the principal of and
interest on which the Gross Receipts Tax may be pledged un-
der the reserved right so to do contained in and in accord-
ance with the provisions of Section 8 hereof.

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

"City" means the municipal corporation of Prichard
in the State of Alabama and includes its successors and as-
signs and any municipal corporation resulting from or surviv-
ing 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.

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

"Coupons" means the interest coupons provided
for herein which evidence the interest on the Warrants.

"Financial Journal" means a journal devoted
primarily to news of financial matters and having general
circulation among those interested in financial matters.

"Fiscal Year" means a fiscal year of the City
beginning on any October 1 and ending on the next ensu-
ing September 30.

"Former Gross Receipts Tax" means that certain privilege or license tax of the City levied by Ordinance No. 880 of the City adopted October 3, 1960, as amended by Ordinances Nos. 977, 1007, 1182, and 1197 of the City adopted respectively on February 2, 1965, March 1, 1965, February 24, 1969, and April 9, 1969, on persons, corporations and others engaging in the business of selling at retail tangible personal property and on the business of conducting or operating places of amusement, and measured by the gross receipts or gross proceeds of such businesses, to the extent that the said tax is levied with respect to business conducted within the corporate limits of the City.

"Gross Receipts Tax" means that certain license or privilege tax of the City levied by Section 1 of the 1970 Gross Receipts Tax Ordinance on persons, firms or corporations engaging within the City in the business of selling at retail tangible personal property and on the business of conducting or operating places of amusement or entertainment, and measured by the gross receipts or gross proceeds of such businesses.

"1970 Gross Receipts Tax Ordinance" means Ordinance No. 1245 of the City adopted June 1, 1970, as amended by Ordinance No. 1247 of the City adopted June 26, 1970.

"Interest Payment Date" means any May 1 or November 1 during the period beginning November 1, 1971, and continuing until and including May 1, 1980.

"Mayor" means the mayor of the City.

"Month" means a calendar month.

"Newspaper" means a journal or newspaper printed in the English language and customarily published not less than five days during each calendar week.

"Ordinance No. 1024" means Ordinance No. 1024 of the City adopted May 10, 1965.

"Ordinance No. 1205" means Ordinance No. 1205 of the City adopted May 19, 1969.

"Ordinance No. 1251, as Amended" means Ordinance No. 1251 of the City adopted July 28, 1970, as amended by Ordinance No. 1253 of the City adopted September 8, 1970.

"Outstanding Parity Ordinances" means Ordinances No. 1024, Ordinance No. 1205, and Ordinance No. 1251, as Amended.

"Outstanding Parity Securities" means (a) those of the 1965 Parity Securities and the 1969 Warrants that now remain outstanding, and (b) the 1970 Warrants.

"Outstanding Notes" means the General Obligation Tax Anticipation Notes dated September 25, 1970, numbered 2 to 5, inclusive, which are referred to in Section 2(a)(1) hereof.

"Outstanding Short-term Securities" means the Outstanding Notes and the Outstanding Short-term Warrant.

"Outstanding Short-term Warrant" means the General Obligation Warrant dated July 19, 1971, which is referred to in Section 2(a)(2) hereof.

"Parity Securities" means the Outstanding Parity Securities, the Warrants, and any Additional Parity Securities that may hereafter be issued pursuant to the provisions of Section 8 hereof.

"1965 Parity Securities" means those bonds and warrants that were heretofore issued pursuant to authorization in Ordinance No. 1024, including (a) the General Obligation Secured Refunding Bonds, Series 1965, of the City dated May 1, 1965, issued in the original principal amount of \$823,000, of which those numbered 81 to 823, inclusive, aggregating \$743,000 in principal amount, now remain outstanding; (b) the General Obligation Secured Warrants, Series 1965, of the City dated May 1, 1965, issued in the original principal amount of \$164,000, of which those numbered 87 to 164, inclusive, aggregating \$78,000 in principal amount, now remain outstanding; and (c) the \$1,467,000 principal amount of General Obligation Secured Refunding Warrants, Series 1965A, of the City dated May 1, 1965, all of which presently remain outstanding.

"Pledged Tax Revenues" means the proceeds derived from the Gross Receipts Tax.

"Resolution" means a resolution duly adopted by the Council.

"Secular Day" means any day on which business is normally transacted and does not include any Sunday or legal holiday.

"Special Fund" means the Gross Receipts Tax Fund created in Section 16 of Ordinance No. 1024.

"Warrants", without other qualifying language, means the General Obligation Warrants, Series 1971, herein authorized.

"1969 Warrants" means the General Obligation Secured Warrants, Series 1969, dated May 1, 1969, heretofore issued, pursuant to authorization in Ordinance No. 1205, in the original principal amount of \$1,000,000, of which those numbered 18 to 200, inclusive, aggregating \$915,000 in principal amount, now remain outstanding.

"1970 Warrants" means the General Obligation Secured Refunding Warrants, Series 1970, dated May 1, 1970, heretofore issued, pursuant to authorization in Ordinance No. 1251, as Amended, in the principal amount of \$500,000, all of which presently remain outstanding.

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

"Herein", "hereof", "hereunder", and other equivalent words refer to this ordinance and not solely to any particular portion hereof in which any such word is used.

The definitions set forth in subsection (a) of this section shall be deemed applicable whether the words defined are herein used in the singular or plural.

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

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

(a) There are now outstanding and unpaid the following:

(1) Four General Obligation Tax Anticipation Notes of the City aggregating \$250,000 in principal amount, dated September 25, 1970, numbered 2 to 5, inclusive, each of which has matured and is now past due, bearing interest at the rate of 6% per annum from September 25, 1970, to its maturity payable at maturity, which were issued pursuant to authorization in a Resolution of the City adopted September 24, 1970, for the purpose of paying necessary governmental expenses of operating the City;

(2) The General Obligation Warrant of the City in the principal amount of \$95,000, dated July 19, 1971, due August 1, 1971, bearing interest at the rate of 7% per annum from July 19, 1971, to its maturity payable at maturity, which was issued pursuant to authorization in Ordinance No. 1294 of the City adopted July 8, 1971, for the purpose of paying necessary and legitimate governmental expenses of operating the City;

(b) Each of the Outstanding Short-term Securities was signed in the name of and behalf of the City and the corporate seal of the City was affixed thereto; each of the Outstanding Short-term Securities was attested in the manner provided by the laws of Alabama and by the ordinance under which it was issued; no part of the principal of or interest

on the Outstanding Short-term Securities has been paid; each of the Outstanding Short-term Securities represents a valid general obligation indebtedness of the City against which there are no offsets or counterclaims; the interest accrued and unpaid with respect to the Outstanding Notes to August 3, 1971 (the date on which the Council plans that the City will pay and retire the Outstanding Short-term Securities), amounts to \$13,083.50; and the interest accrued and unpaid with respect to the Outstanding Short-term Warrant to August 3, 1971, amounts to \$277.08;

(c) In order to enable the City to perform its governmental and other municipal functions, it is necessary that certain equipment and other capital items be acquired, the said capital items including (i) two police cars, having a combined estimated cost of \$4,400; (ii) fire arms, which have been recently purchased at a cost of \$449.31, for use by the City's Police Department; (iii) property having an estimated cost of \$38,000 for use in the disposal of garbage and other said wastes, including two garbage trucks, two trash trucks; (iv) two automobiles and a pick-up truck, together having an estimated cost of \$6,900, for the City's Building Inspection Department; (v) one grader, having an estimated cost of \$26,000, for use by the City's Street Department; (vi) one pick-up truck, having an estimated cost of \$2,200, for use by the City's Recreation Department; (vii) one automobile, having an estimated cost of \$2,500, for use by the City's License Department; and all of the said capital items together have an estimated cost of approximately \$80,449.13;

(d) Additional funds are needed by the City for payment of certain expenditures in connection with the City's solid waste disposal program, the said expenditures being estimated at \$35,000; additional funds are also needed by the City at this time for payment of governmental expenses of operating the City, the said expenses aggregating in excess of \$217,390.11; it is necessary also that the City pay the expenses of issuing the Warrants, including the discount on the purchase price thereof, hereinafter provided for;

(e) The Council has determined that it is necessary, desirable and in the public interest that the City issue the Warrants hereinafter authorized for the purpose of (i) refunding the principal of the Outstanding Short-term Securities and the interest accrued thereon to the date of such payment; (ii) paying the costs of acquiring the capital items referred to in the foregoing subsection (c) of this section, and (iii) paying governmental operating expenses of the City and other expenditures and expenses referred to in subsection (d) of this section;

(f) The proceeds received by the City from the Former Gross Receipts Tax for the Fiscal Year that ended September 30, 1969, were \$917,478.44; the proceeds received from the Former Gross Receipts Tax and from the Gross Receipts Tax during the Fiscal Year that ended September 30, 1970, were \$901,145.66; and the average annual proceeds derived from the Former Gross Receipts Tax during the said two Fiscal Years were, therefore, \$909,312.05;

(g) The maximum Annual Debt Service Requirement with respect to the Outstanding Parity Securities and the Warrants is \$435,514.00, being the amount of principal and interest that will mature with respect to the Outstanding Parity Securities and the Warrants during the Fiscal Year ending September 30, 1980; 1.75 times the sum of \$435,514.00 (or 175% of the said sum) is \$762,149.50;

(h) The sum of \$909,312.05 is greater than the sum of \$762,149.50; the average annual proceeds derived from the Former Gross Receipts Tax and the Gross Receipts Tax during the two Fiscal Years ending September 30, 1969, and September 30, 1970 (which are the two Fiscal Years next preceding the issuance of the Warrants) is, therefore, more than 1.75 times the maximum amount of principal and interest that will mature during any succeeding Fiscal Year with respect to the Outstanding Parity Securities and the Warrants; and the Warrants are, therefore, eligible to be issued on a parity with the Outstanding Parity Securities, all pursuant to and in accordance with the provisions of Section 14 of Ordinance No. 1024, Section 9 of Ordinance No. 1205, and Section 9 of Ordinance No. 1251, as Amended, upon the filing in the office of the City Clerk of a certificate by the Mayor and City Treasurer setting forth the facts recited in this paragraph and in the foregoing subsections (f) and (g) of this section; and

(i) The Gross Receipts Tax is in substance and effect a continuation of, and the same tax as, the Former Gross Receipts Tax; the pledges of and agreements respecting the Former Gross Receipts Tax that were heretofore made by the City in the Outstanding Parity Ordinances for the benefit of the Outstanding Parity Securities are now applicable in all respects to the Gross Receipts Tax; for all purposes of the said pledges and agreements made with respect to the Former Gross Receipts Tax in the Outstanding Parity Ordinances, the Former Gross Receipts Tax and the Gross Receipts Tax are to be considered as if they were the same tax; and the reserved privilege to issue additional securities secured by a pledge of the Former Gross Receipts Tax on a parity with the Outstanding Parity Securities heretofore set forth in each of the Outstanding Parity Ordinances should be deemed in all respects applicable to the Gross Receipts Tax.

Section 3. Authorization of the Warrants. Pursuant to the applicable provisions of the constitution and laws of the State of Alabama, there are hereby authorized to be issued by the City one hundred forty-four (144) General Obligation Warrants, Series 1971, of the City in the aggregate principal amount of \$720,000, which shall be in the denomination of \$5,000 each, shall be dated May 1, 1971, and shall mature on May 1 as follows:

<u>Warrant Numbers</u> <u>(both inclusive)</u>	<u>Year of</u> <u>Maturity</u>	<u>Aggregate Principal</u> <u>Amount Maturing</u>
1 to 10	1972	\$ 50,000
11 to 22	1973	60,000
23 to 36	1974	70,000
37 to 51	1975	75,000
52 to 67	1976	80,000
68 to 84	1977	85,000
85 to 102	1978	90,000
103 to 122	1979	100,000
123 to 144	1980	110,000

Those of the Warrants numbered 1 to 72, inclusive, are hereby authorized to be issued pursuant to the provisions of the said constitution and laws, including specifically Section 466 of Title 37 of the Code of Alabama of 1940, for the purpose of paying costs of the equipment and other capital items and the expenditures and expenses referred to in subsections (c) and (d) of Section 2 hereof; that one of the Warrants numbered 73 is hereby authorized to be issued pursuant to Sections 253 and 466 of Title 37 of the said Code, for the purpose of paying \$3,360.58 of the interest on the Outstanding Notes and \$1,639.42 of the said costs and expenses referred to in the said subsections (c) and (d); and those of the Warrants numbered 74 to 144, inclusive, are hereby authorized to be issued pursuant to the said Section 253 for the purpose of refunding the principal of, and \$15,000 of the interest on, the Outstanding Short-term Securities.

The Warrants shall bear interest from their date until their respective maturities at the rate of 7% per annum. The said interest shall be payable semiannually on May 1 and November 1 of each year until and at the respective maturities of the Warrants and shall be evidenced by separate interest coupons attached thereto.

Section 4. Interest After Maturity. Place of Payment. The Warrants and the Coupons applicable thereto shall bear interest at the rate of 8% per annum after their respective maturities until paid. The Warrants shall be payable in lawful money of the United States of America at the principal office of Peoples National Bank of Huntsville in the City of Huntsville in the State of Alabama.

Section 5. Execution of the Warrants. The Mayor shall cause the Warrants to be executed in the name and behalf of the City by a facsimile of his signature; the official seal of the City shall be reproduced thereon in facsimile; and the City Clerk shall attest each of the Warrants by manually subscribing her signature thereon. The Coupons shall be executed with the facsimile signature of the Mayor and shall be attested with the facsimile signature of the City Clerk. The facsimile signatures provided for in this section shall be valid in all respects as if the Mayor had manually subscribed each of the Warrants and as if the Mayor and City Clerk had manually signed each of the Coupons. The Warrants and the Coupons shall be registered by the City Treasurer in the records maintained by her as a claim against the City and against the Gross Receipts Tax, and the proceeds thereof (which are hereinafter pledged therefor), which registration shall be made simultaneously with respect to all of the Warrants and the Coupons. Said officers are hereby directed so to execute, seal, attest and register the Warrants and the Coupons.

Section 6. General Obligation. The indebtedness evidenced and ordered paid by the Warrants is and shall be a general obligation of the City for the payment of the principal and interest on which the full faith and credit of the City are hereby irrevocably pledged.

Section 7. Special Pledge of the Gross Receipts Tax. As additional security for payment of the principal of and interest on the Warrants, and as a part of the contract whereunder the obligations evidenced by the Warrants are created, there is hereby specially and irrevocably pledged for payment of the principal of and interest on the Warrants, at the respective maturities of said principal and interest, so much as may be necessary for the purpose of the Gross Receipts Tax, together with the proceeds thereof. The special pledge, herein made, of the Gross Receipts Tax and its proceeds is on a parity with (i) the pledge thereof made in Ordinance No. 1024 for the benefit of the 1965 Parity Securities, (ii) the pledge thereof made in Ordinance No. 1205 for the benefit of the 1969 Warrants, and (iii) the pledge thereof made in Ordinance No. 1251, as Amended, for the benefit of the 1970 Warrants; and the said special pledge herein made shall be on a parity with any pledge of the Gross Receipts Tax and its proceeds that may hereafter be made for the benefit of Additional Parity Securities pursuant to the provisions of Section 8 hereof. To whatever extent, if any, the proceeds of the Gross Receipts Tax available for said purpose may not be sufficient to pay the principal of and interest on any Parity Securities then outstanding, at the respective maturities of said principal and interest, the City agrees to use for said purpose so much of the general revenues of the City derived from other sources and available for said purpose as may be necessary to pay said principal and interest at their respective maturities. The City represents and warrants (a) that upon delivery of the warrants there will be no outstanding agreement or pledge with respect to the Gross Receipts Tax other than (1) the agreements and pledge made in Ordinance No. 1024, (2) the agreements and pledge made in Ordinance No. 1205, (3) the agreements and pledge made in Ordinance No. 1251, as amended, and (4) the agreements and pledge herein contained (except for a pledge of the Gross Receipts Tax for the benefit of securities for the retirement of which full provision was made by trust funds created in trust agreements dated May 31, 1965, and delivered on the said date and simultaneously with the issuance of the 1965 Parity Securities); and (b) that the agreements and pledge respecting the Gross Receipts Tax and its proceeds herein made shall be and remain prior and superior to any and all pledges and agreements respecting the same that may hereafter be made by the City other than any parity pledge of the Gross Receipts Tax and its proceeds that may hereafter be made for the benefit of Additional Parity Securities hereafter issued pursuant to the provisions of Section 8 hereof. While no default exists in the payment of the principal of or interest on the Parity Securities, any part of the proceeds from the Gross Receipts Tax that may not be needed to pay at their respective maturities the principal of and interest on the Parity Securities, may be used for any lawful purpose.

Section 8. Reservation of Right to Issue Additional Parity Securities. The City reserves the right to issue at any time and from time to time additional securities of the City (whether in the form of bonds, warrants, certificates, or notes) which the City may at the time of such issuance be lawfully authorized to issue, and to pledge for payment of the principal thereof and interest thereon (pro rata and on a parity with the pledges of the Gross Receipts Tax made in Section 13 of Ordinance No. 1024, in Section 8 of Ordinance No. 1205, in Section 8 of Ordinance No. 1251, as Amended, and in Section 7 of 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 Gross Receipts Tax

and the proceeds therefrom 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 any such parity pledge the following conditions must exist and be complied with:

(a) The average annual proceeds received by the City from the Gross Receipts Tax during the two Fiscal Years next preceding the Fiscal Year during which any such Additional Parity Securities are delivered to the purchaser thereof must be not less than 1.75 times 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 said two Fiscal Years next preceding the issuance of any such Additional Parity Securities shall be conclusively established by a certificate signed by the Mayor and the City Treasurer setting forth the said amounts, certifying the correctness of the said amounts, and stating that the said amounts were established by and taken from the official records of the City. A copy of each such certificate shall be filed in the office of the City Clerk.

(b) 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 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 provide for, in the proceedings in which the Additional Parity Securities of that series are authorized to be issued.

(c) Contemporaneously with the issuance of any Additional Parity Securities, the City will make the payments into the Special Fund that are required by the provisions of Section 11 hereof to be made at the time of such issuance.

Section 9. Maintenance of the Gross Receipts Tax. The City agrees that so long as any of the principal of or interest on the Warrants remains unpaid, 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 may hereafter exempt businesses from the Gross Receipts Tax if the aggregate annual proceeds from the Gross Receipts Tax following any such exemption of businesses therefrom 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. 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 agrees that it 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 and to pay the principal of and interest on the Parity Securities at the respective maturities of said principal and interest.

Section 10. Special Gross Receipts Tax Fund.
The Special Fund, designated the "Gross Receipts Tax Fund", which was created in Section 16 of Ordinance No. 1024, shall be maintained until the principal of and interest on the Parity Securities shall have been paid in full. Payments into the Special Fund shall be made as follows:

(a). There shall be paid into the Special 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;

(b) Prior to the last Secular Day of the Month during which the Warrants shall be issued, and prior to the last Secular Day of each successive Month thereafter until the principal of and interest on the Parity Securities shall have been paid in full, the City will pay into the Special Fund, out of the proceeds from the Gross Receipts Tax, an amount equal to one-sixth (1/6) of 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 one-twelfth (1/12) of the principal of the Parity Securities that will mature on the then next succeeding May 1; provided, however, that (1) there shall be credited on the payment provided in this subsection (b) to be made prior to the last Secular Day of the Month during which the Warrants are issued, an amount equal to the interest accrued on the Warrants during the period from the first day of the said Month to the date of the delivery of the Warrants to the purchaser thereof; and (2) following payment into the Special Fund of any sum out of the proceeds from Additional Parity Securities, pursuant to the provisions of subsection (a) of this section, there shall be credited on the amount required by this subsection

(b) to be paid into the Special Fund an amount equal to any such sum so paid into the Special Fund pursuant to the provisions of the said subsection (a);

(c) Simultaneously with the issuance of any series of the Additional Parity Securities the City will pay into the Special Fund such additional sum as, when added to (1) the sum that will be on deposit in the Special Fund immediately following such issuance, and (2) the subsequent payments that are hereinabove required to be made into the Special Fund between the date of such issuance and the then next succeeding May 1 an amount equal to the 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; and

(d) In the event the moneys paid into the Special Fund for any Month shall be less than the amount required by the provisions of this section to be paid therein during such Month, then prior to the last Secular Day of the next succeeding Month and prior to the last day of each Month thereafter, until such time as the payments into the Special Fund are current, the City will pay into the Special Fund all proceeds received by the City from the Gross Receipts Tax.

The City will not in any event permit a default to occur in the payments herein provided to be made into the Special Fund, and if the proceeds from the Gross Receipts Tax should at any time be insufficient to make the payments provided herein to be made into the Special Fund, the City will use moneys from its general funds for that purpose to such extent as may be necessary to prevent a default in the payments into the Special Fund. All moneys paid into the Special 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 Special 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 Special 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 Special 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 Special Fund shall be resumed in accordance with the applicable provisions of this section.

In the event that any proceeds of public improvement assessments (or any other moneys from any source other than those on deposit in the Special Fund) shall be applied at any time for payment of any of the principal of or interest on any of the Parity Securities, and in the event that, as a result of the application for such payment of assessment proceeds (or other moneys from any source other than the Special Fund) there shall be on deposit in the Special Fund on any May 1, following payment of all principal and interest maturing on or prior to that date with respect to the Parity Securities, moneys in excess of any then unrepresented Parity Securities and any then unrepresented interest coupons applicable to any Parity Securities, then in those events (and in those events only) there shall be credited on the amount required by the provisions of this section to be thereafter paid into the Special Fund an amount equal to the aforesaid excess amount so on deposit in the Special Fund.

Section 11. Remittances from State Department of Revenue. In order to facilitate the payments herein provided to be made into the Special Fund, the City hereby authorizes the State Department of Revenue to transmit directly to each of the several depositories for the Special Fund, out of the proceeds from the Gross Receipts Tax collected by the said Department, (i) the respective amounts required under the provisions of this ordinance to be paid monthly to each such depository, commencing with the amount required to be paid to such depository prior to the last Secular Day of September, 1971, plus (ii) an additional monthly sum sufficient to pay the fees of each such depository for acting as paying agent in respect of the Parity Securities payable at the principal office of such depository. The City agrees with each holder of any of the Warrants that, so long as any of the Warrants shall remain unpaid, it will not revoke the authority and direction contained in the next preceding sentence of this section. To carry out the provisions of this paragraph, the Mayor and the City Treasurer are hereby authorized and directed to issue to the State Department of Revenue an order authorizing and directing the said Department to transmit directly to each such depository each Month, out of the proceeds from the Gross Receipts Tax, the respective amounts referred to in the first sentence of this section, all to the extent, at the times, and in the manner provided herein, and to specify in the said order the dollar amount of each such payment that the State Department of Revenue is so to transmit to each such depository each Month; provided, however, that so long as moneys from any source other than moneys in the Special Fund (such other moneys being referred to in the last paragraph of Section 10 hereof) are available in any trust fund for payment of any principal of or interest on any of the Parity Securities, moneys shall not be transmitted by the said Department in respect of the principal and interest for payment of which such other funds are available, and any order (or supplemental order) made hereunder to the said Department shall not include provision for payment of such principal and interest for payment of which such other moneys are available.

The Mayor and City Treasurer may, by supplemental order to the State Department of Revenue, alter and change the dollar amounts of such payments to be so transmitted by the State Department of Revenue but only under the following conditions:

(a) If the dollar amounts specified in such original order or in any supplemental order are not sufficient to provide for the payment of the principal of and the interest on the Parity Securities as such principal and interest respectively mature (excluding, however, any principal and interest for payment of which other funds are then available as referred to in the proviso at the end of the first sentence of this section), and the said paying agent fees as such fees become due and payable, as contemplated and provided by Section 10 hereof and this section, a supplemental order shall be so issued providing for transmission to the said depositories of revised dollar amounts that will be sufficient to provide for making the payments contemplated by this section;

(b) If any Parity Securities are paid or redeemed prior to the respective maturities thereof, a supplemental order may be issued providing for the transmission to the said depositories (or any of them) of revised dollar amounts; provided, that the revised dollar amounts specified in such supplemental order shall be sufficient to provide for the payments herein contemplated in respect of the Parity Securities that will be outstanding after such payment and redemption.

Each supplemental order issued to the State Department of Revenue shall contain a certificate or certificates signed on behalf of such depository, stating that the dollar amounts provided in such supplemental order to be transmitted to such depository will be sufficient to provide for payment of the principal of and the interest on the Parity Securities for which the said depository is paying agent (excluding, however, any principal and interest for payment of which other funds are then available as referred to in the proviso at the end of the first sentence of this section), at the respective maturities of such principal and interest, and for payment of the paying agent fees of the said depository in respect of the said Parity Securities for which the said depository is paying agent, as such fees become due and payable.

Each depository for the Special Fund shall pay into that portion of the Special Fund held by such depository those sums paid to it by the said Department pursuant to clause (i) of the first sentence of this Section, and shall deposit in a special supplemental account the sums paid to it pursuant to clause (ii) of the first sentence of this Section, and shall apply the moneys in the said supplemental account for payment of the fees of such depository as paying agent for those of the Parity Securities that are payable at the principal office of the said depository.

Section 12. Depositories for Special Fund. The City confirms its designations, heretofore made in Ordinance No. 1024 and in Ordinance No. 1251, as Amended, of The Merchants National Bank of Mobile in the City of Mobile, Alabama (including any successor to the said bank), as depository for the Special Fund insofar as the Special Fund relates to moneys deposited therein in respect of, and measured by, the principal of and interest on the 1965 Parity Securities and the 1970 Warrants.

The City also confirms its designation, heretofore made in Ordinance No. 1205, of Exchange Security Bank in the City of Birmingham, Alabama (including any successor to the said bank), as depository for the Special Fund insofar as the Special Fund relates to moneys deposited therein in respect of, and measured by, the principal of and interest on the 1969 Warrants.

Peoples National Bank of Huntsville in the City of Huntsville, Alabama, including any successor to the said bank, is hereby designated as the depository for the Special Fund insofar as the Special Fund relates to moneys deposited therein in respect of, and measured by, the principal of and interest on the Warrants.

The City reserves the right from time to time of designating one or more other bank or banks as additional depository or depositories for the Special Fund insofar as the same shall relate to the payment of the principal of and interest on any of the Additional Parity Securities that may hereafter be issued.

Section 13. Trust Nature of and Security for the Special Fund. The Special Fund shall be and at all times remain public funds impressed with a trust for the purpose for which the Special Fund is herein created. Each depository for any part of the Special Fund shall at all times keep the moneys on deposit with it in the Special Fund continuously secured for the benefit of the City and the holders of the Parity Securities either (a) by holding on deposit, as collateral security, direct general obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, 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 Special Fund or (b) if the furnishing of security in the manner provided in the foregoing subsection (a) of this section 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 Special 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.

Section 14. Form of Warrants. The Warrants, the Coupons, and the provisions for the assignment thereof shall be in substantially the following forms, with appropriate insertions and variations therein to conform to the provisions hereof:

(Form of Warrant)

No. _____

\$5,000

UNITED STATES OF AMERICA

STATE OF ALABAMA

CITY OF PRICHARD

GENERAL OBLIGATION WARRANT
SERIES 1971

The City Treasurer of the City of Prichard (herein called "the city"), a municipal corporation in the State of Alabama, is hereby ordered and directed to pay to Hugh Morrow, Jr., or assigns, the principal sum of

F I V E T H O U S A N D D O L L A R S

on the 1st day of May, 19____, upon surrender hereof on or after said date, with interest thereon from the date hereof until the maturity hereof at the rate of 7% per annum, payable semiannually on May 1 and November 1 in each year upon surrender of the appropriate interest coupons hereto attached as the same respectively become due. This warrant and the interest coupons applicable hereto shall bear interest at the rate of 8% per annum after their respective maturities and shall be payable in lawful money of the United States of America at the principal office of Peoples National Bank of Huntsville in the City of Huntsville in the State of Alabama.

This warrant is one of an issue of warrants (herein called "the warrants") in the authorized principal amount of \$720,000, consisting of warrants numbered from 1 to 144, inclusive, and has been issued pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Sections 253 and 466 of Title 37 of the Code of Alabama of 1940, for purposes for which the city has the power to issue its warrants.

By the execution of this warrant the city acknowledges that it is indebted to the payee hereof in the principal amount hereof and that it will become indebted to the holders of the interest coupons attached hereto at the respective maturities thereof and in accordance with the terms thereof.

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

In addition thereto the city has, in the proceedings authorizing the issuance of the warrants, specially and irrevocably pledged for payment of said principal and interest at their respective maturities so much as may be necessary for such purpose of the special privilege and license tax of the city levied by its Ordinance No. 1245, as amended, and measured by the gross receipts of certain businesses (together with the proceeds from the said tax) to the extent that the said tax is imposed with respect to businesses conducted within the corporate limits of the city (the said tax to the extent so imposed being herein called "the gross receipts tax"); the said special pledge of the gross receipts tax and its proceeds for the benefit of the warrants being on a parity with special pledges thereof for the benefit of certain outstanding securities of the city heretofore issued, including (i) certain bonds and warrants dated May 1, 1965, (ii) certain warrants dated May 1, 1969, and (iii) certain warrants dated May 1, 1970 (the said securities dated respectively on May 1, 1965, May 1, 1969, and May 1, 1970, being herein called "the Outstanding Parity Securities"). In said proceedings the city reserved the privilege, upon compliance with certain requirements set forth in the said proceedings, of issuing additional securities and securing them by a pledge of the gross receipts tax and its proceeds, on a parity with the aforesaid pledges thereof for the benefit of the warrants and the Outstanding Parity Securities.

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

This warrant is nonnegotiable but is transferable by assignment. Each taker, owner, purchaser or holder hereof, by receiving or accepting this warrant or any interest coupon applicable hereto shall consent and agree and shall be estopped to deny: (1) that title to the coupons hereunto appertaining may be transferred by delivery without the necessity of a written assignment, and any person making such delivery shall be deemed to have transferred to the person to whom such delivery is made all of his equities or rights in the coupons so delivered; (2) that any person in possession of such coupon, regardless of the manner in which he shall have acquired possession is authorized to represent himself as the absolute owner thereof and has the power and authority to transfer absolute title thereto by delivery thereof to a bona fide purchaser for value (present or antecedent) without notice of prior defenses or equities or claims of ownership enforceable

against his transferor or any person in the chain of title and before the maturity thereof; and (3) that whenever and so long as this warrant may be assigned in blank by written assignment by the original payee hereof or by any subsequent assignee hereof in the chain of title to whom written assignment is made, the city may treat any person in possession of this warrant, regardless of how such possession may have been acquired and regardless of the genuineness or effectiveness of any assignment, as the absolute owner hereof for all purposes, and payment to any such person shall discharge all obligations hereunder.

IN WITNESS WHEREOF, the city has caused this warrant to be executed in its behalf by a facsimile of the signature of its mayor, has caused a facsimile of its official seal to be hereon imprinted, has caused the execution of this warrant and the said seal to be attested by the signature of its city clerk manually subscribed hereon, has caused the annexed coupons to be executed and attested with facsimiles of the signatures of said officials, and has caused this warrant to be dated May 1, 1971.

CITY OF PRICHARD

By _____
Its Mayor

Attest:

City Clerk

(Form of Coupon)

Coupon
No. _____

\$175.00

On the 1st day of _____, 19____, the City Treasurer of the City of Prichard in the State of Alabama is ordered and directed to pay to the bearer hereof the sum of One Hundred Seventy-five and 00/100 Dollars, upon surrender of this coupon at the principal office of Peoples National Bank of Huntsville in the City of Huntsville in the State of Alabama, being six months' interest then due on the General Obligation Warrant, Series 1971, of the City of Prichard, Alabama, dated May 1, 1971, numbered _____.

CITY OF PRICHARD

By _____
Its Mayor

Attest:

City Clerk

(Form of Assignment)

For value received, this warrant and the indebtedness evidenced and ordered paid thereby are assigned, without recourse or warranties, to _____.

Section 15. Provision for Payment at Par. The bank at which the Warrants and the Coupons 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 and the Coupons that it will make, out of the funds supplied to it for that purpose, all remittances of principal of and interest on the Warrants and the Coupons in bankable funds at par and without deduction for exchange, fees or expenses. The City agrees with the holders of the Warrants and the Coupons that it will pay all charges for exchange, fees or expenses which may be made by the said bank in the making of remittances in bankable funds of the principal of and interest on any of the Warrants and the Coupons.

Section 16. Creation of Contract. The provisions of this ordinance shall constitute a contract between the City and each holder of the Warrants and the Coupons.

Section 17. Provisions of Ordinance Severable. The various provisions of this ordinance are hereby declared to be severable. In the event any provision hereof shall be held invalid by a court of competent jurisdiction such invalidity shall not affect any other portion of this ordinance.

Section 18. Sale of the Warrants. The Warrants are hereby sold to Watkins, Morrow & Co., at the following purchase prices:

<u>Year of Maturity of Warrant</u>	<u>Percentage of Value Represented by Purchase Price</u>	<u>Price for each Warrant</u>	<u>Aggregate Purchase Price for Warrants of Applicable Maturity</u>
1972	99%	\$4,950.00	\$ 49,500.00
1973	98-1/2%	4,925.00	59,100.00
1974	97-1/2%	4,875.00	68,250.00
1975	97%	4,850.00	72,750.00
1976	96.20%	4,810.00	76,960.00
1977	95-1/2%	4,775.00	81,175.00
1978	95%	4,750.00	85,500.00
1979	94-1/2%	4,725.00	94,500.00
1980	94.05909%	4,702.95	103,465.00

plus accrued interest on the Warrants from May 1, 1971, to the date of the delivery thereof. The Warrants shall be made payable to Hugh Morrow, Jr., the nominee of the purchaser of the Warrants, in accordance with directions given by the said purchaser. The City Treasurer is hereby authorized and directed to deliver the Warrants, having attached thereto all of the Coupons, to the said purchaser upon payment to the City of the said purchase price.

The figures set out in the foregoing schedule and the aggregate of \$691,200 are net figures and are equivalent to an aggregate purchase price of 97% of the face value of the warrants and a fee of 1% of the said face value from the City to the said purchaser for fiscal services rendered to the City and an allowance for expenses, including printing expenses and attorney's fees.

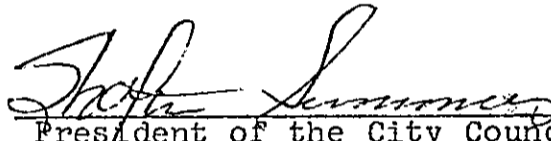
Section 19. Use of Proceeds from the Warrants.
The proceeds from the sale of the Warrants shall be applied as follows:

(a) That part of the said proceeds which represents accrued interest on the Warrants from May 1, 1971, to the date of payment therefor, shall be deposited in the Special Fund, pursuant to the provisions of Section 10(a) hereof; and

(b) The principal proceeds from the sale of the Warrants shall be applied for the respective purposes for which they are herein authorized to be issued.

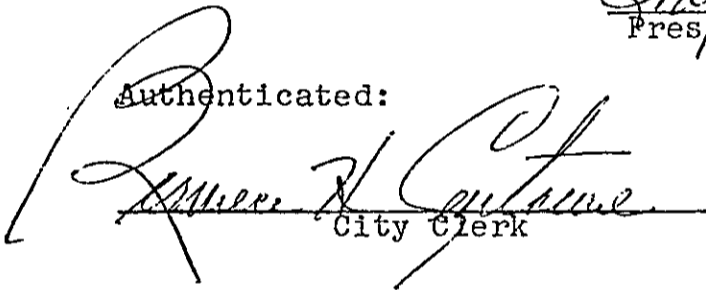
Simultaneously with the issuance of the Warrants, the Short-term Securities shall thereupon be cancelled and retired.

ADOPTED this 2nd day of August, 1971.



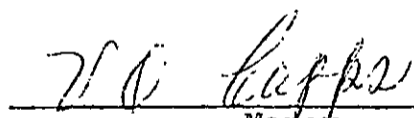
President of the City Council

Authenticated:



City Clerk

APPROVED this 3 day of August, 1971.



Mayor