

## **Minutes of the Selma City Council Meeting Held on Monday, January 24, 2000**

The Selma City Council met in a regular session on Monday, January 24, 2000 in the Council Chambers with the following members present: President Carl C. Morgan, Jr. and Council members Glenn Sexton, Rita S. Franklin, Jean T. Martin, Nancy G. Sewell, Mark V. West, Benny L. Tucker, Bennie Ruth Crenshaw, and Yusuf Abdus-Salaam. Others present were Mayor Joe T. Smitherman, City Attorney P. Henry Pitts, City Clerk Jacqueline T. Smith, and City Treasurer Jimmie S. Abbott. Councilman Benny L. Tucker gave the invocation.

After roll call, President Morgan declared a quorum present and the meeting was opened for the transaction of business as set forth on the agenda.

President Morgan asked if there were any additions or corrections to the minutes of the regular Council meeting held on Monday, January 10, 2000. There being no additions or corrections to the minutes, on motion made by Councilwoman Franklin and seconded by Councilwoman Martin the minutes were approved as recorded.

### **I. BEAUTIFICATION AWARDS**

President Morgan asked Mrs. Hazel Salter and Mr. Grant Porter to come forward to present the quarterly Beautification Awards. The following is a list of Beautification Awards presented to area citizens for this quarter.

Mr. & Mrs. Phillip Kelley	Mr. & Mrs. Robert Perry
Church of Jesus Christ of Latter Day Saints	Mr. Smith Howard
Mr. & Mrs. William LaPorte	Dr. Jerry Dillard
Mr. & Mrs. Paul Watson	Freedom Baptist Church
Rountree Electric Supply Company	Mr. Earle Ashe
Payne Elementary School	Ms. Emma L. Moore
Calhoun Foods	Rev. & Mrs. L. R. Harrison
Ms. Onetta Pearson	Green Street Baptist Church
Alabama Distributing Company	

President Morgan thanked the citizens on behalf of the Council, and encouraged participation by all Selmians. Mrs. Salter stated that she has received numerous questions regarding a Litter Control Officer and she asked the Council to provide her with some possible answers.

### **II. MAYOR'S REPORT**

**A. Sales Tax Report.** Mayor Smitherman presented the Council with the fourth month sales tax report which shows that the total collections for January 2000 is \$832,118 compared to \$924,749 that was collected for the same period last fiscal year. With these collections the City has collected some \$106,302 or 3% less year-to-date. Mayor Smitherman further stated that the City Clerk received a call from Mr. Marshall Howell of the State Department of Revenue who stated that the City of Selma will receive an additional \$90,000 in the next sales tax check. Some of the City's accounts did not get posted in time due to Y2K testing.

## II. MAYOR'S REORT

**B. A.D.E.C.A. Grant Application.** Mayor Smitherman informed the City Council that a new industry is proposing to locate in Selma at the Craig Industrial Park and there is a need to provide infrastructure to attract the new company. The Mayor asked the Council to approve a contract with Hogg Engineering Corporation for Economic Development application preparation in the amount of \$2,500 to be paid with grant money if approved. If the grant is not approved there will be not cost. A motion was made by Councilwoman Martin and seconded by Councilman Tucker to approve the contract with Hogg Engineering for the application preparation. The Council voted unanimously on the motion.

Mayor Smitherman asked the Council to approve a resolution authorizing him, as Mayor, to submit an application to the Alabama Department of Economic and Community Affairs and committing \$35,720 in matching funds to be contributed by Craig Field Airport and Industrial Authority. The Mayor further stated that there would be no costs to the City of Selma. A motion was made by Councilwoman Martin and seconded by Councilwoman Sewell authorizing Mayor Smitherman to submit the application to A.D.E.C.A. The Council voted unanimously on the motion.

## III. BRIDGE CROSSING JUBILEE

Councilman Salaam stated that the National Voting Rights Museum will be hosting the 35<sup>th</sup> Anniversary of Bloody Sunday and the Council discussed at the Finance Committee that the City would make an appropriation of \$25,000 to the Museum to help defray expenses associated with the Jubilee. Councilwoman Crenshaw stated that the Museum has an extensive program planned with several dignitaries participating in the ceremonies. A motion was made by Councilwoman Crenshaw and seconded by Councilwoman Martin to amend the general fund budget \$25,000 and make a donation to the National Voting Rights Museum to assist with the Jubilee expenses. The Council voted unanimously on the motion.

## IV. CITY ATTORNEY'S REPORT

**A. Absentee Election Commission.** Attorney Pitts stated that on June 24, 1996 he sent a letter to the Justice Department advising them of two changes in the City of Selma municipal election, one being moving the absentee box from the City Clerk's Office to the Law Library at the Dallas County Courthouse and the other being moving the voting precinct from Hall's Seafood Restaurant to the Old Kentucky Fried Chicken building. The two changes were approved by the Justice Department.

Attorney Pitts explained that the consent decree establishing the Election Commission would apply to municipal elections through the election of 2000 and the Election Commission consists of two individuals appointed by James Perkins, two individuals appointed by the Selma City Council and two alternates, one from each side. Attorney Pitts said that because he was a party to the original agreement he will not agree to any attempt to overturn the consent decree.

A lengthy discussion followed, concerning the fairness to all parties seeking the office of Mayor and Attorney Pitts explained that whom ever the individuals are they must follow State absentee election laws and cannot show favoritism.

V. **CITY ATTORNEY'S REPORT**

A. **Absentee Election Commission.**

The discussion ended with President Morgan stating that the individuals who currently make up the Election Commission may not want to serve and suggested Attorney Pitts contact them to see if they would like to continue to serve and make any recommendations about a manager.

B. **School Board Decree.**

Attorney Pitts stated that he has talked with School Board Attorney Hobbs who has stated that if the School Board adopts a resolution and the City of Selma enjoins them in the resolution he feels it will be approved.

Councilwoman Sewell stated that she has talked with officials in the school system and they are recommending that the City of Selma adopt the resolution because the City is the governing body and appoints the School Board.

President Morgan suggested that he schedule a joint meeting of the City Council and the School Board to get additional input from both parties.

C. **Audit Report of Claims.** Attorney Pitts stated that he has submitted to the auditors a list of all claims pending against the City of Selma. Attorney Pitts asked each Council member to review the claims and he will bring this matter to the next Council meeting for discussion and recommendations.

D. **Ordinance – Smoking in Public Buildings.** Councilwoman Franklin stated that she has mentioned on several occasions the need for an ordinance governing smoking in public buildings. Councilwoman Franklin presented Attorney Pitts and the Council with an ordinance in this regard and asked that it be placed on first reading and a final draft adopted at the next Council meeting.

VI. **MR. PACKY CLEMMONS – BASKETBALL TOURNAMENT**

Mr. Packy Clemmons stated that he was present before the Council on behalf of Selma University to express their desire to sponsor a Black College Basketball Tournament from March 9<sup>th</sup> through March 12<sup>th</sup> at Selma University. Mr. Clemmons stated that the mission of these tournaments is to promote the accomplishments of the school in the community. Mr. Clemmons requested financial assistance in the amount of \$2,500 to help with a scholarship for the winning school, pay referees and officials, lodging and a small donation to Selma University. President Morgan stated that Council members would make a donation from their discretionary funds at the next Council meeting. Councilwoman Crenshaw stated that this is a tremendous program that will be an asset to our youth. Councilwoman Crenshaw asked Council members to fully support this event.

**VII. MS. BARBARA GIVAN**

Ms. Barbara Givan stated that she was present before the Council to make a request to place vinyl siding on a house that she bought at 45 Water Avenue. Ms. Givan explained that the house is located in the historic district and she was attempting to renovate it when she hired Sears to install vinyl siding rather than constant painting. Ms. Givan stated that the Historical Review Board has halted the renovations because the proper procedures were not followed and they feel the siding would take away from the appearance of the house. President Morgan stated that he is aware of this situation and he feels it is unfair to prevent Ms. Givan from the renovations since she was not made aware of the procedures. President Morgan also suggested that the Building Inspector's Office make all contractors aware of the codes of the Historical Society in the historic district and that they not issue building permits unless the proper procedures have been followed.

Ms. Givan assured the Council that the original appearance of the house would not be altered and she has agreed not to place vinyl siding on special architectural features of the house. A motion was made by Councilman Tucker and seconded by Councilwoman Sewell to grant the request of Ms. Givan to place vinyl siding on the house. The motion was adopted by a unanimous consent of the Council.

**VIII. STANDING COMMITTEE REPORTS**

**PUBLIC WORKS AND GENERAL SERVICES COMMITTEE REPORT**

There was no report from the Public Works and General Services committee.

**ADMINISTRATIVE COMMITTEE REPORT**

**A. Tree Commission.** Councilwoman Franklin asked each Council member to provide a list of suggested tree plantings to the Council Secretary. Councilwoman Franklin recommended that Council members refer to the Tree Brochure as to size and types of trees requested.

**PUBLIC SAFETY COMMITTEE REPORT**

There was no report from the Public Safety Committee report.

**COMMUNITY DEVELOPMENT COMMITTEE REPORT**

**A. 2020 Plan.** Councilwoman Martin stated that Mr. Bob Juster who is assisting with the City's 2020 Plan would be in Selma today for a meeting and urged all Council members to attend.

**RECREATION COMMITTEE REPORT**

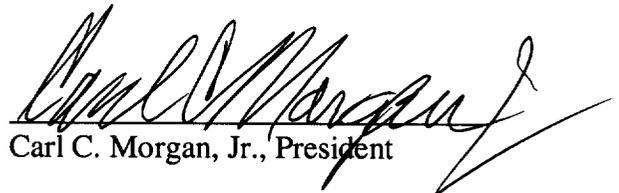
There was no report from the Recreation Committee.

**IX. CITY COUNCIL SALARY INCREASE**

President Morgan stated that at the Finance Committee meeting a discussion was held about changing the salaries of Council members prior to the 2000 elections. President Morgan suggested that the Council President Pro Tempe salary be increased to \$11,500 annually and the Council members salary be increased to \$10,000 annually. President Morgan stated that a study was done on salaries in other cities and he felt the suggestions he made would keep the Council salaries in line with other cities.

Councilwoman Crenshaw stated that the Council President and the Mayor salary is out of line and she would like to see the Council salaries increase to \$14,500 annually. Councilwoman Sewell stated that she would like to see the Council salaries commensurate with the Dallas County Commission along with purchased of electronic equipment to make the Council members more efficient and effective leaders. President Morgan stated that he would bring more information to the next Council meeting.

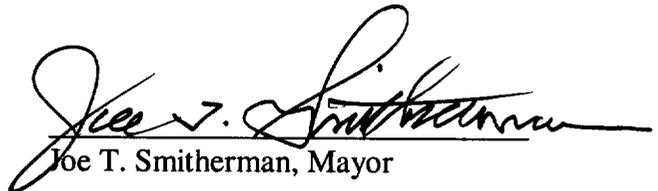
There being no further business to come before the Council, on motion made and duly seconded the Council voted by a unanimous consent to adjourn at 11:30 a.m.

  
Carl C. Morgan, Jr., President

**ATTEST:**

**APPROVED:**

\_\_\_\_\_  
Jacqueline T. Smith, City Clerk

  
Joe T. Smitherman, Mayor

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\*\*\* TX REPORT \*\*\*  
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AS per tele conversation w/ BOND Atty Alan Zeigler  
on 12-20-99, Bond Ordinances ARE Exempt from Publication  
See code below.

TRANSMISSION OK

TX/RX NO 0275  
CONNECTION TEL 913342658524  
CONNECTION ID  
ST. TIME 12/16 14:09  
USAGE T 14'27  
PGS. SENT 29  
RESULT OK

\* EXEMPT  
From  
Publication

Code  
#

11-45-8

FAX COVER SHEET

CITY OF SELMA  
222 BROAD STREET  
P.O. BOX L  
SELMA, ALABAMA 36702

334-874-2103  
334-874-1239

SEND TO Company name Fraser Lanier Co	From Jackie Smith
Attention Bob Young	Date 12-16-99
Office location Montg	Office location Selma
Fax number 334-265-8524	Phone number

Urgent     Reply ASAP     Please comment     Please review     For your information

Total pages, including cover: \_\_\_\_\_

COMMENTS

Bob,  
I hope this is everything  
you will need. Call me if  
add'l info is needed.

The following ordinance was introduced in writing by Councilmember

MS Franklin

ORDINANCE NO. 02-4900

AN ORDINANCE TO PROVIDE FOR THE  
ISSUANCE OF \$4,500,000 PRINCIPAL  
AMOUNT OF GENERAL OBLIGATION BONDS  
DATED DECEMBER 1, 1999, OF  
THE CITY OF SELMA, ALABAMA

BE IT ORDAINED by the City Council of the City of Selma in the State of Alabama  
as follows:

Section 1. Definitions and Use of Phrases.

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

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

"Bank" means SouthTrust Bank, N.A., Birmingham, Alabama, in its capacity as  
registrar, transfer agent and paying agent with respect to the Bonds.

"Bond Fund" means the special fund of the City created in Section 7 hereof.

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

"Bond Tax" means the additional ad valorem tax authorized to be levied by the City  
by Amendment VIII to the Constitution of Alabama of 1901 for the purpose of paying bonds issued  
and outstanding at the time of adoption of said amendment and the interest thereon and bonds issued

after the adoption of said amendment and the interest thereon, which tax is now levied at the rate of 7.4 mills per annum.

**"Callable Bonds"** means those of the Bonds having stated maturities in 2009 and thereafter.

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

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

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

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

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

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

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

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

"Interest Payment Date" means each February 1 and August 1, commencing February 1, 2000.

"Mayor" means the mayor of the City.

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

"Overdue Interest Payment Date" means the date fixed by the Bank, pursuant to the provisions of Section 14 hereof, for the payment of Overdue Interest.

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

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

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

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

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

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

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

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

Section 2. Findings. The Council has ascertained and does hereby find and declare as follows:

Pursuant to proceedings taken by the Council at regular meetings thereof held on April 26, 1999, and on May 10, 1999, and a notice published in Selma Times-Journal, a newspaper published and having general circulation in the City, on May 16, 1999, May 23, 1999, May 30, 1999 and June 6, 1999, a special municipal election was held in the City on August 10, 1999, at which a majority of the qualified electors of the City voting in the said election voted in favor of and authorized the issuance of \$4,500,000 principal amount of general obligation bonds of the City for the purpose of acquiring, providing and constructing the following municipal improvements: the sum of \$1,500,000 for major streets and highways in the City; the sum of \$1,500,000 for various street, sidewalk, drainage and related improvements in the wards of the City; the sum of \$800,000 for various public buildings and parks, and the sum of \$700,000 for equipment to be used by the fire, sanitation and public works departments of the City.

Section 3. Authorization of the Bonds. (a) Principal Maturities and Interest Rates. Pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Article 2 of Chapter 81 of Title 11 of the Code of Alabama of 1975, as amended, and for the purpose of providing funds for the improvements set forth above, there are hereby authorized to be issued by the City \$4,500,000 aggregate principal amount of General Obligation Bonds of the City. The Bonds shall be issued as fully registered bonds without coupons, shall be dated December 1, 1999, shall mature and become payable on February 1, as follows, and in the amounts and shall bear interest at the per annum rates of interest as follows:

<u>Year of Maturity</u>	<u>Principal Amount Maturing</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Principal Amount Maturing</u>	<u>Interest Rate</u>
2000	\$ 1,500,000	4.25%	2008	\$ 215,000	4.95%
2001	165,000	4.20	2009	225,000	4.90
2002	170,000	4.30	2010	230,000	5.05
2003	175,000	4.40	2011	245,000	5.10
2004	185,000	4.65	2012	255,000	5.20
2005	190,000	4.75	2013	265,000	5.30
2006	195,000	4.85	2014	280,000	5.40
2007	205,000	4.90			

The Bonds shall be initially issued in the Authorized Denominations and registered in the names of the Holders as shall, pursuant to the provisions of Section 20 hereof, be designated by the purchaser.

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

(b) **Computation of Interest and Method of Payment.** The Bonds shall bear interest from their date until their respective maturities at the per annum rates of interest set forth above (computed on the basis of a 360-day year of twelve consecutive 30-day months). Such interest shall be payable semiannually on each February 1 and August 1, commencing February 1, 2000, until and at the maturity of the Bonds. Interest on the Bonds shall be payable in lawful money of the United States of America by check or draft mailed by the Bank to the lawful Holders of the Bonds at the address shown on the registry books of the Bank pertaining to the Bonds. Interest on the Bonds shall be deemed timely paid if the said check or draft is mailed by the Bank on the Interest Payment Date. The Bonds shall bear interest after their respective maturities until paid at the rate of 8% per annum.

Section 4. **Redemption Provisions.** (a) **Optional Redemption.** Those of the Bonds having stated maturities in 2009 and thereafter shall be subject to redemption and prepayment prior to their respective maturities, at the option of the City, as a whole or in part, on February 1, 2008, and on any date thereafter (but if in part, of such maturities as shall be selected by the City and only in integral multiples of \$5,000 and, if less than all Warrants having a single maturity are to be redeemed, those to be redeemed to be selected by the Bank by lot), at and for the following respective Redemption Prices (expressed as percentages of the principal amount redeemed) plus accrued interest thereon to the Redemption Date:

<u>Redemption Date</u> <u>(Both Inclusive)</u>	<u>Redemption Price</u>
February 1, 2008 -- January 31, 2009	101 %
February 1, 2009 -- January 31, 2010	100-½
February 1, 2010, or thereafter	100

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

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

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

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

Upon compliance with the foregoing requirements on its part contained in this subsection, and if the City is not on the Redemption Date in default in the payment of the principal of or interest on any of the Bonds, the Bonds (or principal portions thereof) called for redemption shall become due and payable at the Redemption Price on the Redemption Date specified in such notice, anything herein or in the Bonds to the contrary notwithstanding, and the Holders thereof shall then and there surrender them for redemption; provided, however, that in the event that less than all

of the outstanding principal of any Bond is to be redeemed, the registered Holder thereof shall surrender the Bond that is to be prepaid in part to the Bank in exchange, without expense to the Holder, for a new Bond of like tenor except in a principal amount equal to the unredeemed portion of the Bond. All future interest on the Bonds (or principal portions thereof) so called for redemption shall cease to accrue after the Redemption Date. Out of the moneys so deposited with it, the Bank shall make provision for payment of the Bonds (or principal portions thereof) so called for redemption at the Redemption Price and on the Redemption Date.

Section 5. General Obligation. The indebtedness evidenced and ordered paid by the Bonds is and shall be a general obligation of the City for payment of the principal of and the interest on which the full faith and credit of the City are hereby irrevocably pledged.

Section 6. Special Pledge. There are hereby irrevocably pledged for payment of the principal of and the interest on the Bonds, but without preference or priority of one of the Bonds over any of the others, so much of the Bond Tax and the proceeds to be derived therefrom, as may be necessary to pay the said principal and interest at the respective maturities thereof. The City represents that upon the issuance of the Bonds, the aforesaid pledge of the Bond Tax will constitute the only pledge thereof other than the pledge thereof made for the benefit of the City's General Obligation Bonds, dated September 1, 1994, and now outstanding in the aggregate principal amount of \$2,150,000; the said pledge will be prior and superior to any pledge or agreement respecting the Bond Tax that may hereafter be made for the benefit of or with respect to any securities which may hereafter be issued or any contract which may hereafter be made. The revenues received by the City from the Bond Tax that are in excess of the amounts required to pay at the respective maturities thereof the principal of and interest on the Bonds are not pledged hereunder. To such extent, if any, as the proceeds of the Bond Tax may not be sufficient for payment of the principal of and interest on the Bonds at the respective maturities of said principal and interest, the City agrees to use for such purpose so much of the general revenues of the City derived from other sources and available for such purposes as, when added to the proceeds of the Bond Tax, shall be sufficient to pay the principal of and interest on the Bonds. The City further agrees that as long as the principal of or the interest on any of the Bonds remains unpaid, it will annually levy or cause to be levied and collect or cause to be collected the Bond Tax at the times and in the manner provided by the laws of Alabama, and it will use for payment of the principal of and interest on the Bonds as said principal and interest respectively mature so much of the revenues collected from the Bond Tax as may be necessary for such purpose.

Section 7. Bond Fund. (a) Payments Therein and Use and Continuance Thereof. There is hereby created a special fund to be designated the "City of Selma 1999 Bond Fund," for the purpose of providing for the payment of the principal of and interest on the Bonds, at the respective maturities of said principal and interest, which special fund shall be maintained until the principal of and interest on the Bonds have been paid in full. Payments into the Bond Fund shall be made as follows:

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

(ii) on or before the 25th day of January, 2000, and on or before the 25th day of each January and July thereafter until the principal of and interest on the Bonds shall have been paid in full, the City will pay into the Bond Fund in immediately available funds such amount as, when added to the amount then in the Bond Fund that is not needed to pay any principal or interest theretofore matured but not then paid, will equal the sum of the interest that will mature on the Bonds on the then next succeeding Interest Payment Date, plus the principal, if any, that will mature on the Bonds on the then next succeeding Interest Payment Date; provided, that there shall be credited one time on the amount required by this paragraph (ii) to be paid into the Bond Fund an amount equal to the amount paid therein pursuant to the provisions of paragraph (i) hereof. The City will make the payments provided for in this paragraph (ii) out of all general revenues of the City available therefor.

All moneys paid into the Bond Fund shall be used only for payment of the principal of and interest on the Bonds, upon or after the respective maturities of such principal and interest; provided, that, if at the final maturity of the Bonds, howsoever the same may mature, there shall be in the Bond Fund moneys in excess of the amount required to retire the Bonds, then any such excess shall thereupon be returned to the City. When the amount of money on deposit in the Bond Fund equals or exceeds the aggregate of the principal and interest to their respective maturities on the Bonds at the time outstanding, no further payments need be made into the Bond Fund except to make good the moneys paid therein which may become lost or which may not be immediately available for withdrawal under the provisions of this section.

(b) Depository for Bond Fund. The City hereby designates the Bank as the depository for the Bond Fund with respect to payment of principal of and interest on the Bonds. The City reserves the right from time to time to designate one or more banks (which may or may not include the bank heretofore herein designated) as a depository for the Bond Fund. In the event that any bank at any time designated as depository for any portion of the Bond Fund should at any time decline to act as such depository, or should resign as such depository, or should cease to be a member of the Federal Deposit Insurance Corporation (or any agency which may succeed to its duties), or should cease to be duly qualified and doing business within the State of Alabama, then any other bank or banks at the time designated as depository or depositories for the same portion of the Bond Fund shall continue to serve as such depository or depositories without designation by the City of any additional depository or depositories; but if at any time the sole remaining

depository for any portion of the Bond Fund should resign, cease to be a member of said Federal Deposit Insurance Corporation (or successor agency thereto) or should cease to be duly qualified and doing business within the State of Alabama, then the Council shall by Resolution designate a successor to such depository; provided, that, any such successor depository shall be and remain a member of the Federal Deposit Insurance Corporation (or of any agency which may succeed to its duties) and shall be and remain duly qualified and doing business in the State of Alabama.

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

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

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

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

(d) Investment of Moneys in the Bond Fund. So long as the City shall not be in default hereunder it may, at any time and from time to time as it in its sole discretion shall deem advisable, cause to be invested in Eligible Investments any or all of the moneys in the Bond Fund; provided, that, each such investment shall mature not later than the Interest Payment Date next following the date such investment is made. In the event of any such investment, the securities in which the investment is made shall become a part of the Bond Fund and shall be held by the depository for the moneys so invested to the same extent as if they were moneys on deposit in the Bond Fund. The City may likewise at any time and from time to time cause any securities

in which any such investment shall be made to be sold or otherwise converted into cash, whereupon the net proceeds derived from any such sale or conversion, after payment of all necessary expenses incident to such sale or conversion, shall become a part of the Bond Fund. Each depository for the Bond Fund shall be fully protected in making investments, sales, and conversions of any such securities upon direction given to it in a Resolution adopted by the Council.

Section 8. Form of Bonds. The Bonds shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF ALABAMA

CITY OF SELMA

GENERAL OBLIGATION BOND

Interest Rate

Maturity Date

CUSIP Number

Subject to prior payment and other provisions as herein provided

The City of Selma, a municipal corporation under the laws of Alabama ("the City"), promises to pay to

or registered assigns, the principal sum of

DOLLARS on the date specified above with interest thereon from the date hereof until the maturity hereof at the per annum rate of interest specified above (computed on the basis of a 360-day year of twelve consecutive 30-day months), payable on February 1, 2000, and semiannually thereafter on each February 1 and August 1 until the due date hereof. The principal of and premium (if any) on this Bond shall be payable only upon presentation and surrender of this Bond at the principal office of SouthTrust Bank, N.A. ("the Bank"), in the City of Birmingham, Alabama.

Interest on this Bond shall be remitted by the Bank to the then registered holder hereof at the address shown on the registry books of the Bank pertaining to the Bonds. The ordinance hereinafter referred to provides that all payments by the City or the Bank to the person in whose name a Bond is registered shall to the extent thereof fully discharge and satisfy all liability for the same. Payment of such interest shall be deemed to have been timely made if the check or draft is mailed by the Bank on the due date of such interest. Any transferee of this Bond takes it subject to all payments of principal and interest in fact made with respect hereto.

This Bond is one of a duly authorized issue of Bonds designated General Obligation Bonds and aggregating \$4,500,000 in principal amount ("the Bonds"). This Bond is issued pursuant to the provisions of Article 2 of Chapter 81 of Title 11 of the Code of Alabama of 1975, as amended, and an ordinance ("the Ordinance") of the City duly adopted by the governing body of the City.

Those of the Bonds having stated maturities in 2009 and thereafter are subject to redemption and prepayment prior to their respective maturities, at the option of the City, as a whole or in part, on February 1, 2008, and on any date thereafter (but if in part, of such maturities as shall be selected by the City and only in integral multiples of \$5,000 and, if less than all Warrants having a single maturity are to be redeemed, those to be redeemed to be selected by the Bank by lot), at and for the following respective redemption prices (expressed as percentages of the principal amount redeemed) with respect to each Bond (or portion thereof) redeemed plus accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u> <u>(Both Inclusive)</u>	<u>Redemption Price</u>
February 1, 2008 -- January 31, 2009	101 %
February 1, 2009 -- January 31, 2010	100-½
February 1, 2010, or thereafter	100

In the event that less than all the principal of the Bonds of a single maturity is to be prepaid and redeemed, the Bank shall, by process of random selection, determine the principal portion of the Bonds of such maturity to be redeemed and prepaid.

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

By the execution of this Bond, the City acknowledges that it is indebted to the payee hereof in the principal amount hereof in accordance with the terms thereof. The indebtedness evidenced by this Bond is a general obligation of the City for the payment of the principal of and interest on which the full faith and credit of the City have been irrevocably pledged.

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

The Bonds are issuable only as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof. Provision is made in the Ordinance for the exchange of Bonds for a like aggregate principal amount of Bonds of the same maturity and in authorized denomination, all upon the terms and subject to the conditions set forth in the Ordinance.

This Bond is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the Bank (the registrar and transfer agent of the City) and only upon surrender of this Bond to the Bank for cancellation, and upon any such transfer a new Bond of like tenor hereof will be issued to the transferee in exchange therefor, all as more particularly described in the Ordinance. Each holder, by receiving or accepting this Bond shall consent and agree and shall be estopped to deny that, insofar as the City and the Bank are concerned, this Bond may be transferred only in accordance with the provisions of the Ordinance.

The Bank shall not be required to transfer or exchange this Bond during the period of fifteen (15) days next preceding any February 1 or August 1; and, in the event that this Bond (or any principal portion hereof) is duly called for redemption and prepayment, the Bank shall not be required to register or transfer this Bond during the period of forty-five (45) days next preceding the date fixed for such redemption and prepayment.

Execution by the Bank of its registration certificate hereon is essential to the validity hereof.

IN WITNESS WHEREOF, the City has caused this Bond to be executed with the facsimile signature of its Mayor, has caused a facsimile of its corporate seal to be hereunto imprinted, has caused this Bond to be attested by the facsimile signature of its City Clerk, and has caused this Bond to be dated December 1, 1999.

CITY OF SELMA

By Joseph T. Pittman  
Its Mayor

Attest:

Jacqueline J. Smith  
Its City Clerk

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

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF  
THIS BOND SET FORTH ON THE REVERSE HEREOF.

(Form of Registration Certificate)

Date of Registration:

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

SOUTHTRUST BANK, N.A.  
Birmingham, Alabama

By \_\_\_\_\_  
Its Authorized Officer

**(Form of Assignment)**

For value received \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto \_\_\_\_\_ the within Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_, attorney, with full power of substitution in the premises, to transfer this Bond on the books of the within-mentioned Bank.

Dated this \_\_\_\_\_ 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 Bond in every particular, without alteration, enlargement or change whatsoever.

Signature guaranteed:

\_\_\_\_\_  
(Bank, Broker or Firm)\*

By \_\_\_\_\_  
(Authorized Officer)

Its Medallion Number: \_\_\_\_\_

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

**Section 9. Execution of Bonds by City.** The Bonds shall be executed on behalf of the City by the Mayor and attested by the City Clerk, and the seal of the City shall be impressed on each of the Bonds. The signatures of the Mayor and the City Clerk may be facsimile signatures of said officers, and the seal of the City imprinted on the Bonds may be a facsimile of such seal (it being understood that a condition to the validity of each Bond is the appearance on such Bond of a Registration Certificate, substantially in the form hereinabove provided, executed by the manual signature of the Bank). Signatures on the Bonds by persons who are officers of the City at the times such signatures were written or printed shall continue to be effective although such persons cease to be such officers prior to the delivery of the Bonds, whether initially issued or exchanged for Bonds of different denominations from those initially issued.

**Section 10. Registration Certificate on Bonds.** A registration certificate by the Bank, in substantially the form hereinabove recited, duly executed by the manual signature of the Bank, shall be endorsed on each of the Bonds and shall be essential to its validity.

**Section 11. Registration and Transfer of Bonds.** All Bonds shall be registered as to both principal and interest, and shall be transferable only on the registry books of the Bank. The Bank shall be the registrar and transfer agent of the City and shall keep at its office proper registry and transfer books in which it will note the registration and transfer of such Bonds as are presented for those purposes, all in the manner and to the extent hereinafter specified.

No transfer of a Bond shall be valid hereunder except upon presentation and surrender of such Bond at the office of the Bank with written power to transfer signed by the registered owner thereof in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the Bank, whereupon the City shall execute, and the Bank shall register and deliver to the transferee, a new Bond, registered in the name of such transferee and of like tenor as that presented for transfer. The person in whose name a Bond is registered on the books of the Bank shall be the sole person to whom or on whose order payments on account of the principal thereof and of the interest (and premium, if any) thereon may be made. Each Holder of any of the Bonds, by receiving or accepting such Bond, shall consent and agree and shall be estopped to deny that, insofar as the City and the Bank are concerned, the Bonds may be transferred only in accordance with the provisions of this Ordinance.

The Bank shall not be required to register or transfer any Bond during the period of fifteen (15) days next preceding any Interest Payment Date with respect thereto; and if any Bond is duly called for redemption (in whole or in part), the Bank shall not be required to register or transfer such Bond during the period of forty-five (45) days next preceding the Redemption Date.

**Section 12. Exchange of Bonds.** Upon the request of the Holder of one or more Bonds, the City shall execute, and the Bank shall register and deliver, upon surrender to the Bank of such Bond or Bonds in exchange thereof, a Bond or Bonds in different Authorized Denominations of the same maturity and interest rate and together aggregating the same principal amount as the then unpaid principal of the Bond or Bonds so surrendered, all as may be requested by the person surrendering such Bond or Bonds.

The registration, transfer and exchange of Bonds (other than pursuant to Section 16 hereof) shall be without expense to the Holder or transferee. In every case involving any transfer, registration or exchange, such Holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange.

**Section 13. Accrual of Interest on Bonds.** All Bonds issued prior to February 1, 2000, in exchange for Bonds initially delivered, shall bear interest from December 1, 1999, and all Bonds issued on or after February 1, 2000, shall bear interest from the February 1 or August 1, as the case may be, next preceding the date of its issuance and delivery unless (a) such date of delivery is a February 1 or August 1, in which event such Bond shall bear interest from the date of its issuance and delivery, or (b) at the time of such delivery the City is in default in the payment of interest on the Bond in lieu of which such new Bond is issued, in which event such new Bond shall bear interest from the last Interest Payment Date to which interest has previously been paid or made available for payment on the Bond in lieu of which such new Bond is issued. The preceding provision shall be construed to the end that the issuance of a Bond shall not affect any gain or loss in interest to the Holder thereof.

**Section 14. Persons to Whom Payment of Interest on Bonds Is to Be Made.** Interest on the Bonds shall, except as provided in the next succeeding paragraph of this Section 14, be payable in lawful money of the United States of America by check or draft mailed by the Bank to the lawful Holders of the Bonds at the address shown on the registry books of the Bank pertaining to the Bonds.

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

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

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

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

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

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

**Section 15. Persons Deemed Owners of Bonds.** The City and the Bank may deem and treat the person in whose name a Bond is registered as the absolute owner thereof for all purposes; they shall not be affected by notice to the contrary; and all payments by either of them to the person in whose name a Bond is registered, shall to the extent thereof fully discharge and satisfy all liability for the same.

**Section 16. Replacement of Mutilated, Lost, Stolen or Destroyed Bonds.** In the event any Bond is mutilated, lost, stolen or destroyed, the City may execute and deliver a new Bond of like tenor as that mutilated, lost, stolen or destroyed; provided that (a) in the case of any such mutilated Bond, such Bond is first surrendered to the City and the Bank, and (b) in the case of any such lost, stolen or destroyed Bond, 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 Bond.

**Section 17. Sale of Bonds.** The Bonds are hereby sold to The Frazer Lanier Company Incorporated, Montgomery, Alabama, at and for a purchase price equal to \$4,442,742.90 (which represents (a) an underwriting discount of \$54,000 and (b) an original issue discount of \$3,257.10) plus accrued interest from their date until the date of their delivery. The Mayor and the City Clerk are hereby authorized and directed to deliver the Bonds to the said purchaser upon payment to the City of the purchase price of the Bonds.

**Section 18. Use of Proceeds from Sale of Bonds and Transfer of Funds.** The entire proceeds of the Bonds shall be applied as follows:

(a) that part of the said proceeds which represents accrued interest on the Bonds from December 1, 1999, to the date of payment therefor, shall, contemporaneously with the issuance of the Bonds, be deposited in the Bond Fund, pursuant to the provisions of Section 7(a)(i) hereof, and shall be applied for payment of the interest which will mature on the Bonds on February 1, 2000; and

(b) the sum of \$26,577.50 shall be paid to Ambac Assurance, as the premium due on the municipal bond insurance policy hereinafter described; and

(c) the balance of the said proceeds shall be paid into a special account of the City and used to pay the expenses of issuing the Bonds and for various purposes for which the Bonds were authorized to be issued.

**Section 19. Provisions Respecting Registration of Bonds to Comply with Provisions of the Code.** The City and the Bank recognize that the provisions of the Code, as amended, require that the Bonds be in "registered form," and that, in general, each Bond must be registered as to both principal and interest and any transfer of any Bond must be effected only by the surrender of the old Bond and either by the reissuance of the old Bond to a new Holder or the issuance of a new Bond to a new Holder. The Bank may rely upon an opinion of nationally recognized bond counsel with respect to any question which may arise pertaining to the transfer, exchange or reissuance of Bonds. The provisions of this Ordinance pertaining to transfer, exchange or reissuance of Bonds need not or shall not be followed if the Bank receives an opinion of nationally recognized bond counsel that compliance with requirements in addition to or in lieu of the requirements of this Ordinance pertaining to such transfer, exchange or reissuance is required or permitted under the provisions of the Code or under other applicable laws and regulations.

**Section 20. Denominations of Bonds as Initially Issued.** The Bonds of each maturity shall be initially issued in Authorized Denominations as requested by the said purchaser and registered in the names of the persons specified by the said purchaser. If, for any reason, the City is unable to prepare or cause to be prepared Bonds in the Authorized Denominations requested by the said purchaser and registered in the names of the persons specified by the said purchaser, the City may deliver one Bond for each maturity in the principal amount of such maturity, each registered in the name of the said purchaser of the Bonds from the City.

**Section 21. Approval of Preliminary Official Statement and Authorization of Official Statement.** The Council hereby approves and adopts the Preliminary Official Statement dated December 6, 1999, respecting the Bonds in substantially the form submitted to the Council, a copy of which, marked Exhibit A, is attached to the minutes of the meeting of the Council at which this Ordinance is adopted. The said Exhibit A is made a part of this Ordinance in all respects as if set forth in full herein. The Council hereby deems the said Official Statement "final" within the meaning of SEC Rule 15c2-12(b)(1) for the purposes of such rules. The Mayor is hereby authorized and directed to execute a final Official Statement of the City with respect to the Bonds in substantially the form of the Preliminary Official Statement, with such changes therein and additions thereto as shall be necessary to conform to the provisions of this Ordinance and such other changes and additions as the Mayor shall deem necessary and appropriate. The Mayor is hereby authorized and directed to cause the said final Official Statement to be delivered to the purchasers of the Bonds.

**Section 22. Provisions for Payment at Par.** Each bank at which the Bonds shall at any time be payable, by acceptance of its duties as paying agent therefor, shall be construed to have agreed thereby with the Holders of the Bonds that it will make, out of the funds supplied to it for that purpose, all remittances of principal and interest on the Bonds in bankable funds at par without any deduction for exchange or other costs, fees or expenses. The City agrees with the Holders of the Bonds that it will pay all charges for fees and expenses which may be made by such bank in the making of remittances in bankable funds of the principal of and interest on any of the Bonds.

**Section 23. Concerning Compliance with the Internal Revenue Code of 1986.** The City covenants and agrees that it will, to the extent permitted by law, comply with the provisions of the Code that constitute conditions to or requirements for (1) the exclusion of the interest income on the Bonds from the gross income of the recipients thereof for Federal income tax purposes pursuant to the provisions of Section 103 of the Code and (2) the exclusion of such interest income received by taxpayers other than corporations from alternative minimum taxable income for purposes of the computation of the alternative minimum tax applicable to such taxpayers pursuant to the provisions of Section 55 of the Code. Without limiting the generality of the foregoing, the City will (a) rebate to the United States such amounts from investment earnings on proceeds of the Bonds at such times, and restrict the yield on the investment of such proceeds in such manner, as shall be necessary to prevent any of the Bonds from being or becoming an "arbitrage bond" within the meaning of Section 148 of the Code, (b) maintain such records respecting the investment and expenditure of proceeds of the Bonds as may be needed to calculate the amounts of any such required payments and (c) not apply the proceeds derived from the sale of any of the Bonds in a manner that would cause any of the Bonds to be or become a "private activity bond" within the meaning of Section 141 of the Code. Further, the City designates the Bonds as "qualified tax-exempt obligations" for purposes of paragraph (b)(3)(A) of Section 265 of the Code and, in connection therewith and after due investigation and consideration, finds, determines and declares that the amount of tax-exempt obligations (other than

private activity bonds) that have heretofore during the current calendar year been issued by the City and by its subordinate entities and the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds) that will be issued by the City and by its subordinate entities during the current calendar year will not exceed \$10,000,000.

Section 24. Authorization of Related Documents and Actions. The Mayor and all other officers of the City are hereby authorized and directed to execute, seal, attest and deliver such other documents and certificates and to take such other actions on behalf of the City as may be necessary to consummate the sale and issuance of the Bonds and to carry out fully the transactions contemplated by this Ordinance.

Section 25. Authorization of Continuing Disclosure Agreement. The Mayor is hereby authorized and directed to execute and deliver, on behalf of the City, a Continuing Disclosure Agreement for the benefit of the beneficial owners of the Bonds, in substantially the form presented to the meeting at which this Ordinance is adopted (which form shall be attached as Exhibit B to the minutes of the meeting at which this Ordinance is adopted and which is hereby adopted in all respects as if set out in full in this Ordinance) and the City Clerk is hereby authorized and directed to affix to the said Continuing Disclosure Agreement the seal of the City and to attest the same. The said Continuing Disclosure Agreement is to be entered into contemporaneously with the issuance of the Bonds in order to assist the Underwriters of the Bonds in complying with Rule 15c2-12 of the Securities and Exchange Commission. The rights of enforcement under the said Continuing Disclosure Agreement shall be as provided therein, and in no event shall a default by the City thereunder constitute a default hereunder.

Section 26. Payment Procedure Pursuant to Municipal Bond Insurance Policy. As long as the bond insurance with respect to the Bonds shall be in full force and effect, the City and the Bank agree to comply with the following provisions:

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

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

(c) the Bank shall provide Ambac Assurance and the Insurance Trustee with a list of Holders of Bonds entitled to receive principal or interest payments from Ambac Assurance under the terms of the Municipal Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the Holders of Bonds entitled to receive full or partial interest payments from Ambac Assurance and (ii) to pay principal upon Bonds surrendered to the Insurance Trustee by the Holders of Bonds entitled to receive full or partial principal payments from Ambac Assurance;

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

(e) in the event that the Bank has notice that any payment of principal of or interest on a Bond which has become due for payment and which is made to a Holder by or on behalf of the City has been deemed a preferential transfer and theretofore recovered from its Holder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Bank shall, at the time Ambac Assurance is notified pursuant to (a) above, notify all Holders that in the event that

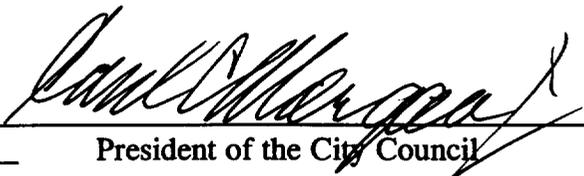
any Holder's payment is so recovered, such Holder will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available, and the Bank shall furnish to Ambac Assurance its records evidencing the payments of principal of and interest on the Bonds which have been made by the Bank and subsequently recovered from Holders and the dates on which such payments were made; and

(f) in addition to those rights granted Ambac Assurance under this Ordinance, Ambac Assurance shall, to the extent it makes payment of principal of or interest on Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Bank, shall note Ambac Assurance's rights as subrogee on the registration books maintained by the Bank upon receipt from Ambac Assurance of proof of the payment of interest thereon to the Holders of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Bank shall note Ambac Assurance's rights as subrogee on the registration books maintained by the Bank upon surrender of the Bonds by the Holders thereof together with proof of the payment of principal thereof.

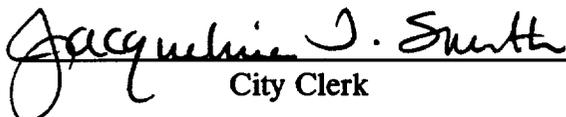
Section 27. Creation of Contract. The provisions of this Ordinance shall constitute a contract between the City and each Holder of the Bonds.

Section 28. Provisions of Ordinance Severable. The provisions of this Ordinance are hereby declared to be severable. In the event any provision hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this Ordinance.

ADOPTED this 16th day of December, 1999.

  
\_\_\_\_\_  
President of the City Council

ATTEST:

  
\_\_\_\_\_  
City Clerk

APPROVED this 16th day of December, 1999.

A handwritten signature in cursive script, reading "Joseph O. Smith", written over a horizontal line.

Mayor

Councilmember Ms. Franklin moved that unanimous consent be given for immediate consideration of and action on said ordinance, which motion was seconded by Councilmember Ms. Sewell and, upon the said motion being put to vote, the following vote was recorded:

**YEAS:**

President of the Council Carl C. Morgan, Jr.  
Councilmembers Glenn Sexton  
Rita Sims Franklin  
Jean T. Martin  
Nancy G. Sewell  
Mark V. West  
Benny Lee Tucker  
Yusuf Abdus-Salaam

**NAYS:**

*None*

The president thereupon declared that the motion for unanimous consent for immediate consideration of and action on said ordinance had been unanimously carried.

Councilmember *Ms Franklin* thereupon moved that the ordinance be finally adopted, which motion was seconded by Councilmember *Ms Sewell* and, upon the said motion being put to vote, the following vote was recorded:

**YEAS:**

President of the Council Carl C. Morgan, Jr.  
Councilmembers Glenn Sexton  
Rita Sims Franklin  
Jean T. Martin  
Nancy G. Sewell  
Mark V. West  
Benny Lee Tucker  
Yusuf Abdus-Salaam

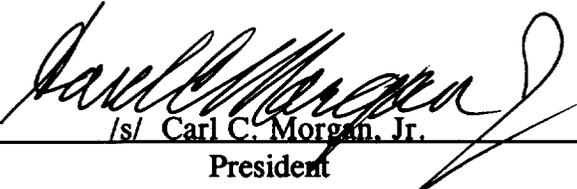
**NAYS:**

*None*

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

\* \* \*

There being no further business to come before the Council, the meeting was adjourned.

  
\_\_\_\_\_  
/s/ Carl C. Morgan, Jr.  
President

Attest:

  
\_\_\_\_\_  
/s/ Jacqueline T. Smith  
City Clerk

FAX COVER SHEET

CITY OF SELMA  
222 BROAD STREET  
P.O. BOX L  
SELMA, ALABAMA 36702

334-874-2103  
334-874-1239

<b>SEND TO</b> Company name Fraser Lanier Co	<b>From</b> JACIE SMITH
Attention Bob Young	Date 12-16-99
Office location Montg	Office location Selma
Fax number 334-265-8524	Phone number

- Urgent    
 Reply ASAP    
 Please comment    
 Please review    
 For your information

Total pages, including cover: \_\_\_\_\_

COMMENTS

Bob,

I hope this is everything you will need. Call me if add'l info is needed.

Jacie

EXCERPTS FROM THE MINUTES OF THE  
REGULAR MEETING OF THE CITY COUNCIL  
OF THE CITY OF SELMA, ALABAMA  
HELD ON DECEMBER 16, 1999

The City Council of the City of Selma, Alabama, met in regular session in the Council Chamber of the City Building in said City on December 16, 1999, at 10:00 o'clock, a.m., Central Time, pursuant to adjournment of the regular session thereof held on December 13, 1999 (being the second Monday in December). The meeting was called to order by Carl C. Morgan, Jr., the President of the Council, who acted as chairman of the meeting. Upon roll call, the following were found to be present:

President of the Council Carl C. Morgan, Jr.  
Councilmembers Glenn Sexton  
Rita Sims Franklin  
Jean T. Martin  
Nancy G. Sewell  
Mark V. West  
Benny Lee Tucker  
Yusuf Abdus-Salaam

and the following were found to be absent: Bennie Ruth Crenshaw. Jacqueline T. Smith, the City Clerk, who was also present, acted as secretary of the meeting. The Honorable Joe T. Smitherman, Mayor of the City, was also present. A quorum being present, the chairman declared the meeting open for the transaction of business.

\* \* \*