

**EXCERPTS FROM THE MINUTES OF A REGULAR MEETING OF THE CITY
COUNCIL OF THE CITY OF SATSUMA, ALABAMA
HELD ON AUGUST 5, 2014**

The City Council of the City of Satsuma, Alabama met at the City Hall in the City of Satsuma, on Tuesday, August 5, 2014 at 6:00 p.m., Central Time. The following members of the City Council of the City of Satsuma, Alabama were:

PRESENT

Paul Murray
William Hamblin
James M. Butler
Matt Dial
Tom Williams
Bill Black

ABSENT

None

Mayor Paul Murray acted as Chairman of the meeting and Vicki Miller, City Clerk, acted as Clerk of the meeting. The chairman stated that a quorum was present and declared the meeting open for the transaction of business.

The Chairman then stated that it would be appropriate to consider the issuance of \$1,355,000 in aggregate principal amount of the City's General Obligation Refunding Warrants, Series 2014A and \$4,945,000 in aggregate principal amount of General Obligation Refunding Warrants, Series 2014B, for the purpose of refunding certain of the City's outstanding indebtedness and paying the expenses of issuing such Warrants. The following ordinance was thereupon introduced in writing by Councilmember Williams:

ORDINANCE NO. 2014-511

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$1,355,000 OF
GENERAL OBLIGATION REFUNDING WARRANTS, SERIES 2014A
AND \$4,945,000 OF GENERAL OBLIGATION REFUNDING WARRANTS,
SERIES 2014B**

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

ARTICLE I

**DEFINITIONS, USE OF WORDS AND
PHRASES, AND FINDINGS BY THE CITY**

Section 1.1 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:

“Bank” means Regions Bank, in its role as Warrant Registrar and Paying Agent.

“Business Day” means any day other than a Saturday, Sunday or day on which banking institutions are required or authorized to close in the city in which the designated corporate trust agency office of the Bank is located, or on which the Federal Reserve Bank is closed.

“City” means the municipal corporation in the State of Alabama known as the City of Satsuma, Alabama, as it now exists, and any political subdivision resulting from any merger or consolidation thereof with any other political subdivision.

“City Clerk” means the city clerk of the City, or any person acting in such capacity for purposes of the issuance of the Warrants.

“Code” means the Internal Revenue Code of 1986 as amended.

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

“Direct Participant” means securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations which participate in the Securities Depository with respect to the Warrants.

“Government Obligations” means direct obligations of the United States of America and obligations unconditionally guaranteed by the United States of America.

“Interest Payment Date” means, with respect to the Warrants, any March 1 or September 1 prior to payment thereof.

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

“Record Date” means, as to any Interest Payment Date, the February 15 or August 15 immediately preceding such Interest Payment Date.

“Securities Depository” has the meaning given that term in Section 3.5 hereof.

“Series 2014A Warrants” means the \$1,355,000 in aggregate principal amount of the City's General Obligation Refunding Warrants, Series 2014A, as more particularly described in Article II hereof and issued hereunder.

“Series 2014B Warrants” means the \$4,945,000 in aggregate principal amount of the City's General Obligation Refunding Warrants, Series 2014B, as more particularly described in Article II hereof and issued hereunder.

“Treasurer” shall mean the treasurer or any assistant treasurer of the City.

“Warrant Authorizing Law” means Section 4, Chapter 81 and Section 2, Chapter 47 of Title 11, Code of Alabama, 1975.

“Warrant Funds” means the special account created pursuant to Section 8.2 hereof.

“Warrant Holder” or **“Holder”** means the registered holder, from time to time, of any of the Warrants.

“Warrants,” unless otherwise indicated, means the Series 2014A Warrants and the Series 2014B Warrants.

“Waterworks and Sewer Board” means The Waterworks and Sewer Board of the City of Satsuma, a public corporation.

“2004A Warrants” means the City's General Obligation Warrant, Series 2004A, dated January 1, 2004, originally issued in the principal amount of \$1,605,000.

“2004B Warrants” means the City's General Obligation Warrant, Series 2004B, dated January 1, 2004, originally issued in the principal amount of \$5,785,000.

Section 1.2 Use of Words and Phrases. The following provisions shall be applied wherever appropriate herein:

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

"Hereby", "herein", "hereinafter", "hereof", "hereunder" and other equivalent words refer to this Ordinance as a whole and not solely to any particular portion thereof in which any such word is used.

The definitions set forth in Section 1.1 hereof shall be deemed applicable whether the words defined are herein used in the singular or plural.

Section 1.3 Findings of Council. Having made due and proper investigation of the matters hereinafter referred to, the Council hereby finds and determines:

- (a) The City has heretofore issued the 2004A Warrants pursuant to Ordinance 383 adopted by the Council on January 20, 2004. The City is not in default on the payment of the principal of and the interest on the 2004A Warrants.
- (b) The City has heretofore issued the 2004B Warrants pursuant to Ordinance 382 adopted by the Council on January 20, 2004. The City is not in default on the payment of the principal of and the interest on the 2004B Warrants.
- (c) Pursuant to the Warrant Authorizing Law the City is authorized to issue its warrants, in order to refund outstanding indebtedness of the City.
- (d) It is necessary, advisable and in the interest of the public that the City issue its General Obligation Refunding Warrants, Series 2014A and its General Obligation Refunding Warrants, Series 2014B to refund the 2004A Warrants and the 2004B Warrants and to pay costs of issuance and sale of such Warrants.
- (e) A portion of the proceeds of the 2004B Warrants was loaned to The Waterworks and Sewer Board for the acquisition, construction and installation of certain capital improvements to the water and sewer system owned by the Waterworks and Sewer Board. In evidence of its repayment obligation with respect to such loan the Waterworks and Sewer Board delivered to the City its Amended and Restated Subordinate Water and Sewer Revenue Bond, Series 2004.
- (f) It is necessary, advisable and in the interest of the public that the Council authorize the Mayor of the City to execute and deliver a loan and reimbursement agreement with the Waterworks and Sewer Board in order to provide for refunding of the 2004B Warrants and the repayment by the Waterworks and Sewer Board of the amounts necessary to accomplish such refunding.

ARTICLE II

AUTHORIZATION, DESCRIPTION, EXECUTION, PAYMENT AND FORM OF THE WARRANTS

Section 2.1 Authorization of the Warrants. Pursuant to the applicable provisions of the constitution and laws of the State of Alabama, and for the purposes of refunding the 2004A Warrants and 2004B Warrants and paying the costs of issuance thereof, there is hereby authorized to be issued by the City \$1,355,000 in aggregate principal amount of its General Obligation Refunding Warrants, Series 2014A and \$4,945,000 in aggregate principal amount of its General Obligation Refunding Warrants, Series 2014B.

Section 2.2 Description of the Warrants. (a) The Series 2014A Warrants shall be issued only in fully registered form, without coupons, shall be dated August 14, 2014, shall be issued in principal amounts of \$5,000 or any integral multiple thereof, and shall be numbered from R-1 upwards in the order of their issuance and delivery. The Warrants shall bear interest from date (or in the case of a Warrant registered in the name of a Holder on or after March 1, 2015, from the Interest Payment Date next preceding the date of such registration or, if the date of such registration is an Interest Payment Date, from the date of registration) at the rates shown below (calculated on the basis of a 360-day year of twelve 30-day months), payable on each March 1 and September 1 until payment of the principal amount thereof, beginning March 1, 2015, and, subject to the redemption provisions hereinafter set forth, shall mature on and in the amounts as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2017	\$140,000	.850%
2020	180,000	1.65%
2023	190,000	2.40%
2026	205,000	2.70%
2029	225,000	3.00%
2033	415,000	3.30%

(b) The Series 2014B Warrants shall be issued only in fully registered form, without coupons, shall be dated August 14, 2014, shall be issued in principal amounts of \$5,000 or any integral multiple thereof, and shall be numbered from R-1 upwards in the order of their issuance and delivery. The Warrants shall bear interest from date (or in the case of a Warrant registered in the name of a Holder on or after March 1, 2015, from the Interest Payment Date next preceding the date of such registration or, if the date of such registration is an Interest Payment Date, from the date of registration) at the rates shown below (calculated on the basis of a 360-day year of twelve 30-day months), payable on each March 1 and September 1 until payment of the principal amount thereof, beginning March 1, 2015, and, subject to the redemption provisions hereinafter set forth, shall mature on and in the amounts as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2016	\$150,000	2.00%
2017	220,000	2.00%
2018	220,000	2.00%
2019	225,000	2.00%
2020	230,000	2.00%
2021	235,000	2.10%
2022	240,000	2.30%
2023	245,000	2.50%
2024	250,000	2.60%
2025	255,000	2.70%
2026	265,000	2.75%
2027	270,000	2.85%
2028	285,000	2.90%
2029	290,000	3.00%
2030	375,000	3.10%
2031	385,000	3.20%
2032	395,000	3.30%
2033	410,000	3.40%

Section 2.3 Execution of the Warrants. The Warrants shall be executed in the name of the City by the manual or facsimile signatures of the Mayor of the City and its City Clerk inscribed or printed or otherwise reproduced thereon (it being herein provided that a condition to the validity of each Warrant is the manual execution on behalf of the Bank of the Registration Certificate endorsed on each Warrant). The Warrants shall be registered by the Treasurer of the City, in the records maintained by the Treasurer, as a claim against the City and the Warrant Fund, which registration shall be made simultaneously as to all the Warrants. The certificate of registration on each of the Warrants shall be executed by the manual or facsimile signature of the Treasurer of the City. The official seal of the City shall be impressed or printed or otherwise reproduced thereon and shall be attested by the aforementioned signature of the City Clerk. The said officers are hereby directed to cause the Warrants to be executed, sealed and registered in the manner provided by this section. Anything herein to the contrary notwithstanding, any assistant city clerk shall be empowered to execute any Warrant in the absence or unavailability of the City Clerk and any assistant treasurer of the City shall be empowered to execute any Warrant in the absence or unavailability of the Treasurer.

Section 2.4 Places and Medium of Payment of the Warrants. Principal of and interest on the Warrants shall be payable in lawful money of the United States of America. The principal of the Warrants shall be payable at the designated corporate trust agency office of the Bank, upon presentation and surrender of the Warrants as the same become due and payable. Interest on the Warrants shall be payable 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 as of the Record Date and shall be deemed timely made if so mailed on the Interest Payment Date (or if such Interest

Payment Date is not a Business Day, on the Business Day next following such Interest Payment Date).

Section 2.5. Bank Qualification. The City hereby finds that the total amount of tax exempt obligations issued or anticipated to be issued by the City and by any subordinate entity or on behalf of issuer with respect to the City during calendar year 2014 is and will be less than \$10,000,000. Accordingly, the Warrants are hereby designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code.

Section 2.6 Forms of the Warrants and Related Certificates. The Warrants, the certificates of registration thereof, the registration thereof as a claim against the respective Warrant Fund, and the forms of assignment thereof shall be in substantially the following forms, with appropriate changes therein to conform to the applicable provisions hereof.

(Form of Series 2014A Warrant)

[FORM OF CAPTION FOR WARRANTS HELD IN BOOK ENTRY FORM]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-_____ \$_____

UNITED STATES OF AMERICA
STATE OF ALABAMA
CITY OF SATSUMA
GENERAL OBLIGATION REFUNDING WARRANT
SERIES 2014A

MATURITY DATE

CUSIP NUMBER

INTEREST RATE

THE CITY OF SATSUMA, ALABAMA, a municipal corporation in the State of Alabama (the "City"), for value received, hereby acknowledges that it is indebted in the principal sum of

_____ DOLLARS

and hereby directs the Treasurer of the City to pay (but solely out of the Warrant fund referred to below) such principal sum to

or registered assigns, on the maturity date specified above or such earlier date as this Warrant may be called for redemption, and to pay (but solely out of the Warrant Fund) interest on such principal sum from the date hereof (or in the case of a Warrant registered in the name of the registered Holder hereof on or after March 1, 2015, as evidenced by the Certificate of Registration attached hereto, from the Interest Payment Date next preceding the date of such registration or, if the date of such

registration is an Interest Payment Date, from the date of registration), until such principal sum shall become due and payable, at the per annum rate of interest specified above. Interest shall be payable on March 1 and September 1 in each year, beginning March 1, 2015 (each such date herein called an "Interest Payment Date"), and shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest shall be payable on overdue principal (and premium, if any) on this Warrant and (to the extent legally enforceable) on any overdue installment of interest on this Warrant at the rate borne hereby.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Authorizing Ordinance hereinafter described, be paid to the person in whose name this Warrant is registered at the close of business on the 15th day of the month next preceding such Interest Payment Date.

This Warrant is one of the duly authorized issue of warrants of the City, aggregating \$1,355,000 in principal amount, entitled "General Obligation Refunding Warrants, Series 2014A" (the "Series 2014A Warrants") and issued under and pursuant to an ordinance duly adopted by the governing body of the City (the "Authorizing Ordinance") and the constitution and laws of the State of Alabama, including particularly Section 4, Chapter 81, and Section 2, Chapter 47, of Title 11 of the Code of Alabama, 1975. Capitalized terms not otherwise defined herein shall have the meanings assigned in the Authorizing Ordinance.

The Series 2014A Warrants are being issued by means of a book-entry system with no physical distribution of warrant certificates to be made except as provided in the Authorizing Ordinance (as hereinafter defined). One warrant certificate, in the aggregate principal amount of each maturity of the Series 2014A Warrants, registered in the name of Cede & Co. as nominee of the DTC, is being issued and required to be deposited with DTC (or an authorized banking institution acceptable to DTC) and immobilized in its custody. The book-entry system will evidence ownership of the Series 2014A Warrants, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2014A Warrants by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The City will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, and to participants or persons acting through such participants. While Cede & Co. is the registered owner of this Warrant, notwithstanding the provisions hereinabove contained, payments of principal, interest and any redemption premium on this Warrant will be made in accordance with the existing arrangements between the Paying Agent and DTC.

Subject to the foregoing paragraph, payment of interest on this Warrant due on each Interest Payment Date shall be made by check or draft mailed by the Paying Agent to the person entitled thereto at his address appearing in the Warrant Register maintained with respect to the Series 2014A Warrants. Such payments of interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if such Interest Payment Date is not a business day, on the business day next

following such Interest Payment Date). Payment of the principal of (and premium, if any, on) this Warrant and payment of accrued interest on this Warrant due upon redemption shall be made only upon surrender of this Warrant at the designated corporate trust agency office of the hereinafter described Bank. Upon the terms and conditions provided in the Authorizing Ordinance, the Holder of any Series 2014A Warrant or Warrants in an aggregate principal amount of not less than \$100,000 may request that payment of interest on such Series 2014A Warrant or Warrants be made by wire transfer to an account of such Holder maintained at a bank in the continental United States or by any other method providing for same-day funds that is acceptable to the Bank. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

The Authorizing Ordinance provides that Regions Bank (the "Bank"), will serve as Paying Agent and Warrant Registrar with respect to the Series 2014A Warrants unless and until a successor is appointed pursuant to the terms and conditions of the Authorizing Ordinance. For purposes of this Warrant and the Authorizing Ordinance, the principal office of the Bank shall mean the office where the Bank maintains its designated corporate trust agency office in Mobile, Alabama or at such other location as shall be designated by the Bank by written notice to the City and the Holders of the Series 2014A Warrants.

The indebtedness evidenced by the Series 2014A Warrants is a general obligation of the City for the payment of which the full faith and credit of the City have been irrevocably pledged, pro rata and without preference or priority of one Series 2014A Warrant over another.

Pursuant to the Authorizing Ordinance, the City has established a special fund for the payment of debt service on the Series 2014A Warrants (the "Warrant Fund") that will be held by the Bank. The City has obligated itself to pay or cause to be paid into the Warrant Fund from the taxes, revenues or other funds of the City sums sufficient to provide for the payment of debt service on the Series 2014A Warrants as the same becomes due and payable.

The Series 2014A Warrants maturing on September 1, 2017 (the "2017 Term Warrants") will be subject to mandatory redemption prior to maturity on the dates and in the principal amounts shown below. Those of the 2017 Term Warrants (or portions thereof) to be so redeemed will be redeemed at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, with those to be redeemed to be selected by lot.

<u>September 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2015	20,000
2016	60,000

The 2017 Term Warrants in the aggregate principal amount of \$60,000 will remain to be paid at their stated maturity on September 1, 2017.

The Series 2014A Warrants maturing on September 1, 2020 (the “2020 Term Warrants”) will be subject to mandatory redemption prior to maturity on the dates and in the principal amounts shown below. Those of the 2020 Term Warrants (or portions thereof) to be so redeemed will be redeemed at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, with those to be redeemed to be selected by lot.

<u>September 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2018	60,000
2019	60,000

The 2020 Term Warrants in the aggregate principal amount of \$60,000 will remain to be paid at their stated maturity on September 1, 2020.

The Series 2014A Warrants maturing on September 1, 2023 (the “2023 Term Warrants”) will be subject to mandatory redemption prior to maturity on the dates and in the principal amounts shown below. Those of the 2023 Term Warrants (or portions thereof) to be so redeemed will be redeemed at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, with those to be redeemed to be selected by lot.

<u>September 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2021	60,000
2022	65,000

In the absence of prior optional redemption, the 2023 Term Warrants in the aggregate principal amount of \$65,000 will remain to be paid at their stated maturity on September 1, 2023.

The Series 2014A Warrants maturing on September 1, 2026 (the “2026 Term Warrants”) will be subject to mandatory redemption prior to maturity on the dates and in the principal amounts shown below. Those of the 2026 Term Warrants (or portions thereof) to be so redeemed will be redeemed at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, with those to be redeemed to be selected by lot.

<u>September 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2024	70,000
2025	65,000

In the absence of prior optional redemption, the 2026 Term Warrants in the aggregate principal amount of \$70,000 will remain to be paid at their stated maturity on September 1, 2026.

The Series 2014A Warrants maturing on September 1, 2029 (the “2029 Term Warrants”) will be subject to mandatory redemption prior to maturity on the dates and in the principal amounts shown below. Those of the 2029 Term Warrants (or portions thereof) to be so redeemed will be redeemed at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, with those to be redeemed to be selected by lot.

<u>September 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2027	70,000
2028	75,000

In the absence of prior optional redemption, the 2029 Term Warrants in the aggregate principal amount of \$80,000 will remain to be paid at their stated maturity on September 1, 2029.

The Series 2014A Warrants maturing on September 1, 2033 (the “2033 Term Warrants”) will be subject to mandatory redemption prior to maturity on the dates and in the principal amounts shown below. Those of the 2033 Term Warrants (or portions thereof) to be so redeemed will be redeemed at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, with those to be redeemed to be selected by lot.

<u>September 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2030	95,000
2031	100,000
2032	110,000

In the absence of prior optional redemption, the 2033 Term Warrants in the aggregate principal amount of \$110,000 will remain to be paid at their stated maturity on September 1, 2033.

The Series 2014A Warrants, maturing on or after September 1, 2023, are subject to redemption prior to their maturity, at the option of the City, in whole or in part, on September 1, 2022, and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof and if less than all of the Series 2014A Warrants are to be redeemed, those maturities or portions thereof to be called for redemption shall be selected by the City in its discretion, and if less than all the Series 2014A Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), at and for a redemption price equal to 100% of the principal amount of each Series 2014A Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.

Written notice of the call for redemption of this Warrant (or portion of the principal thereof) shall be forwarded by registered or certified mail to the registered owner hereof, not less than thirty (30) or 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 Series 2014A Warrant of like tenor

herewith except in a principal amount equal to the unredeemed portion hereof. Upon the giving of notice of redemption in accordance with the provisions of the Authorizing Ordinance, the Series 2014A 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 Authorizing Ordinance to the contrary notwithstanding, and the Holders thereof shall then and there surrender them for payment, and all future interest on the Series 2014A Warrants (or principal portion thereof) so called for prepayment shall cease to accrue after the date specified in such notice, whether or not the Series 2014A Warrants are so presented.

This Warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the Bank, as Registrar and Transfer Agent of the City, and only upon surrender of this Warrant to such Registrar for cancellation, and upon any such transfer a new Series 2014A Warrant of like tenor herewith will be issued to the transferee in exchange therefor, all as more particularly described in the Authorizing Ordinance. Each Holder hereof, by receiving or accepting this Warrant, shall consent and agree and shall be estopped to deny that this Warrant may be transferred only in accordance with the provisions of the Authorizing Ordinance. Provision is also made in the Authorizing Ordinance for the exchange of Series 2014A Warrants for a like aggregate principal amount and in authorized denominations, all upon the terms and subject to the conditions set forth in the Authorizing Ordinance.

The Registrar shall not be required to transfer or exchange this Warrant during the period of fifteen (15) days next preceding any interest payment date; and, in the event that this Warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Registrar 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.

Registration, transfer and exchange of Series 2014A Warrants, other than to replace mutilated, lost, stolen or destroyed Series 2014A Warrants, shall be without expense to the Holder or transferee, but the Holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange.

It has been ascertained and found, and it is hereby certified and recited, that all conditions, actions and things required by the constitution and laws of Alabama to exist, be performed or happen precedent to or in the issuance of this Warrant and the creation of the indebtedness evidenced and ordered paid hereby exist, have been performed and have happened, that such indebtedness has been registered as a claim against the Warrant Fund and is lawfully due without condition, and that the indebtedness evidenced and ordered paid by this Warrant, together with all other indebtedness of the City, was when incurred and is now within every debt and other limit prescribed by the constitution and laws of Alabama.

Unless the Registration Certificate hereon has been executed by the Bank, as Registrar for the Series 2014A Warrants, by manual signature, this Warrant shall not be entitled to any benefit under the Authorizing Ordinance or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the City has caused this Warrant to be executed in its behalf by the Mayor and by the City Clerk of the City, each of whom have caused their facsimile signatures to be hereunto imprinted, has caused the official seal of the City to be imprinted hereon, and has caused this Warrant to be dated August 14, 2014.

CITY OF SATSUMA, ALABAMA

(SEAL)

By _____
Its Mayor

ATTEST:

By _____
City Clerk

* * * * *

(Form of Registration as Claim against Warrant Fund)

I hereby certify that this Warrant has been registered by me as a claim against the Warrant Fund referred to in this Warrant.

Treasurer of the City of Satsuma, Alabama

[Form of Registration Certificate]

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

REGIONS BANK

By _____
Its Authorized Officer

DATE OF REGISTRATION: _____

STATEMENT OF INSURANCE

Build America Mutual Assurance Company (“BAM”), New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on this Warrant to Regions Bank, Mobile, Alabama or its successor, as paying agent for the Bonds (the “Paying Agent”). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of this Warrant, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

(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 the Bond on the books of the within mentioned Bank.

Dated this the ____ day of _____, ____.

NOTE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Warrant in every particular, without alteration, enlargement or change whatsoever.

Signature guaranteed:
(Bank, Trust company or Firm)

By: _____
(Authorized Officer)

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)

(Form of Series 2014B Warrant)

[FORM OF CAPTION FOR WARRANTS HELD IN BOOK ENTRY FORM]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-_____

\$_____

UNITED STATES OF AMERICA
STATE OF ALABAMA
CITY OF SATSUMA
GENERAL OBLIGATION REFUNDING WARRANT
SERIES 2014B

MATURITY DATE

CUSIP NUMBER

INTEREST RATE

THE CITY OF SATSUMA, ALABAMA, a municipal corporation in the State of Alabama (the "City"), for value received, hereby acknowledges that it is indebted in the principal sum of

_____ DOLLARS

and hereby directs the Treasurer of the City to pay (but solely out of the Warrant fund referred to below) such principal sum to

or registered assigns, on the maturity date specified above or such earlier date as this Warrant may be called for redemption, and to pay (but solely out of the Warrant Fund) interest on such principal sum from the date hereof (or in the case of a Warrant registered in the name of the registered Holder hereof on or after March 1, 2015, as evidenced by the Certificate of Registration attached hereto, from the Interest Payment Date next preceding the date of such registration or, if the date of such

registration is an Interest Payment Date, from the date of registration), until such principal sum shall become due and payable, at the per annum rate of interest specified above. Interest shall be payable on March 1 and September 1 in each year, beginning March 1, 2015 (each such date herein called an "Interest Payment Date"), and shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest shall be payable on overdue principal (and premium, if any) on this Warrant and (to the extent legally enforceable) on any overdue installment of interest on this Warrant at the rate borne hereby.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Authorizing Ordinance hereinafter described, be paid to the person in whose name this Warrant is registered at the close of business on the 15th day of the month next preceding such Interest Payment Date.

This Warrant is one of the duly authorized issue of warrants of the City, aggregating \$4,945,000 in principal amount, entitled "General Obligation Refunding Warrants, Series 2014B" (the "Series 2014B Warrants") and issued under and pursuant to an ordinance duly adopted by the governing body of the City (the "Authorizing Ordinance") and the constitution and laws of the State of Alabama, including particularly Section 4, Chapter 81, and Section 2, Chapter 47, of Title 11 of the Code of Alabama, 1975. Capitalized terms not otherwise defined herein shall have the meanings assigned in the Authorizing Ordinance.

The Series 2014B Warrants are being issued by means of a book-entry system with no physical distribution of warrant certificates to be made except as provided in the Authorizing Ordinance (as hereinafter defined). One warrant certificate, in the aggregate principal amount of each maturity of the Series 2014B Warrants, registered in the name of Cede & Co. as nominee of the DTC, is being issued and required to be deposited with DTC (or an authorized banking institution acceptable to DTC) and immobilized in its custody. The book-entry system will evidence ownership of the Series 2014B Warrants, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2014B Warrants by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The City will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, and to participants or persons acting through such participants. While Cede & Co. is the registered owner of this Warrant, notwithstanding the provisions hereinabove contained, payments of principal, interest and any redemption premium on this Warrant will be made in accordance with the existing arrangements between the Paying Agent and DTC.

Subject to the foregoing paragraph, payment of interest on this Warrant due on each Interest Payment Date shall be made by check or draft mailed by the Paying Agent to the person entitled thereto at his address appearing in the Warrant Register maintained with respect to the Series 2014B Warrants. Such payments of interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if such Interest Payment Date is not a business day, on the business day next

following such Interest Payment Date). Payment of the principal of (and premium, if any, on) this Warrant and payment of accrued interest on this Warrant due upon redemption shall be made only upon surrender of this Warrant at the designated corporate trust agency office of the hereinafter described Bank. Upon the terms and conditions provided in the Authorizing Ordinance, the Holder of any Series 2014B Warrant or Warrants in an aggregate principal amount of not less than \$100,000 may request that payment of interest on such Series 2014B Warrant or Warrants be made by wire transfer to an account of such Holder maintained at a bank in the continental United States or by any other method providing for same-day funds that is acceptable to the Bank. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

The Authorizing Ordinance provides that Regions Bank (the "Bank"), will serve as Paying Agent and Registrar with respect to the Series 2014B Warrants unless and until a successor is appointed pursuant to the terms and conditions of the Authorizing Ordinance. For purposes of this Warrant and the Authorizing Ordinance, the principal office of the Bank shall mean the office where the Bank maintains its designated corporate trust agency office in Mobile, Alabama or at such other location as shall be designated by the Bank by written notice to the City and the Holders of the Series 2014B Warrants.

The indebtedness evidenced by the Series 2014B Warrants is a general obligation of the City for the payment of which the full faith and credit of the City have been irrevocably pledged, pro rata and without preference or priority of one Series 2014B Warrant over another. In addition, the City has specifically and irrevocably pledged, for the payment of the principal of and interest on the Series 2014B Warrants as the same become due, the proceeds of the \$4,945,000 Water and Sewer Revenue Bond, Series 2014B issued to the City by The Waterworks and Sewer Board of the City of Satsuma. The said special pledge shall be prior and superior to any and all other pledges of such proceeds.

Pursuant to the Authorizing Ordinance, the City has established a special fund for the payment of debt service on the Series 2014B Warrants (the "Warrant Fund") that will be held by the Bank. The City has obligated itself to pay or cause to be paid into the Warrant Fund from the taxes, revenues or other funds of the City sums sufficient to provide for the payment of debt service on the Series 2014B Warrants as the same becomes due and payable.

The Series 2014B Warrants, maturing on or after September 1, 2023, are subject to redemption prior to their maturity, at the option of the City, in whole or in part, on September 1, 2022, and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof and if less than all of the Series 2014B Warrants are to be redeemed, those maturities or portions thereof to be called for redemption shall be selected by the City in its discretion, and if less than all the Series 2014B Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), at and for a redemption price equal to 100% of the principal amount of each Series 2014B Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.

Written notice of the call for redemption of this Warrant (or portion of the principal thereof) shall be forwarded by registered or certified mail to the registered owner hereof, not less than thirty (30) or 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 Series 2014B Warrant of like tenor herewith except in a principal amount equal to the unredeemed portion hereof. Upon the giving of notice of redemption in accordance with the provisions of the Authorizing Ordinance, the Series 2014B 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 Authorizing Ordinance to the contrary notwithstanding, and the Holders thereof shall then and there surrender them for payment, and all future interest on the Series 2014B Warrants (or principal portion thereof) so called for prepayment shall cease to accrue after the date specified in such notice, whether or not the Series 2014B Warrants are so presented.

This Warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the Bank, as Registrar and Transfer Agent of the City, and only upon surrender of this Warrant to such Registrar for cancellation, and upon any such transfer a new Series 2014B Warrant of like tenor herewith will be issued to the transferee in exchange therefor, all as more particularly described in the Authorizing Ordinance. Each Holder hereof, by receiving or accepting this Warrant, shall consent and agree and shall be estopped to deny that this Warrant may be transferred only in accordance with the provisions of the Authorizing Ordinance. Provision is also made in the Authorizing Ordinance for the exchange of Series 2014B Warrants for a like aggregate principal amount and in authorized denominations, all upon the terms and subject to the conditions set forth in the Authorizing Ordinance.

The Registrar shall not be required to transfer or exchange this Warrant during the period of fifteen (15) days next preceding any interest payment date; and, in the event that this Warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Registrar 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.

Registration, transfer and exchange of Series 2014B Warrants, other than to replace mutilated, lost, stolen or destroyed Series 2014B Warrants, shall be without expense to the Holder or transferee, but the Holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange.

It has been ascertained and found, and it is hereby certified and recited, that all conditions, actions and things required by the constitution and laws of Alabama to exist, be performed or happen precedent to or in the issuance of this Warrant and the creation of the indebtedness evidenced and ordered paid hereby exist, have been performed and have happened, that such indebtedness has been registered as a claim against the Warrant Fund and is lawfully due without condition, and that the indebtedness evidenced and ordered paid by this Warrant, together with all other indebtedness of the

City, was when incurred and is now within every debt and other limit prescribed by the constitution and laws of Alabama.

Unless the Registration Certificate hereon has been executed by the Bank, as Registrar for the Series 2014B Warrants, by manual signature, this Warrant shall not be entitled to any benefit under the Authorizing Ordinance or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the City has caused this Warrant to be executed in its behalf by the Mayor and by the City Clerk of the City, each of whom have caused their facsimile signatures to be hereunto imprinted, has caused the official seal of the City to be imprinted hereon, and has caused this Warrant to be dated August 14, 2014.

CITY OF SATSUMA, ALABAMA

(SEAL)

By _____
Its Mayor

ATTEST:

By _____
City Clerk

* * * * *

(Form of Registration as Claim against Warrant Fund)

I hereby certify that this Warrant has been registered by me as a claim against the Warrant Fund referred to in this Warrant.

Treasurer of the City of Satsuma, Alabama

[Form of Registration Certificate]

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

REGIONS BANK

By _____
Its Authorized Officer

DATE OF REGISTRATION: _____

STATEMENT OF INSURANCE

Build America Mutual Assurance Company (“BAM”), New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on this Warrant to Regions Bank, Mobile, Alabama or its successor, as paying agent for the Bonds (the “Paying Agent”). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of this Warrant, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

(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 the Bond on the books of the within mentioned Bank.

Dated this the ____ day of _____, ____.

NOTE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Warrant in every particular, without alteration, enlargement or change whatsoever.

Signature guaranteed:
(Bank, Trust company or Firm)

By: _____
(Authorized Officer)

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)

ARTICLE III

FURTHER PROVISIONS WITH RESPECT TO WARRANTS

Section 3.1 Home Office Payment Agreement. Upon the written request of the Holder of any Warrant or Warrants of a series in an aggregate principal amount of not less than \$100,000, the Bank will make payment of interest due on such Warrant or Warrants of a series upon any Interest Payment Date by wire transfer to an account of such Holder maintained at a bank in the continental United States or by any other method providing for payment in same-day funds that is acceptable to the Bank, provided that payment of the principal of and redemption premium (if any) on such Warrant or Warrants shall be made only upon surrender of such Warrant or Warrants to the Bank, as Paying Agent.

Section 3.2 Interest After Payment Due Date. The Warrants, any premiums thereon and, to the extent legally enforceable, overdue installments of interest thereon, shall bear interest after the maturity dates thereof or such earlier date as they may be called for redemption, until paid or until money sufficient for the payment thereof shall have been deposited for that purpose with the Bank, at the respective rates borne thereby.

Any provision hereof to the contrary notwithstanding, Overdue Interest shall not be payable to the Warrant Holder solely by reason of such Warrant Holder having been the Holder on the Record Date next preceding 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, which date shall be not more than twenty (20) days following the expiration of the ten-day period after receipt of funds by the Bank;

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

Payment of Overdue Interest in the manner herein prescribed 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 3.3 Temporary Certificates. Pending the preparation of definitive Warrants the City may execute, and upon request of the City, the Bank shall register and deliver, temporary certificates which are printed, lithographed, typewritten, mimeographed or otherwise produced, in

any authorized denomination, substantially of the tenor of the definitive Warrants in lieu of which they are issued, but numbered from R-1 upwards, without other identification numbers, and with such other appropriate insertions, omissions, substitutions and other variations as the officers executing such temporary certificates may determine, as evidenced by their execution of such temporary certificates.

Any such temporary certificates shall be executed by the manual signatures of the appropriate officers of the City as required in Article II of this Ordinance and be executed and attested by the City Clerk. All such temporary certificates shall have impressed thereon the seal of the City.

If temporary Warrants are issued, the City will cause definitive Warrants to be prepared without unreasonable delay. After the preparation of definitive Warrants, the temporary Warrants shall be exchangeable for definitive Warrants upon surrender of the temporary Warrants at the principal office of the Bank, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Warrants the City shall execute and the Bank shall authenticate and deliver in exchange therefor a like principal amount of definitive Warrants of like tenor, and in authorized denominations. Until so exchanged, temporary Warrants shall in all respects be entitled to the security and benefits of this Ordinance.

Section 3.4 Payments Due on a Day Other Than a Business Day. If any payment on the Warrants is due on a day which is not a Business Day, such payment shall be made on the first succeeding date which is a Business Day with the same effect as if made on the day such payment was due.

Section 3.5 Book Entry System. The City may from time to time enter into, and discontinue, an agreement with a “clearing agency” (securities depository) registered under Section 17A of the Securities Exchange Act of 1934, as amended (a “Securities Depository”), which is the owner of the Warrants of either or both series, to establish procedures with respect to such Warrants, not inconsistent with the provisions of this Ordinance; provided, however, that any such agreement may provide:

- (a) that such Securities Depository is not required to present a Warrant to the Paying Agent in order to receive partial payment of principal;
- (b) that a legend shall appear on each Warrant so long as the Warrants are subject to such agreement; and
- (c) that different provisions for notice to such Securities Depository may be set forth therein.

So long as an agreement with a Securities Depository is in effect, the City, the Bank and any paying agent or bond registrar shall not have any responsibility or liability with respect to the payment of principal, purchase price, premium, if any, or interest on the Warrants to the Beneficial Owners or

for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or any payments made to such Beneficial Owners.

ARTICLE IV

GENERAL OBLIGATION; PROVISION FOR PAYMENT OF OBLIGATIONS

Section 4.1 General Obligation. The indebtedness evidenced by the Warrants is and shall be a general obligation of the City and the full faith and credit of the City are hereby irrevocably pledged to the payment of the principal thereof and interest thereon.

Section 4.2 Continued Levy of Taxes; Maintenance of Warrant Funds. The City agrees that, so long as the principal of or interest on any of the Warrants remains unpaid, the City will annually levy and collect taxes, insofar as such taxes may be permitted by the present or any future provisions of the Constitution of Alabama, in such amounts as may be necessary to provide for the payment of the principal of and interest on the Warrants. The City further agrees that so long as the principal of or interest on any of the Warrants of a series remains unpaid it will deposit in the Warrant Fund with respect to such series of Warrants, not later than the 25th day of the month next preceding an Interest Payment Date, an amount which, when added to the amounts then on deposit in such Warrant Fund, will equal the principal, interest and redemption premium (if any) to come due with respect to the Warrants on such Interest Payment Date.

Section 4.3 Loan and Reimbursement Agreement; Special Pledge to Secure Series 2014B Warrants. The Loan and Reimbursement Agreement between the City and the Waterworks and Sewer Board (the “Loan and Reimbursement Agreement”), providing for the issuance of a Water and Sewer Revenue Bond, Series 2014, in the principal amount of \$4,945,000 (the “Water and Sewer Revenue Bond”) by the Waterworks and Sewer Board to the City, is hereby approved and the Mayor of the City is hereby authorized and directed to execute and deliver, on behalf of the City, the Loan and Reimbursement Agreement in substantially the form presented at the meeting at which this Ordinance is adopted, with such changes, additions, and deletions as the Mayor of the City shall determine to be necessary or appropriate. The City Clerk is hereby authorized to attest the Loan and Reimbursement Agreement.

The City does hereby appropriate and agree to use, and does hereby specially and irrevocably pledge, for the payment of the principal of and interest on the Series 2014B Warrants as the same become due, the proceeds of the Water and Sewer Revenue Bond. The said special pledge shall be prior and superior to any and all other pledges of such proceeds.

Section 4.4 Provision for Payment. (a) If the principal of and interest and redemption premium (if any) on the Warrants is paid in accordance with the terms thereof and this Ordinance,

then all covenants, agreements and other obligations of the City to the Holders of such Warrants shall thereupon cease, terminate and become void and be discharged and satisfied. In the event the Warrants are so paid the Bank shall pay to the City any surplus remaining in the Warrant Fund.

(b) Warrants shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 4.4 if

- (1) the City and the Bank (or another bank acting as trustee) enter into an appropriate trust agreement under which there shall be deposited, for payment or redemption of such Warrants and for payment of the interest to accrue thereon until maturity or redemption, and any redemption premium thereon, Government Obligations and cash or any combination of cash and Government Obligations which, together with the income to be derived from such, will produce monies sufficient to provide for the payment, redemption and retirement of such Warrants as and when the same become due;
- (2) the City shall have adopted all necessary proceedings providing for the redemption of any such Warrants that are required to be redeemed prior to their respective maturities and shall have instructed the Bank or other trustee under the aforesaid trust agreement to provide such notices of redemption as are required under this Ordinance;
- (3) the City and the Bank shall have been furnished with an opinion of nationally recognized bond counsel to the effect that the creation of any such trust will not result in subjecting to federal income taxation the interest on any of the Warrants that are to be paid in accordance with such trust; and
- (4) the City and the Bank shall have been furnished a certificate of a firm of certified public accountants satisfactory to the Bank stating that such trust will produce monies sufficient to provide for the full payment and retirement of such Warrants as and when the principal of and interest and redemption premium (if any) on such Warrants shall come due.

ARTICLE V

REDEMPTION PROVISIONS

Section 5.1 Mandatory Redemption. (a) The Series 2014A Warrants maturing on September 1, 2017 (the “2017 Term Warrants”) will be subject to mandatory redemption prior to maturity on the dates and in the principal amounts shown below. Those of the 2017 Term Warrants

(or portions thereof) to be so redeemed will be redeemed at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, with those to be redeemed to be selected by lot.

<u>September 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2015	20,000
2016	60,000

The 2017 Term Warrants in the aggregate principal amount of \$60,000 will remain to be paid at their stated maturity on September 1, 2017.

(b) The Series 2014A Warrants maturing on September 1, 2020 (the “2020 Term Warrants”) will be subject to mandatory redemption prior to maturity on the dates and in the principal amounts shown below. Those of the 2020 Term Warrants (or portions thereof) to be so redeemed will be redeemed at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, with those to be redeemed to be selected by lot.

<u>September 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2018	60,000
2019	60,000

The 2020 Term Warrants in the aggregate principal amount of \$60,000 will remain to be paid at their stated maturity on September 1, 2020.

(c) The Series 2014A Warrants maturing on September 1, 2023 (the “2023 Term Warrants”) will be subject to mandatory redemption prior to maturity on the dates and in the principal amounts shown below. Those of the 2023 Term Warrants (or portions thereof) to be so redeemed will be redeemed at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, with those to be redeemed to be selected by lot.

<u>September 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2021	60,000
2022	65,000

In the absence of prior optional redemption, the 2023 Term Warrants in the aggregate principal amount of \$65,000 will remain to be paid at their stated maturity on September 1, 2023.

(d) The Series 2014A Warrants maturing on September 1, 2026 (the “2026 Term Warrants”) will be subject to mandatory redemption prior to maturity on the dates and in the principal amounts shown below. Those of the 2026 Term Warrants (or portions thereof) to be so redeemed will be redeemed at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, with those to be redeemed to be selected by lot.

<u>September 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2024	70,000
2025	65,000

In the absence of prior optional redemption, the 2026 Term Warrants in the aggregate principal amount of \$70,000 will remain to be paid at their stated maturity on September 1, 2026.

(e) The Series 2014A Warrants maturing on September 1, 2029 (the “2029 Term Warrants”) will be subject to mandatory redemption prior to maturity on the dates and in the principal amounts shown below. Those of the 2029 Term Warrants (or portions thereof) to be so redeemed will be redeemed at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, with those to be redeemed to be selected by lot.

<u>September 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2027	70,000
2028	75,000

In the absence of prior optional redemption, the 2029 Term Warrants in the aggregate principal amount of \$80,000 will remain to be paid at their stated maturity on September 1, 2029.

(f) The Series 2014A Warrants maturing on September 1, 2033 (the “2033 Term Warrants”) will be subject to mandatory redemption prior to maturity on the dates and in the principal amounts shown below. Those of the 2033 Term Warrants (or portions thereof) to be so redeemed will be redeemed at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, with those to be redeemed to be selected by lot.

<u>September 1 of the Year</u>	<u>Principal Amount Required to be Redeemed</u>
2030	95,000
2031	100,000
2032	110,000

In the absence of prior optional redemption, the 2033 Term Warrants in the aggregate principal amount of \$110,000 will remain to be paid at their stated maturity on September 1, 2033.

(g) The City may, not less than 60 days prior to any such mandatory redemption date, direct that any or all of the following amounts be credited against the Series 2014A Term Warrants scheduled for redemption on such date: (i) the principal amount of Series 2014A Term Warrants of the same maturity delivered by the City to the Bank for cancellation and not previously claimed as a credit; (ii) the principal amount of Series 2014A Term Warrants of the same maturity previously redeemed (other than Series 2014A Term Warrants redeemed pursuant to this Section) and not previously claimed as credit; and (iii) the principal amount of Series 2033 Term Warrants of the same maturity otherwise deemed paid in full and not previously claimed as credit.

Section 5.2 Optional Redemption. (a) The Series 2014A Warrants, maturing on or after September 1, 2023 are subject to redemption prior to their maturity, at the option of the City, in whole or in part, on September 1, 2022 and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof and if less than all of the Series 2014A Warrants are to be redeemed, those maturities or portions thereof to be called for redemption shall be selected by the City in its discretion, and if less than all the Series 2014A Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), at and for a redemption price equal to 100% of the principal amount of each Series 2014A Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.

(b) The Series 2014B Warrants, maturing on or after September 1, 2023 are subject to redemption prior to their maturity, at the option of the City, in whole or in part, on September 1, 2022, and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof and if less than all of the Series 2014B Warrants are to be redeemed, those maturities or portions thereof to be called for redemption shall be selected by the City in its discretion, and if less than all the Series 2014B Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), at and for a redemption price equal to 100% of the principal amount of each Series 2014B Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.

Section 5.3 Procedure for Redemption; Resolution Authorizing Redemption. Not more than sixty (60) or less than thirty (30) days prior to the redemption date, the City (or the Bank on behalf of the City) shall give, or cause to be given, written notice of such redemption and prepayment by United States mail, registered or certified, to the Holders of each of the Warrants to be redeemed, in whole or in part, at the address of such registered Holder as such address appears on the registry books of the Registrar, stating 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 to accrue after the redemption date. The holders of any of the Warrants to be redeemed may waive the requirements for notice with respect to the Warrants held by them without affecting the validity of the call for redemption of any other Warrants. The City shall cause to be paid and made available at the office of the Bank, on or prior to the redemption date, the total redemption price of the Warrants (or portions thereof) so called for redemption on such 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.

In addition to the foregoing notice, further notice shall be given by the City to all registered securities depositories and to one or more national information services that disseminate notices of redemption of obligations such as the Warrants. No defect in the further notice required in this paragraph, and no failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as described in the first paragraph of this Section 5.3.

Any optional redemption or prepayment of the Warrants or any portion thereof shall be effected upon a call by the City, as evidenced by a resolution of the Council, for redemption and prepayment of the Warrants to be so redeemed. Any such resolution pertaining to the Warrants shall state (i) that the City is not in default in the payment of the principal of or interest on any of the Warrants to be redeemed or (ii) that all of the Warrants then outstanding are to be retired on the redemption date.

Section 5.4 Result of Redemption of Warrants. Upon compliance with the requirements set forth in this Article V, and if the City is not on the redemption date in default in the payment of the principal of or interest on the Warrants, the Warrants (or principal portions thereof) called for redemption shall become due and payable at the redemption price and on the redemption date specified in the notice provided for in Section 5.3, 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 thereof. All future interest on the Warrants (or principal portions thereof) so called for redemption shall cease to accrue after the redemption date.

ARTICLE VI

REGISTRATION AND TRANSFER OF THE WARRANTS

Section 6.1 Registration and Transfer of the Warrants. The Warrants shall be registered as to both principal and interest. Each Warrant shall have endorsed thereon a registration certificate substantially in the respective form provided in Section 2.6 hereof, and a condition to the validity of each Warrant shall be the manual execution of such certificate on behalf of the Bank. The Bank is hereby appointed as the Registrar and Transfer Agent for the Warrants, and shall be authorized to keep at its designated corporate trust agency office, proper registry books in which it shall register the Warrants, as to both principal and interest, noting the registry on the Warrants so presented. Such registration shall conclusively designate the Warrant Holder as the sole person to whom or on whose order the payment of the principal of and interest on the Warrants so registered may be made. After such registration no transfer of a Warrant so registered shall be valid unless it is presented at the said office with written power to transfer, properly stamped if required, in form and with guaranty of signature satisfactory to the Registrar, and such new registration noted thereon by the Registrar. The Registrar shall not be required to transfer or exchange such Warrant during the period of fifteen (15) days next preceding any interest payment date. If any Warrant shall be duly called for redemption pursuant to the provisions hereof, the Registrar shall not be required to transfer such Warrant during the period of sixty (60) days next preceding the date fixed for its redemption.

Section 6.2 Exchange of Warrants. Upon request of the Holder of any Warrant, the City shall execute, and the Bank shall register and deliver, upon surrender to the Bank of the Warrant or Warrants, in exchange therefor, a Warrant or Warrants of the same series and tenor and in different

authorized principal amounts (of \$5,000 or integral multiples thereof), 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 persons surrendering such Warrant or Warrants.

Section 6.3 Costs of Registration, Transfer and Exchange. The registration, transfer and exchange of Warrants (other than pursuant to Section 6.5 hereof) shall be without expense to the Holder or transferee. In every case involving a 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 6.4 Effect of Registration. The City, the Registrar, and the Paying Agent may deem and treat the person in whose name a Warrant is registered on the books of the Registrar 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 of such payment, fully discharge all liability thereof.

Section 6.5 Replacement of Mutilated, Lost, Stolen or Destroyed Warrants. In the event that any Warrant is mutilated, lost, stolen or destroyed, the City may execute and deliver a new Warrant of like tenor and series and 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 6.6 Provisions with Respect to Bank. (a) Appointment of Bank and Acceptance of Duties. The Bank is herein designated and appointed and shall act as registrar, transfer agent and payment agent with respect to the Warrants. By its acceptance of such duties hereunder, the Bank shall accept and agree to perform the duties required by this Ordinance, subject, however, to the following conditions:

- (i) The Bank shall undertake to perform such duties and only such duties as are specifically set forth in this Ordinance, and no implied covenants or obligations shall be read into this Ordinance against the Bank.
- (ii) In the absence of bad faith or negligence on its part, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Bank and conforming to the requirements of this Ordinance; provided, however, that in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Bank, the Bank shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Ordinance.

- (iii) The Bank shall not be answerable for other than its gross negligence or willful default and the Bank may act through its agents and attorneys with respect to any of its duties hereunder.
- (iv) No provision of this Ordinance shall be construed to relieve the Bank from liability for its own gross negligence or willful misconduct, except that no provision of this Ordinance shall require the Bank to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.
- (v) The Bank may consult counsel on any matters connected herewith and shall not be answerable for any action taken or failure to take any action in good faith on the advice of counsel, provided that its action or inaction is not contrary to any express provision hereof.
- (vi) The Bank need not recognize a Holder of a Warrant as such without the satisfactory establishment of his title to such Warrant.
- (vii) Any action taken by the Bank at the request of and with the consent of the Holder of a Warrant will bind all subsequent Holders of the same Warrant and any Warrant issued hereunder in lieu thereof.
- (viii) The Bank may be a Holder or a pledgee of any of the Warrants as if not Bank hereunder.
- (ix) The Bank shall not be liable for the proper application of any moneys other than those that may be paid to or deposited with it.
- (x) The Bank shall not be liable to pay or allow interest on any moneys to be held by it under this Ordinance or otherwise to invest any such moneys, except as specifically required by this Ordinance or as may be required by law or other written agreement between the City and the Bank.
- (xi) The Bank may make any investments permitted or required hereby through its own investment department, and any investments issued or held by it hereunder shall be deemed investments and not deposits.
- (xii) The Bank shall, upon reasonable written request, inform the City of the amount at the time on deposit in any of the special funds or accounts created hereunder.
- (xiii) The recitals of fact herein and in the Warrants are statements by the City and not by the Bank, and the Bank is in no way responsible for the validity or security of the Warrants or the validity of the security afforded hereby.

(b) Resignation by Bank. The Bank and any successor Bank may resign and be discharged from the duties under this Ordinance by causing written notice specifying the effective date, postage prepaid, to the City and to every Holder of a Warrant. Unless the effective date of the Bank's resignation shall coincide with the appointment of a successor Bank by the Holders of the Warrants as herein provided, such date shall be at least sixty (60) days after the date on which notice to the City and the Holders of the Warrants shall have been mailed.

(c) Removal of Bank. The Bank may be removed at any time by an instrument or concurrent instruments in writing delivered to the Bank and to the City and signed by the Holders of a majority in aggregate principal amount of the Warrants then outstanding.

(d) Appointment of Successor Bank; Interim Bank. In case the Bank shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, a successor may be appointed by Holders of a majority in aggregate principal amount of Warrants then outstanding through an instrument or concurrent instruments in writing signed by such Holders. In case of any such resignation or event which causes the Bank to be incapable of acting, the City, by an instrument signed by the Mayor, shall appoint an interim Bank to serve until a successor Bank shall be appointed by the Holders of a majority in aggregate principal amount of the Warrants, as provided above. Whenever necessary to avoid or fill a vacancy in the office of Bank, the City will appoint an interim Bank in order that there shall at all times be a Bank hereunder. Any interim Bank so appointed by the City shall immediately and without further act be superseded by the Bank appointed by the holders of the Warrants.

The City shall cause notice of the appointment of an interim Bank, in the event that such an appointment is made, to be forwarded by United States registered or certified mail, postage prepaid, to every Holder of a Warrant. When the appointment of a successor Bank, as selected by the Holders of a majority in principal amount of the Warrants then outstanding, becomes effective, the City shall also cause notice of that fact to be given in the manner provided above for the notice required to be given upon the appointment of an interim Bank. Every interim or successor Bank appointed pursuant to this Section shall be a trust company or bank which is qualified to perform all duties of the Bank under this Ordinance and which has, at the time of its acceptance of such appointment, capital, surplus and undivided profits of not less than \$25,000,000, if there be such an institution willing, qualified and able to accept appointment as Bank upon reasonable or customary terms.

(e) Concerning any Successor Bank. Every successor Bank shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting its appointment as Bank hereunder, and thereupon such successor Bank, without any further act, deed or conveyance, shall become fully vested with all the rights, powers and duties of its predecessor. Such predecessor shall nevertheless, on the written request of the City or such successor Bank, execute and deliver an instrument transferring to such successor Bank all rights, powers and interests of such predecessor hereunder; and every predecessor Bank shall deliver all securities and moneys held by it as Bank hereunder to its successor.

(f) Merger or Consolidation of Bank. Any corporation into which the bank may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank, shall be the successor of the Bank hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case the registration certificates with respect to any Warrants shall have been executed by the Bank then in office, any successor by merger or consolidation to such Bank may adopt the registration of such Warrants and deliver such Warrants with the same effect as if such successor Bank had itself registered such Warrants.

(g) Compensation of Bank. Subject to the provisions of any separate agreement with the Bank, the City shall pay to the Bank from time to time reasonable compensation for all services rendered by it under this Ordinance, including its services as registrar and paying agent for the Warrants, and also all its reasonable expenses, charges, counsel fees, costs and expenses and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its duties hereunder.

(h) Extraordinary Expenses. If the Bank is required by a governmental agency or court proceeding initiated by a third party to undertake efforts beyond that which is set forth herein but related thereto (other than due to the Bank's negligence or willful misconduct), the Bank shall notify the City of the same in writing and the City shall promptly pay the Bank for such extraordinary fees, costs and expenses (including reasonable attorney's fees, costs and expenses) reasonably and necessarily incurred in connection therewith.

ARTICLE VII

EXECUTION AND DELIVERY OF THE WARRANTS; APPROVAL OF SALE; USE OF PROCEEDS THEREFROM

Section 7.1 Authority to Execute and Deliver the Warrants. The Mayor of the City, the City Clerk and the Treasurer are hereby authorized and directed to cause the Warrants to be executed, sealed, attested and registered as a claim against the City and the respective Warrant Fund established with respect to each series of Warrants as provided herein, and delivered to the purchaser thereof upon payment to the City of the sale price therefor.

Section 7.2 Application of Proceeds of Sale; Additional Sums. (a) The proceeds derived from the sale of the Series 2014A Warrants shall be paid to the Bank and shall be used solely for the following purposes:

- (i) The amount of \$14,142.38 shall be deposited in the Issuance Expense Account and applied for the purposes described in Section 8.1.

- (ii) The amount of \$3,541.84 shall be paid to Build America Mutual Insurance Company as the premium for the policy of bond insurance with respect to the Series 2014A Warrants.
- (iii) The amount of \$1,314,642.38 shall be deposited in escrow pursuant to the Escrow Trust Agreement to provide for the refunding of the 2004A Warrants.

(a) The proceeds derived from the sale of the Series 2014B Warrants shall be paid to the Bank and shall be used solely for the following purposes:

- (i) The amount of \$34,740.95 shall be deposited in the Issuance Expense Account and applied for the purposes described in Section 8.1.
- (ii) The amount of \$13,017.15 shall be paid to Build America Mutual Insurance Company as the premium for the policy of bond insurance with respect to the Series 2014B Warrants.
- (iii) The amount of \$4,844,238.85 shall be deposited in escrow pursuant to the Escrow Trust Agreement to provide for the refunding of the 2004B Warrants.

ARTICLE VIII

CREATION OF ISSUANCE EXPENSE FUND AND WARRANT FUND; COVENANTS WITH RESPECT TO WARRANT PROCEEDS

Section 8.1 Issuance Expense Account. There is hereby created a special fund designated the “2014 Warrant Issuance Expense Account” (herein called the “Issuance Expense Account”) which shall be maintained until the costs and expenses incurred by the City in connection with the issuance and sale of the Warrants shall be paid in full. Regions Bank shall be the custodian for the Issuance Expense Account.

Simultaneously with the issuance and delivery of the Warrants, the City shall deposit or cause to be deposited into the Issuance Expense Account, out of proceeds derived from the sale of the Warrants, an amount equal to the estimated amount required for payment of the expenses of issuing the Warrants. Moneys deposited into the Issuance Expense Account shall be applied solely for payment of the expenses of issuing the Warrants, as and when such expenses become due and payable.

Monies may be withdrawn from the Issuance Expense Account in accordance with the Closing Memorandum delivered on the date of delivery of the Warrants, and otherwise upon requisition in a form satisfactory to the custodian, signed on behalf of the City by its Mayor. The custodian for the Issuance Expense Account shall be fully protected in disbursing any monies at the time on deposit in the Issuance Expense Account on requisitions signed as hereinabove provided, and the said custodian shall not be liable for the misapplication by the City of any monies at any time forming a part of the Issuance Expense Account if such monies shall be so disbursed without knowledge or reason on the part of said custodian to believe that such disbursement constitutes a misapplication of funds. In the event that the moneys deposited into or transferred into the Issuance Expense Account are not sufficient to pay all expenses of issuing the Warrants, the Mayor is hereby authorized and directed to pay, out of any funds of the City available therefor, the balance of the expenses of issuing the Warrants. Any amount remaining in the Issuance Expense Account after the City certifies that all issuance expenses have been paid in full, but in no event later than sixty days after the date of delivery of the Warrants, shall be transferred to the Warrant Fund and applied to the payment of interest on the Series 2014 Warrants, and the Issuance Expense Account shall thereafter be closed.

Section 8.2 Warrant Funds. (a) There is hereby created a special account, the full name of which shall be the "City of Satsuma Warrant Fund, 2014A." The 2014A Warrant Fund shall be maintained as a separate fund until payment in full of the principal of and interest on the Warrants. The Bank is hereby designated as the custodian of the 2014A Warrant Fund. Not later than the 25th day of the month preceding an Interest Payment Date, the City shall deposit into the 2014A Warrant Fund an amount equal to the amount of principal and interest to come due on such Interest Payment Date. Monies deposited in the 2014A Warrant Fund shall be used by the Bank for the payment of principal, interest and redemption premium (if any) on, the Series 2014A Warrants, and for no other purpose until the payment in full of the Series 2014A Warrants.

(b) There is hereby created a special account, the full name of which shall be the "City of Satsuma Warrant Fund, 2014B." The 2014B Warrant Fund shall be maintained as a separate fund until payment in full of the principal of and interest on the Warrants. The Bank is hereby designated as the custodian of the 2014B Warrant Fund. Not later than the 25th day of the month preceding an Interest Payment Date, the City shall deposit into the 2014B Warrant Fund an amount equal to the amount of principal and interest to come due on such Interest Payment Date. Monies deposited in the 2014B Warrant Fund shall be used by the Bank for the payment of principal, interest and redemption premium (if any) on, the Series 2014B Warrants, and for no other purpose until the payment in full of the Series 2014B Warrants.

Section 8.3 Investment of Moneys in Accounts. Pending the expenditure of moneys in the Warrant Funds and the Issuance Expense Account, the City shall have the privilege at any time and from time to time of investing and reinvesting, or causing to be invested and reinvested, all or part of the moneys at any time on deposit in each such account, in Government Obligations or in money market funds consisting of Government Obligations. Pending the expenditure of moneys in the Issuance Expense Account for any other purpose, the City shall have the privilege at any time and

from time to time of investing and reinvesting, or causing to be invested and reinvested, all or part of the moneys at any time on deposit in such account in Government Obligations, money market funds consisting of Government Obligations, or certificates of deposit issued by banks or trust companies having at the time of the deposit combined capital, surplus and undivided profits of not less than \$5,000,000.

The Bank is hereby directed to invest and reinvest such amounts promptly upon receipt of, and in accordance with, the written instructions of the City. The Bank may conclusively rely upon the City's written instructions as to both the suitability and legality of the directed investments. In the absence of written investment instructions from the City, the Bank shall not be responsible or liable for keeping the moneys held by it hereunder fully invested. The Bank shall not be liable for any losses from such directed investments.

Section 8.4 Security for Funds. Any money on deposit in any fund or account or held by the Bank pursuant to this Ordinance shall, unless invested as provided herein or secured by the Federal Deposit Insurance Corporation (or any successor agency of the United States of America) or under the State of Alabama Security for Alabama Funds Enhancement Program, be secured for the benefit of the City and the Holders by holding on deposit as collateral security direct obligations of the United States of America or obligations unconditionally guaranteed by the United States of America, or other marketable securities eligible as security for the deposit of public funds under the regulations of the Comptroller of the Currency, having a market value (exclusive of accrued interest) not less than the amount of money being secured.

Section 8.5 Covenants with Respect to Exemption of Interest from Federal Income Taxation; Non-Arbitrage Covenant. The City acknowledges and agrees that the Warrants are to be issued in compliance with the conditions necessary for the interest income thereon to be exempt from federal income taxation pursuant to the relevant provisions of the Code. The City hereby covenants and agrees as follows:

- (a) It will not use or apply the proceeds of the Warrants or direct the investment of moneys in any funds or accounts established or maintained with respect to the Warrants in such manner as to constitute any Warrant an "arbitrage bond" within the meaning of Section 148 of the Code;
- (b) It will make timely rebate payments to the United States of America with respect to any "excess" arbitrage profits as required by Section 148(f) of the Code;
- (c) It will maintain all records required by Section 148(f) of the Code and the applicable regulations thereunder and shall furnish such data or information regarding compliance with Section 148(f) of the Code as

any Holder shall reasonably request in writing, which records shall be furnished to any Holder upon its request;

- (d) It will, within 60 days after a written request of the Bank therefor, furnish to the Bank and to any Holder a certificate by an independent certified public accountant or opinion of nationally recognized bond counsel stating that as of such date it had made all rebate payments to the United States of America necessary to prevent the Warrants from becoming "arbitrage bonds" under Section 148(f) of the Code;
- (e) It will comply with the terms of the City's Tax Certificate and Agreement with regard to use of proceeds of the Warrants in any private business use; payment of the Warrants shall not be secured by, or derived from, property used in a private business use; proceeds of the Warrants shall not be used to make or finance loans to persons other than governmental units; and proceeds of the Warrants shall not be used in any manner that would cause the Warrants to be or become private activity bonds, as defined in Section 141 of the Code;
- (f) It will not cause or permit the Warrants to be federally guaranteed, within the meaning of Section 149(b) of the Code; and
- (g) It will not in any other way cause or permit the proceeds of the Warrants to be used in a manner which would cause the interest on the Warrants to lose the exemption from federal income taxation as provided under the Code and the applicable regulations thereunder and will comply with all applicable provisions of the Code (including, without limitation, the provisions relating to post-issuance actions affecting tax exemption) to the extent necessary for interest on the Warrants to be excludable from gross income of the holders thereof.
- (h) It has in place procedures providing for compliance with each of the matters described above and for keeping records with respect to such compliance.

ARTICLE IX

REDEMPTION OF SERIES 2004A AND SERIES 2004B WARRANTS; AUTHORIZATION OF ESCROW TRUST AGREEMENT

Section 9.1. Call for Redemption of the Series 2004A Warrants. As of the date of this Ordinance there is presently outstanding \$1,285,000 of the Series 2004A Warrants, which bear

interest at the rates, and mature on September 1 in the years, as set forth below:

Year of Maturity	Interest Rate	Principal Amount
2014	3.500%	\$ 40,000
2015	3.600%	\$ 40,000
2016	3.700%	\$ 45,000
2017	3.800%	\$ 45,000
2018	3.900%	\$ 45,000
2019	4.000%	\$ 50,000
2020	4.000%	\$ 50,000
2021	4.150%	\$ 50,000
2022	4.250%	\$ 55,000
2023	4.300%	\$ 55,000
2024	4.350%	\$ 60,000
2029	4.500%	\$ 335,000
2033	4.500%	\$ 415,000

The City hereby calls all of the Series 2004A Warrants maturing September 1, 2015 and thereafter (the "Called 2004A Warrants") for redemption and payment on September 15, 2014, or such other date as shall be acceptable to the City (said date herein called the "2004A Redemption Date"), the said redemption to be effected at a redemption price equal to 100% of the principal amount of the Called 2004A Warrants plus accrued interest thereon to the 2004A Redemption Date. Regions Bank, in its capacity as paying agent for the Series 2004A Warrants, is hereby authorized and directed to give notice of and effect said redemption of the Called 2004A Warrants in the manner provided in Ordinance 383 adopted by the City Council on January 20, 2004, and to take all such other action as shall be necessary or desirable to carry out the foregoing.

Section 9.2. Call for Redemption of the Series 2004B Warrants. As of the date of this Ordinance there is presently outstanding \$4,735,000 of the Series 2004B Warrants, which bear interest at the rates, and mature on September 1 in the years, as set forth below:

Year of Maturity	Interest Rate	Principal Amount
2014	3.500%	\$ 145,000
2015	3.600%	\$ 155,000
2016	3.700%	\$ 160,000
2017	3.800%	\$ 165,000
2018	3.900%	\$ 170,000
2019	4.000%	\$ 175,000
2020	4.000%	\$ 185,000
2021	4.150%	\$ 190,000
2022	4.250%	\$ 200,000
2023	4.300%	\$ 205,000
2024	4.350%	\$ 215,000
2029	4.500%	\$1,235,000
2033	4.500%	\$1,535,000

The City hereby calls all of the Series 2004B Warrants maturing September 1, 2015 and thereafter (the “Called 2004B Warrants”) for redemption and payment on September 15, 2014, or such other date as shall be acceptable to the City (said date herein called the "2004B Redemption Date"), the said redemption to be effected at a redemption price equal to 100% of the principal amount of the Called 2004B Warrants plus accrued interest thereon to the 2004B Redemption Date. Regions Bank, in its capacity as paying agent for the Series 2004B Warrants, is hereby authorized and directed to give notice of and effect said redemption of the Called 2004B Warrants in the manner provided in Ordinance 382 adopted by the City Council on January 20, 2004, and to take all such other action as shall be necessary or desirable to carry out the foregoing.

Section 9.3. Authorization of Escrow Trust Agreement. The City does hereby approve the Escrow Trust Agreement between the City and Regions Bank, as escrow trustee (the “Escrow Trust Agreement”), in substantially the form presented at the meeting at which this Ordinance is adopted. Upon issuance and delivery of the Warrants, the Mayor of the City is hereby authorized and directed to execute and deliver for and on behalf of the City, the Escrow Trust Agreement in the form presented to the City at this meeting, with such changes or additions thereto or deletions therefrom as the Mayor of the City shall approve, which approval shall be conclusively evidenced by his execution of such document. Regions Bank, as escrow trustee under the Escrow Trust Agreement is authorized and directed to cause the moneys held by it thereunder to be invested only in the manner specified therein, or held uninvested.

ARTICLE X

APPROVAL OF OFFICIAL STATEMENT; AUTHORIZATION OF CONTINUING DISCLOSURE AGREEMENT; AUTHORIZATION OF LOAN AND REIMBURSEMENT AGREEMENT; AUTHORIZATION OF SUBORDINATION AGREEMENT; APPROVAL OF SALE; MISCELLANEOUS PROVISIONS

Section 10.1 Approval of Official Statement. The City hereby approves and ratifies the actions heretofore taken in connection with the preparation and distribution of a Preliminary Official Statement respecting the Warrants, which Preliminary Official Statement has heretofore been deemed final within the meaning of Securities and Exchange City Rule 15c2-12. The City hereby approves and adopts the final Official Statement dated July 31, 2014, respecting the Warrants, the said final Official Statement to be in substantially the form presented to the meeting of the Council at which this resolution is adopted. The City further authorizes the use and distribution of the said Official Statement by the underwriter in connection with the reoffering of the Warrants. In evidence of the approval by the City of the said Official Statement, the Mayor is hereby authorized and directed to sign manually and deliver the said Official Statement, on behalf of the City, with such changes and additions as the Mayor shall deem necessary or desirable to consummate the sale and issuance of the Warrants, the determination of the definitive form of the said Official Statement by the Mayor to be conclusively established by execution of such document.

Section 10.2 Authorization of Continuing Disclosure Agreement. Upon delivery of the Warrants to the purchaser thereof, the Mayor of the City is hereby authorized and directed to execute and deliver for and on behalf of the City, the Continuing Disclosure Agreement in substantially the form presented at the meeting at which this Ordinance is adopted. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Ordinance, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered a default hereunder or with respect to the Warrants.

Section 10.3. Authorization and Approval of Loan and Reimbursement Agreement. The City does hereby approve the Loan and Reimbursement Agreement between the City and the Waterworks and Sewer Board (the “Loan and Reimbursement Agreement”), in substantially the form presented at the meeting at which this Ordinance is adopted. The Mayor of the City is hereby authorized and directed to execute and deliver for and on behalf of the City, the Loan and Reimbursement Agreement in the form presented to the City at this meeting, with such changes or additions thereto or deletions therefrom as the Mayor of the City shall approve, which approval shall be conclusively evidenced by his execution of such document. The City Clerk of the City is hereby authorized to attest the Loan and Reimbursement Agreement.

Section 10.4. Authorization and Approval of Subordination Agreement. The City does hereby approve the Subordination Agreement between the City and the Waterworks and Sewer Board (the “Subordination Agreement”), in substantially the form presented at the meeting at which this Ordinance is adopted. The Mayor of the City is hereby authorized and directed to execute and deliver for and on behalf of the City, the Subordination Agreement, with such changes or additions thereto or deletions therefrom as the Mayor of the City shall approve, which approval shall be conclusively evidenced by his execution of such document. The City Clerk of the City is hereby authorized to attest the Subordination Agreement.

Section 10.5 Sale of Warrants. (a) The City does hereby ratify and approve (i) the sale of the Series 2014A Warrants to Thornton Farish Inc. at a purchase price of \$1,332,326.60, which amount reflects an underwriter’s discount of \$8,400.00 and original issue discount of \$14,273.40.

(b) The City does hereby ratify and approve (i) the sale of the Series 2014B Warrants to Thornton Farish, Inc. at a purchase price of \$4,891,996.95, which amount reflects an underwriter’s discount of \$31,600.00 and net original issue discount of \$21,403.05.

(c) The City hereby ratifies and confirms the execution of a Purchase Agreement, dated July 31, 2014 between the City and Thornton Farish, Inc.

Section 10.6 Bond Insurance Provisions.

A. Notice and Other Information to be given to BAM. The City will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement and (ii) to the holders of Series 2014 Warrants or the Paying Agent under this Ordinance. In the event that on the second (2nd) business day prior to any payment date on the Series 2014 Warrants, the Bank has not received sufficient moneys to pay all principal of and interest on the Insured Obligations due on such payment date, the Bank shall immediately notify BAM or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Bank shall so notify BAM or its designee.

The notice address of BAM is: Build America Mutual Assurance Company, 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, NY 10281, Attention: Surveillance, Re: Policy No. 2013B0361, Telephone: (212)235-2500, Telecopier: (212) 235-1542, Email: notices@buildamerica.com. In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 235-5214 and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

B. Amendments, Supplements and Consents.

1. *Amendments.* Wherever any consent of Warrantholders is required under this Ordinance, BAM's consent shall also be required. In addition, any amendment, supplement or modification to this Ordinance that adversely affect the rights or interests of BAM shall be subject to the prior written consent of BAM.

2. *Consent of BAM Upon Default.* Anything herein to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole holder of the Series 2014 Warrants for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Series 2014 Warrants or the trustee, paying agent, registrar, or similar agent (the "Trustee") for the benefit of such holders under any Security Document. The Trustee may not waive any default or event of default or accelerate the Insured Obligations without BAM's written consent.

C. BAM As Third Party Beneficiary. BAM is explicitly recognized as and shall be deemed to be a third party beneficiary of this Ordinance and may enforce any right, remedy or claim conferred, given or granted thereunder.

D. Policy Payments.

1. In the event that principal and/or interest due on the Series 2014 Warrants shall be paid by BAM pursuant to the Policy, the Series 2014 Warrants shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the City to the registered owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Series 2014 Warrants.

2. Irrespective of whether any such assignment is executed and delivered, the City and the Paying Agent shall agree for the benefit of BAM that:

- (a) They recognize that to the extent BAM makes payments directly or indirectly (*e.g.*, by paying through the Trustee), on account of principal of or interest on the Series 2014 Warrants, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the City, with interest thereon, as provided and solely from the sources stated in the Security Document and the Series 2014 Warrants; and
- (b) They will accordingly pay to BAM the amount of such principal and interest, with interest thereon, but only from the sources and in the

manner provided in the Security Documents and the Series 2014 Warrants for the payment of principal of and interest on the Series 2014 Warrants to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

3. *Special Provisions for Insurer Default:* If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraph B above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other holder of the Series 2014 Warrants for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph 3, “Insurer Default” means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

4. Definitions. As used in this Section 10.6, the following terms shall have the meanings ascribed:

“BAM” shall mean Build America Mutual Assurance Company, or any successor thereto.

“Policy” shall mean the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Series 2014 Warrants when due.

“Security Documents” shall mean the resolution, trust agreement, ordinance, loan agreement, bond, note and/or any additional or supplemental document executed in connection with the Series 2014 Warrants.

Section 10.7 Further Acts. From and after the execution and delivery of the documents hereinabove authorized, the proper officers, directors, agents and employees of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents

as may be necessary to carry out and comply with the provisions of said documents as executed and are further authorized to take any and all further actions and execute and deliver any and all other documents as may be necessary in the issuance of the Series 2014 Warrants and in the delivery of the Official Statement or as contemplated by this Ordinance.

The Mayor and City Clerk are authorized and directed to prepare and furnish to the purchaser of the Series 2014 Warrants, when the Series 2014 Warrants are issued, certified copies of all the proceedings and records of the Council relating to the Series 2014 Warrants, and such other affidavits and certificates as may be required to show the facts relating to the legality and marketability of the Series 2014 Warrants as such facts appear from the books and records in such officers' custody and control or as otherwise known to them.

Section 10.8 Contractual Provisions. The provisions of this Ordinance shall constitute a contract between the City and the Holders at any time of the Warrants. Upon payment in full of the principal of and interest on the Series 2014 Warrants the obligations of the City hereunder shall cease with respect thereto.

Section 10.9 Series 2014 Warrants Payable at Par. Each bank at which the Series 2014 Warrants may 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 Series 2014 Warrants that all remittances made by it on the Series 2014 Warrants shall be made in bankable funds at par and without deduction for exchange, fees or expenses.

Section 10.10 Severability. The various provisions of this Ordinance are hereby declared to be severable. In the event any provisions hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this Ordinance.

Section 10.11 Repeal of Conflicting Provisions. All resolutions, orders or parts thereof in conflict with this Ordinance are to the extent of such conflict are hereby repealed.

After discussion, Councilmember Williams moved that the foregoing ordinance and order be adopted and spread upon the minutes of this meeting, which motion was seconded by Councilmember Dial, and, on roll call the following vote was registered:

YEAS
Paul Murray
William Hamblin
James M. Butler
Matt Dial
Tom Williams
Bill Black

NAYS
None

The Chairman thereupon announced that the said ordinance had been carried by unanimous vote of the Council present.

* * * * *

There being no further business to come before the meeting, the meeting was, upon motion duly made, seconded and unanimously carried, adjourned.

Mayor

[SEAL]

ATTEST:

City Clerk

CLERK'S CERTIFICATE

I, Vicki Miller, City Clerk of the City of Satsuma, Alabama, DO HEREBY CERTIFY that the foregoing pages of typewritten material constitute excerpts from the minutes of a regular meeting of the City Council of Satsuma, Alabama, held on August 5, 2014, pertaining to the City's General Obligation Refunding Warrants, Series 2014A and General Obligation Refunding Warrants, Series 2014B, which meeting was called and assembled and was open to the public and at which a quorum was present and acting throughout, and that the original of said minutes appears of record in the minute books of the City Council of Satsuma, Alabama, which are in my custody and control.

Given under my hand and the seal of the City of Satsuma, Alabama, this 14th day of August, 2014.

[SEAL]

City Clerk of the
City of Satsuma, Alabama