

[Water Revenue Warrants]

CITY HALL, DECATUR, ALABAMA, APRIL 15, 2013 - REGULAR MEETING

**EXCERPTS FROM THE MINUTES OF A REGULAR MEETING OF
THE CITY COUNCIL OF THE CITY OF DECATUR, ALABAMA**

The City Council of the City of Decatur met in regular public session at City Hall in the City of Decatur, Alabama, at 10:00 o'clock a.m. on the 15th day of April, 2013.

The meeting was called to order by the Council President, and the roll was called with the following results:

Present: Gary Hammon, Council President
Charles Kirby
Chuck Ard
Billy Jackson
Roger Anders

Absent: None

The Council President stated that a quorum was present and that the meeting was open for the transaction of business, and that Mayor Don Kyle was also present.

* * *

The following resolution of the Municipal Utilities Board was presented to the Council:

RESOLUTION

BE IT RESOLVED by the MUNICIPAL UTILITIES BOARD OF DECATUR, MORGAN COUNTY, ALABAMA, as follows:

(1) The Utilities Board hereby requests that the City Council of the City of Decatur, Alabama (the "City"), borrow \$10,575,000 for the purpose of acquiring and constructing capital improvements to the water system and that the City evidence such borrowing by selling and issuing \$10,575,000 principal amount of its Water Revenue Bonds, Series 2013, dated April 1, 2013.

(2) The General Manager is hereby authorized and directed to deliver a certified copy of this resolution to the appropriate officials of the City, to attach thereto a copy of the then most recent draft of

(i) the proposed City ordinance authorizing the sale and issuance of the said Series 2013 Warrants, and

(ii) an Official Statement of the City with respect to such Series 2013 Warrants, and to advise the appropriate officials of the City that the Utilities Board recommends the adoption and approval of such documents by the City Council on or before April 23, 2013, in, substantially those forms, as they may hereafter be modified and changed by the City's bond counsel.

CERTIFICATE

I, the undersigned Secretary of the MUNICIPAL UTILITIES BOARD OF DECATUR, MORGAN COUNTY, ALABAMA, hereby certify that the foregoing is a true, correct and complete copy of a resolution duly adopted by the said Municipal Utilities Board at a meeting thereof held on March 20, 2013, and that such resolution has not been amended, altered, repealed or revoked or altered and is still in full force and effect.

WITNESS my signature, as said Secretary, this 20th day of March, 2013.

/s/ Richard Grace
Secretary of the MUNICIPAL UTILITIES BOARD OF
DECATUR, MORGAN COUNTY, ALABAMA

* * *

The following Ordinance was introduced in writing by Council President Hammon.

ORDINANCE NO. 13-4146

BE IT ORDAINED by the City Council of the CITY OF DECATUR, ALABAMA, as follows:

**ARTICLE 1
DEFINITIONS AND USE OF PHRASES**

Section 1.1 Definitions and Use of Phrases. 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 and meanings herein:

1995 Warrants means the City's Water Revenue Warrants, Series 1995-A, dated November 1, 1995, and the Water Revenue Warrants, Series 1995-B, dated November 1, 1995 heretofore issued and now fully retired by the City.

1999 Warrants means the City's Water Revenue Warrants, Series 1999, dated May 1, 1999, originally issued in the aggregate principal amount of \$23,240,000 and now fully retired by the City.

Authorized Denomination means with respect to all Warrants the amount of \$5,000 and any integral multiple thereof for each maturity.

Beneficial Owners means the registered owners of beneficial interests in the Warrants.

Bond Counsel means the law firm of Jones Walker LLP, of Birmingham, Alabama (bond counsel for the City in connection with the issuance of the Series 2013 Warrants), or successor firm; provided, however, that if such Birmingham law firm, or lawyer or firm that may reasonably be considered a successor thereto,

(a) is not then in existence, or

(b) is not available for employment on reasonable terms,

then the said term "Bond Counsel" shall mean any other Bond Counsel designated by the City.

Book-Entry System means a book-entry only system of evidence of purchase and transfer of beneficial ownership interests in the Warrants.

Business Day shall mean a day, other than a Saturday or a Sunday, on which commercial banking institutions are open for business in the state where the designated corporate office of the Paying Agent is located and a day on which the payment system of the Federal Reserve System is operational.

City means the City of Decatur, Alabama, and any municipal corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

Direct Participant means securities brokers and dealers, banks, trust companies, clearing corporations and other financial institutions which have access to the Book-Entry System.

Holder, when used in conjunction with a Series 2013 Warrant, means the person in whose name such Series 2013 Warrant is registered on the registry books of the Paying Agent pertaining to the Series 2013 Warrants.

Independent Auditor means a public accountant, or firm thereof, not employed full-time by the City (or any agency or department thereof) and regularly engaged in the auditing of financial records.

Independent Counsel means Counsel who is not employed full-time by the City (or any agency or department thereof) or the Paying Agent.

Independent Engineer means a person at the time registered or licensed under the laws of Alabama as a professional engineer and not employed full-time by the City (or any agency or department thereof).

Indirect Participant means a broker, dealer, bank or other financial institution for which the Securities Depository holds Series 2013 Warrants as securities depository through a Direct Participant.

Letter of Representation shall mean and include (i) the Letter of Representation with respect to the Series 2013 Warrants by the City to the Securities Depository and (ii) any other or subsequent agreement by whatever name or identification with respect to the Series 2013 Warrants by said parties from time to time in effect.

Master Warrant Ordinance means Ordinance No. 95-3284 adopted by the governing body of the City on November 20, 1995.

Moody's means Moody's Investors Service, Inc. (or any successor by merger, consolidation or otherwise).

MSRB means the Municipal Securities Rulemaking Board.

Municipal Utilities Board means the Municipal Utilities Board of Decatur, Morgan County, Alabama, authorized by City Ordinance Number 302 (adopted April 1, 1938) and created by Local Act No. 89 of the 1939 Regular Session of the Alabama Legislature.

Parity Securities means any securities issued under the provisions of Article 6 of the Master Warrant Ordinance on a parity with any then outstanding issue of warrants as respects the pledge of revenues derived from the operation of the System.

Quinquennial Warrant Year means the fifth Warrant Year and each succeeding fifth Warrant Year occurring thereafter until and including the Warrant Year during which the Series 2013 Warrants were fully retired.

Record Date means, with respect to the Series 2013 Warrants, that date which is 15 calendar days before any date on which interest is due and payable on the Series 2013 Warrants.

Paying Agent means Regions Bank, Birmingham, Alabama, a state banking association and any banking association or corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party, and any other bank or trust company then acting as registrar, paying agent and transfer agent for the City in respect of the Series 2013 Warrants.

Reserve Deposit means an irrevocable and unconditional policy of insurance that provides for the payment of money to the Paying Agent for credit to the Reserve Fund and that is issued by any insurance

company insuring payment of municipal bonds and other similar obligations if any such bonds or other obligations so insured by it are at the time eligible for a rating by both Moody's and S&P in one of the two highest rating categories maintained by Moody's and S&P, respectively.

Rule 15c2-12 means Rule 15c2-12 adopted by the SEC pursuant to Release No. 34-26985 dated June 28, 1989, as amended by the SEC.

S&P means Standard & Poor's Ratings Group (a division of McGraw Hill), or any successor.

SEC means the Securities and Exchange Commission.

Securities Depository means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and the successors and assigns thereof, and any substitute securities depository therefor that maintains a Book-Entry System for the Series 2013 Warrants.

Securities Depository Nominee means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Warrant Register the Series 2013 Warrants to be delivered to such Securities Depository during the period in which the Series 2013 Warrants are held pursuant to the Book-Entry System.

Series 1999 Warrants Ordinance means Ordinance No. 99-3525 adopted on May 13, 1999 authorizing the 1999 Warrants.

Series 2009 Warrants means the City's Water Revenue Warrants, Series 2009, dated June 1, 2009, originally issued in the principal amount of \$17,915,000 and presently outstanding in the principal amount of \$12,980,000.

Series 2009 Warrants Ordinance means Ordinance No. 093-3994 adopted on June 1, 2009 authorizing the Series 2009 Warrants.

Series 2013 Construction Fund means the construction fund established pursuant to Section 3.8 hereof.

Series 2013 Improvements consist of means the capital water improvements to be made to the System as described on Exhibit A attached hereto and incorporated herein by reference.

Series 2013 Warrants means those warrants bearing the designation Series 2013 and referred to and authorized to be issued in Section 3.1 hereof.

Series 2013 Warrants Ordinance means these authorizing proceedings authorizing the Series 2013 Warrants.

Subordinated SRF Obligations means the (a) Water Revenue Warrant, Series 2009 SRF/ARRA and (b) Water Revenue Warrant, Series 2012 DWSRF-DL, both payable to the Alabama Drinking Water Finance Authority.

System means the waterworks plant and distribution system owned by the City and managed by the Municipal Utilities Board.

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

Warrant Year means (a) the period beginning on the date the Warrants were issued and ending at the close of business on May 1, 2013, and (b) each period of one year ending at the close of business on May 1 in the year 2014, and in each calendar year thereafter; provided, however, that if, in the opinion of Bond Counsel, any other date may be required or permitted, pursuant to the Tax Code, to be used as either the first day or the last day (as the case may be) of a so-called "bond year" in connection with the calculation or payment of Required Rebates, then the term "Warrant Year" shall mean (1) the period beginning or ending (as the case may be) on such date or dates, and (2) each succeeding period (whether of one year or otherwise) beginning or ending (as the case may be) on such date or dates.

Warrants means the Series 2009 Warrants, the Series 2013 Warrants and any other Parity Securities hereinafter issued.

The terms "**Annual Debt Service Requirements**," "**Annual Net Income**," "**Capital Improvements**," "**Council**," "**Counsel**," "**Debt Service Fund**," "**Eligible Investments**," "**Fiscal Year**," "**Improvement Fund**," "**Operating Expenses**," "**Parity Securities Ordinance**," "**Permitted Encumbrances**," "**Required Rebate**," "**Reserve Fund**," "**Reserve Fund Increase**," "**Resolution**," "**System**" and "**Tax-Exempt Parity Securities**" shall (unless the context clearly indicates otherwise) have the same meanings herein as are respectively accorded them in the Master Warrant Ordinance.

The term "**Current Maximum Required Reserve Fund Balance**" shall, for purposes of this ordinance and for purposes of the Master Warrant Ordinance, mean whichever of the following is at the time the least:

- (1) the maximum Annual Debt Service Requirements, during the then current or any subsequent Fiscal Year, with respect to those of the Series 2009 Warrants, the Series 2013 Warrants and any other Parity Securities outstanding immediately following the issuance of those of such other Parity Securities then most recently issued;
- (2) one hundred twenty-five percent (125%) of the sum obtained by dividing (i) the total amount of principal and interest maturing in the then current and each subsequent Fiscal Year (not including, however, any Fiscal Year during which no such principal matures) with respect to those of the Series 2009 Warrants, the Series 2013 Warrants and any other Parity Securities outstanding immediately following the issuance of those of such other Parity Securities then most recently issued, by (ii) the number of Fiscal Years from the first Fiscal Year in which any such principal matures until and including the last Fiscal Year in which any such principal matures; or
- (3) 10% of the original principal amount of the Series 2009 Warrants, the Series 2013 Warrants and any Parity Securities hereafter issued or the maximum amount that can (under the provisions of Section 148 of the Tax Code and any applicable regulations, and without any approval from the Secretary of the Treasury or the Treasury Department) be invested without restriction as to yield as part of a reasonably required reserve or replacement fund for those of the Series 2009 Warrants, the Series 2013 Warrants and any other Parity Securities outstanding immediately following the issuance of those of such other Parity Securities then most recently issued, without causing any of such Series 2009 Warrants, the Series 2013 Warrants or other Tax-Exempt Parity Securities to be "arbitrage bonds" within the meaning of said Section 148 (and applicable regulations, if any);

provided, that for all purposes of this definition, the principal amount of any Series 2009 Warrants, the Series 2013 Warrants or any other Parity Securities required, by the terms hereof or of any Parity Securities Ordinance (respectively), to be redeemed during any Fiscal Year out of a sinking or other similar fund shall be considered as maturing in the Fiscal Year during which such redemption is required and not in the Fiscal Year in which their stated maturity occurs.

The term "**Federal Securities**" shall, for purposes of this ordinance and for purposes of the Master Warrant Ordinance, have the same meaning ascribed to it in the Master Warrant Ordinance except that from and after the issuance of the Series 2009 Warrants and Series 2013 Warrants, clause (c) of the definition of such term in the Master Warrant Ordinance shall be construed as if it read as follows:

"(c) to the extent at the time legal investments for the City, securities of or other interests in any open-end or closed-end management-type investment company or investment trust, provided (1) that such investment company or investment trust is registered under the Investment Company Act of 1940 (as from time to time amended) and its shares are registered under the Securities Act of 1933, (2) that the portfolio of such investment company or investment trust consists only of debt securities of the type and character described in the preceding clauses (a) and (b), and (3) that such investment company or investment trust has an S&P rating of AAm-G, AAm or AAm or better or a Moody's rating of AAA or AA."

Section 1.2 Use of Phrases, etc. "Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this ordinance as an entirety and not solely to the particular portion thereof in which any such word is used. The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders. Any percentage of Series 2009 Warrants, Series 2013 Warrants or other Parity Securities (if any), specified herein for any purpose, is to be figured on the unpaid principal amount thereof then outstanding and shall exclude any Series 2009 Warrants, Series 2013 Warrants or other Parity Securities held by the City (it being understood and agreed, however, that any Series 2009 Warrants, Series 2013 Warrants or other Parity Securities held by the City shall not, solely on account of their acquisition by the City, be deemed to have been paid).

ARTICLE 2 REPRESENTATIONS AND FINDINGS

Section 2.1 Representations. The City represents, as a basis for the undertakings herein contained, (a) that it owns and operates the System, (b) that the System is the only system furnishing water to the public in the City and in certain nearby unincorporated areas (except that an agency of the City of Hartselle, Alabama, owns and operates a system furnishing water to the public in parts of the so-called "Flint City" area of the City, annexed to the City in 1991), and (c) that the Subordinated SRF Obligations and the Series 2009 Warrants presently constitute the only outstanding funded obligations of the City payable from, or secured by a special pledge of, revenues derived from the operation of the System.

Section 2.2 Findings Respecting the Adoption of the Master Warrant Ordinance and the Issuance of the Warrants. The Council has ascertained and does now hereby find and declare as follows:

(a) that on November 20, 1995, the Council adopted the Master Warrant Ordinance, authorizing the sale and issuance by the City of the 1995 Warrants, payable (as to both principal and

interest) solely from the revenues derived from the operation of the System remaining after payment of the expenses of administering, operating, maintaining and repairing the same;

(b) that on May 13, 1999, the Council adopted a supplemental Warrant Ordinance authorizing the sale and issuance by the City of the 1999 Warrants on a parity of lien with the 1995 Warrants;

(c) that on June 1, 2009, the Council adopted a supplemental Warrant Ordinance authorizing the sale and issuance by the City of the Series 2009 Warrants, a portion of the proceeds of which were used to currently redeem the 1999 Warrants on July 17, 2009.

(d) that in the Master Warrant Ordinance, the Council designated and appointed Compass Bank (a state banking corporation having its principal corporate trust office in the City of Birmingham, Alabama) as paying agent for the 1995 Warrants and as depository, custodian and disbursing agent for the Debt Service Fund and the Reserve Fund created in the Master Warrant Ordinance;

(e) that by virtue of various agreements (to which Compass Bank and certain of its "successor" paying agents depositories, custodians and disbursing agents were respectively parties), National Bank of Commerce of Birmingham acted as such paying agent for the 1995 Warrants and as such depository, custodian and disbursing agent for the Debt Service Fund and the Reserve Fund;

(f) that by virtue of various agreements (to which National Bank of Commerce of Birmingham and certain of its "successor" paying agents depositories, custodians and disbursing agents were respectively parties), Regions Bank is now acting as paying agent for the Series 2009 Warrants and as such depository, custodian and disbursing agent for the Debt Service Fund and the Reserve Fund.

(g) that it is necessary and desirable, and in the best interests of the City, that the City issue the Series 2013 Warrants and apply the proceeds to (i) the acquisition and construction of the Series 2013 Improvements and (ii) paying all issuance expenses.

(h) that on April 9, 2013, the City conducted a public sale of the Series 2013 Warrants and such Warrants were awarded to Raymond James & Associates, Inc.

(i) that in Article 6 of the Master Warrant Ordinance (which has not heretofore been repealed or revoked and is still in full force and effect), the City reserved the right to issue Parity Securities for various purposes (including construction of capital improvements to the System).

(j) that the City has not heretofore issued any Parity Securities under the provisions of Article 6 of the Master Warrant Ordinance other than the 1999 Warrants and the Series 2009 Warrants which constitute the only obligations now outstanding thereunder;

(k) that the City is not now in default under the Master Warrant Ordinance or in the payment of the principal of or the interest on any of the Series 2009 Warrants or the Subordinated SRF Obligations, and no such default is imminent;

(l) that all conditions required or specified as conditions precedent to the issuance of the Series 2013 Warrants as Parity Securities under the terms of the Master Warrant Ordinance as respects the pledge of revenues derived from the operation of the System, have been met, are being met in this ordinance, or will be met prior to the issuance of the Series 2013 Warrants; and

(m) that the Series 2013 Warrants are and shall be Parity Securities and on a parity, as respects said pledge, with the Series 2009 Warrants and any other Parity Securities that may hereafter be issued under the Master Warrant Ordinance.

(n) that the 1995 Warrants and the 1999 Warrants have been fully retired and are no longer outstanding.

(o) The City and its Utilities Board heretofore conducted on Tuesday, April 9, 2013, a public sale of the Series 2013 Warrants. The winning bid was submitted by Raymond James & Associates, Inc. with the True Interest Cost being 3.243601%. Pursuant to a right reserved by the City in the Invitation for Bids, the City adjusted the initial principal amount of the Series 2013 Warrants from \$10,645,000 to \$10,410,000 in order to account for the original issue premium bid by the successful bidder. Raymond James & Associates, Inc. (the "Underwriter") shall purchase the Series 2013 Warrants from the City for a purchase price of \$10,343,945.29 (consisting of the principal amount of \$10,410,000 less underwriter's discount of \$209,490.11 plus a net original issue premium of \$143,435.40).

ARTICLE 3 THE SERIES 2013 WARRANTS

Section 3.1 Authorization of the Series 2013 Warrants. Pursuant to applicable provisions of the constitution and laws of the State of Alabama, including particularly Section 11-47-2 of the Code of Alabama 1975, as amended, and for the purpose of providing for the (a) acquisition and construction of the Series 2013 Improvements and (b) paying all issuance expenses, the City is hereby authorized to issue \$10,410,000 principal amount of Water Revenue Warrants, Series 2013.

Section 3.2 Description of the Series 2013 Warrants. The Series 2013 Warrants shall be dated April 23, 2013, shall be appropriately numbered, and shall be issuable as fully registered warrants without coupons, in the denomination of any integral multiple of \$5,000 (subject, however, to the limitation that each single Warrant issuable hereunder shall have only one maturity date and shall bear interest until its maturity at only one rate), shall mature and become payable on May 1 and shall bear interest at the per annum rates as follows:

<u>Warrant Year</u>	<u>Principal Maturing</u>	<u>Applicable Interest Rate</u>	<u>Warrant Year</u>	<u>Principal Maturing</u>	<u>Applicable Interest Rate</u>
2020	\$605,000	3.00%	2026	\$725,000	3.000%
2021	625,000	3.00	2027	745,000	3.000
2022	645,000	3.00	2028	770,000	3.125
2023	665,000	3.00	2029	795,000	3.250
2024	685,000	3.00	2031	1,665,000	3.250
2025	705,000	3.00	2033	1,780,000	3.500

The Series 2013 Warrants shall bear interest from April 23, 2013 (except as otherwise provided in Section 3.4 hereof), until their respective maturities at the per annum rates set forth above. Such interest shall be computed on the basis of a 360-day year of twelve (12) calendar months of thirty (30) days each, and shall be payable on November 1, 2013, and semiannually on each succeeding May 1 and November 1 after the respective dates of the authentication and registration of the Series 2013 Warrants until and at their respective maturities. The principal of and the interest on the Series 2013 Warrants

shall, to the extent permitted by law, bear interest after their respective maturities until paid or until moneys sufficient for payment thereof shall have been made available for that purpose by the City, whichever first occurs, at the rate of 3.00% per annum or the maximum rate permitted by law, whichever is less.

The principal of and the interest (and premium, if any) on the Series 2013 Warrants shall be payable in lawful money of the United States of America. Said principal and premium (if any) shall be payable at the designated corporate trust office of Regions Bank, Birmingham, Alabama (which bank is hereby designated and appointed as the paying agent, registrar and transfer agent for the City in respect of the Series 2013 Warrants), and said interest shall be remitted by the Paying Agent in accordance with the procedures of the Book-Entry System and if such system is not in place, then by check or draft mailed or otherwise delivered to the then registered Holders of the Series 2013 Warrants at their respective addresses as they appear on the registry books of the Paying Agent pertaining to the Series 2013 Warrants (except for final payment of such interest, which shall be made only upon surrender of the appropriate Series 2013 Warrant to the Paying Agent). Interest payments that are due with respect to the Series 2013 Warrants and that are made by check or draft shall be deemed timely made if such check or draft is mailed by the Paying Agent no later than the due date of such interest.

In the event that the Paying Agent named in the preceding paragraph (or any successor paying agent, registrar and transfer agent for the City that may be hereafter designated as herein provided) should at any time decline to act as paying agent, registrar and transfer agent for the City in respect of the Series 2013 Warrants, or should resign or be removed as such, or should otherwise terminate its relationship with the City as such, or should cease to be a member of the Federal Deposit Insurance Corporation (or any agency of the United States of America that may succeed to its duties), 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 registrar; provided that any successor registrar so designated shall be and remain a member of the Federal Deposit Insurance Corporation (or any agency of the United States of America that may succeed to its duties) and shall be and remain duly qualified and doing business in the State of Alabama.

Section 3.3 Optional and Mandatory Redemption. The Series 2013 Warrants with stated maturities on May 1, 2023 and thereafter will be subject to prior optional redemption, in whole or in part, and in such amount and order of maturities as the City shall determine, on May 1, 2022 or any date thereafter at an applicable redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium or penalty.

Those of the Series 2013 Warrants maturing on May 1, 2031 are required to be mandatorily redeemed on May 1, 2030 in the principal amount of \$820,000 at a redemption price equal to the applicable principal amount thereof to be redeemed plus accrued interest thereon, without premium or penalty. The remainder of the 2031 Term Warrants will mature on May 1, 2031 in the principal amount of \$845,000.

Those of the Series 2013 Warrants maturing on May 1, 2033 are required to be mandatorily redeemed on May 1, 2032 in the principal amount of \$875,000 at a redemption price equal to the applicable principal amount thereof to be redeemed plus accrued interest thereon, without premium or penalty. The remainder of the 2033 Term Warrants will mature on May 1, 2033 in the principal amount of \$905,000.

If the Book-Entry System is in effect, then redemption shall be made as herein described under the Book-Entry System and in accordance with the provisions of the Letter of Representation and the Warrant Ordinance. If less than all of the Series 2013 Warrants at the time outstanding are redeemed at the time the Book-Entry System is not in effect, then any redemption shall be in such amount and order of maturities as the City shall determine in its sole discretion. In the event that less than all of the principal of the Series 2013 Warrants of a maturity is to be redeemed, the Paying Agent shall assign a number to each \$5,000 principal portion of all of the Series 2013 Warrants of such maturity and shall, by process of random selection based upon such numbers, select the principal portion of Series 2013 Warrants of such maturity to be redeemed. Notice of any intended redemption shall be given by United States registered or certified mail not less than 30 days prior to the proposed redemption date to the registered owner of each Series 2013 Warrant, all or a portion of the principal of which is to be redeemed, at the address thereof as it last appears on the registration books of the Paying Agent pertaining to the Series 2013 Warrants. Notice having been so given and payment of the redemption price duly made or provided, Series 2013 Warrants (or portions thereof) so called for redemption shall cease to bear interest from and after the redemption date unless default is made in the payment of the redemption price.

Section 3.4 Date From Which Series 2013 Warrants Bear Interest. Each Series 2013 Warrant shall bear interest from whichever of the following dates is applicable:

- (1) if the date of its authentication and registration is prior to November 1, 2013, it shall bear interest from April 23, 2013; or
- (2) if the date of its authentication and registration is November 1, 2013, or thereafter, it shall bear interest from the interest payment date next preceding the date of its authentication and registration or, if the date of its authentication and registration is an interest payment date, from the date of its authentication and registration (except that if at the time of such authentication and registration the City is in default in payment of the interest on such Series 2013 Warrant, it shall bear interest from the date to which interest has previously been paid or made available for payment thereon).

In any case, any Series 2013 Warrant issued in lieu of another Series 2013 Warrant presented for transfer or in exchange for one or more other Series 2013 Warrants shall bear interest at the rate borne by the Series 2013 Warrant or Series 2013 Warrants so surrendered for transfer or exchange, all to the end that no gain or loss of interest shall result from such transfer or exchange of Series 2013 Warrants.

Section 3.5 Form of Series 2013 Warrants, etc. The Series 2013 Warrants, the Paying Agent's Certificate of Authentication and Registration, and the provisions for recordation and assignment thereof, shall be in substantially the following forms, with appropriate insertions and variations therein to conform to the provisions hereof:

[FORM OF WARRANT]

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF ALABAMA
CITY OF DECATUR
WATER REVENUE WARRANT
SERIES 2013

Maturity Date

Interest Rate

CUSIP

The CITY OF DECATUR, a municipal corporation in the State of Alabama (the "City"), hereby acknowledges that it is obligated (to the limited extent hereinafter set out) to _____ in the principal sum of

_____ THOUSAND DOLLARS

and hereby orders and directs its City Treasurer (upon presentation and surrender of this warrant) to pay to the aforesaid named person, or registered assigns, solely out of the revenues hereinafter referred to, said principal sum on the maturity date specified above), together with interest thereon from the applicable date described in the next succeeding sentence and at the per annum interest rate specified above, such interest [computed on the basis of a 360-day year of twelve (12) calendar months of thirty (30) days each] being payable on November 1, 2013, and on each May 1 and November 1 thereafter until and at the maturity hereof. If the date of authentication and registration of this warrant is prior to November 1, 2013, it shall bear interest from April 23, 2013; and if the date of authentication and registration of this warrant is November 1, 2013, or thereafter, it shall bear interest from the interest payment date next preceding the date of authentication and registration shown below or, if the date of authentication and registration be an interest payment date, from the date of authentication and registration (except that if at the time of such authentication and registration the City is in default in payment of the interest on this warrant, it shall bear interest from the date to which interest has previously been paid or made available for payment hereon).

If the Book-Entry System hereinafter described is not in effect, then the interest on this warrant shall be remitted by first class mail from moneys provided by the City to the then registered owner of this warrant at the address thereof shown on the registration books of the Paying Agent hereinafter defined pertaining to the Series 2013 Warrants (as hereinafter defined). Such payments shall be deemed timely made if so mailed on an interest payment date (or if such interest payment date is not a Business Day, on the Business Day next following such interest payment date). If the Book-Entry System is in effect, then payments shall be made in accordance with the Letter of Representation and the procedures of the Book-Entry System. The principal of, premium (if any) and interest on this warrant shall be payable in lawful money of the United States of America without deduction for exchange, fees or expenses.

The Series 2013 Warrants are initially issued in Authorized Denominations pursuant to a Book-Entry System to be administered by the Securities Depository and registered in the name of and held by the Securities Depository Nominee, all as more particularly provided in the Series 2013 Warrant Ordinance, as hereinafter defined. In the event the Book-Entry System for the Series 2013 Warrants is discontinued, Series 2013 Warrants in certificated form in Authorized Denominations will be physically distributed to the Beneficial Owners thereof, the Series 2013 Warrants will be registered in the names of

the owners thereof on the registration books of the Paying Agent pertaining thereto, the Paying Agent shall make payments of principal of, premium (if any) and interest on the Series 2013 Warrants to the registered owners thereof as provided in the Series 2013 Warrants and the Series 2013 Warrant Ordinance, and the provisions of this warrant and of the Series 2013 Warrant Ordinance with respect to registration, transfer and exchange of warrants by the registered owners thereof shall apply. The principal of and the interest on this warrant are payable in lawful money of the United States of America. Said principal is payable at the designated corporate trust office of Regions Bank, Birmingham, Alabama (which bank has been designated as paying agent, registrar and transfer agent for the City in respect of this warrant, and the others of the issue of which it is one, and is herein called "the Paying Agent"). Both the principal of and the interest on this warrant shall, to the extent permitted by law, bear interest after their respective maturities or due dates until paid or until moneys sufficient for payment thereof have been made available for that purpose by the City, whichever first occurs, at the rate of 3.00% per annum or the maximum rate permitted by law, whichever is less.

The Series 2013 Warrants with stated maturities on May 1, 2023 and thereafter will be subject to prior optional redemption, in whole or in part, and in such amounts and order of maturities as the City shall determine on May 1, 2022 or any date thereafter at an applicable redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium or penalty.

Those of the Series 2013 Warrants maturing on May 1, 2031 are required to be mandatorily redeemed on May 1, 2030 in the principal amount of \$820,000 at a redemption price equal to the applicable principal amount thereof to be redeemed plus accrued interest thereon, without premium or penalty. The remainder of the 2031 Term Warrants will mature on May 1, 2031 in the principal amount of \$845,000.

Those of the Series 2013 Warrants maturing on May 1, 2033 are required to be mandatorily redeemed on May 1, 2032 in the principal amount of \$875,000 at a redemption price equal to the applicable principal amount thereof to be redeemed plus accrued interest thereon, without premium or penalty. The remainder of the 2033 Term Warrants will mature on May 1, 2033 in the principal amount of \$905,000.

If the Book-Entry System is in effect, then redemption shall be made as herein described under the Book-Entry System and in accordance with the provisions of the Letter of Representation and the Warrant Ordinance. If less than all of the Series 2013 Warrants at the time outstanding are redeemed at the time the Book-Entry System is not in effect, then in the event that less than all of the principal of the Series 2013 Warrants of a maturity is to be redeemed, the Paying Agent shall assign a number to each \$5,000 principal portion of all of the Series 2013 Warrants of such maturity and shall, by process of random selection based upon such numbers, select the principal portion of Series 2013 Warrants of such maturity to be redeemed. Notice of any intended redemption shall be given by United States registered or certified mail not less than 30 days prior to the proposed redemption date to the registered owner of each Series 2013 Warrant, all or a portion of the principal of which is to be redeemed, at the address thereof as it last appears on the registration books of the Paying Agent pertaining to the Series 2013 Warrants. Notice having been so given and payment of the redemption price duly made or provided, Series 2013 Warrants (or portions thereof) so called for redemption shall cease to bear interest from and after the redemption date unless default is made in the payment of the redemption price.

This warrant is one of a duly authorized issue of water revenue warrants aggregating \$10,410,000 in principal amount, dated April 23, 2013 (the "Series 2013 Warrants"), which have been issued pursuant to applicable provisions of the Constitution and laws of Alabama, including particularly

Section 11-47-2 of the Code of Alabama 1975, as amended, and Ordinance No. 95-3248 adopted by the governing body of the City on November 20, 1995 (the "Master Warrant Ordinance") and an ordinance duly and legally adopted by the governing body of the City on April 15, 2013 (the "Series 2013 Warrant Ordinance"). The Master Warrant Ordinance and the Series 2013 Warrant Ordinance are herein collectively referred to as the Warrant Ordinance.

The principal of and the interest on the Series 2013 Warrants are payable, on a parity of lien with the City's Water Revenue Warrants, Series 2009, dated June 1, 2009 (the "Series 2009 Warrants") and on a superiority of lien to the City's Water Revenue Warrant, Series 2009 SRF/ARRA and Water Revenue Warrant, Series 2012 DWSRF-DL (collectively the "Subordinated SRF Obligations"), both payable to the Alabama Drinking Water Finance Authority, solely out of revenues derived by the City from the operation of its water works plant and distribution system, as presently or hereafter constituted (the "System"), remaining after payment of the expenses of administering, operating, maintaining and repairing the same, and are secured, pro rata and without priority of one Warrant over another, by a valid pledge of the revenues out of which they are payable. In the said proceedings whereunder the Series 2009 Warrants and Series 2013 Warrants were authorized to be issued, and in the Master Warrant Ordinance, the City also effectively reserved the privilege of issuing from time to time other additional securities, without express limit as to principal amount, secured on a parity with the Series 2009 Warrants and the Series 2013 Warrants by a pledge of the aforesaid revenues from the System, upon compliance with the applicable terms and conditions set forth in the aforesaid proceedings.

This warrant is not a general obligation of the City, and neither its general faith and credit nor any of its taxing powers are pledged for payment of the principal hereof or the interest hereon. The covenants and representations contained herein, in the Master Warrant Ordinance, or in the aforesaid proceedings whereunder the Series 2013 Warrants were authorized to be issued, do not and shall never constitute a personal or pecuniary liability or charge against the general credit of the City, and in the event of breach of any such covenant or representation, no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the City shall arise therefrom. No holder of any of the Series 2013 Warrants shall ever have the right to compel the exercise of the taxing power of the City for the payment of the principal of or the interest on the Series 2013 Warrants, and this warrant does not constitute a debt of the City within any state constitutional provision or statutory limitation.

It is hereby certified and recited that the obligation evidenced and ordered paid by this warrant is lawfully due without condition, abatement or offset of any description; that all conditions, actions and things required by the Constitution and laws of the State of Alabama to exist, be performed or happen precedent to and in the issuance of this warrant do exist, have been performed and have happened; and that provision has been made in the Master Warrant Ordinance and the Series 2013 Warrant Ordinance for the deposit into a special fund of revenues from the operation of the System in amounts sufficient to provide for timely payment of the principal of and the interest on the Series 2009 Warrants and the Series 2013 Warrants.

Execution by the Paying Agent of its authentication and registration certificate hereon is essential to the validity hereof and is conclusive of the due issuance hereof under and pursuant to the Master Warrant Ordinance and the Series 2013 Warrant Ordinance.

IN WITNESS WHEREOF, the City has caused this warrant to be manually executed by its Mayor, has caused its official seal to be imprinted hereon, has caused this warrant to be manually attested by its City Clerk and has caused this warrant to be dated April 23, 2013.

CITY OF DECATUR

By _____
Mayor

Attest:

City Clerk

[FORM OF AUTHENTICATION AND REGISTRATION CERTIFICATE]

Date of authentication and registration: _____

AUTHENTICATION AND REGISTRATION CERTIFICATE

The within warrant is one of those described and authorized to be issued in the within-mentioned Warrant Ordinance and has this day been registered on the registry books of the undersigned in the name of the payee named on the face of such warrant.

REGIONS BANK,
Paying Agent and Transfer Agent

By: _____
Its Authorized Officer

[FORM OF RECORDATION CERTIFICATE]

It is hereby certified that this warrant was at the time of issuance thereof recorded, on a parity of lien with the Series 2009 Warrants, as a claim against the revenues derived by the City of Decatur, Alabama, from the operation of the "System" referred to in said warrant and out of which revenues this warrant is, under the provisions of the "Master Warrant Ordinance" and the "Series 2013 Warrant Ordinance" referred to in said warrant, payable.

City Treasurer

[FORM OF ASSIGNMENT]

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto _____ the within warrant and the moneys ordered paid thereby and hereby irrevocably constitute(s) and appoint(s) _____ attorney, with full power of substitution in the premises, to transfer this warrant on the books of the within-mentioned Paying Agent.

DATED this _____ day of _____.

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in every particular, without alteration, enlargement or change whatsoever.

Signature guaranteed:

Name of Guarantor _____
By _____
(Authorized Officer)

* Signatures must be guaranteed by an eligible guarantor institution that is a member of a recognized signature guarantee program, such as (for example) Securities Transfer Agents Medallion Program (STAMP), Stock Exchange Medallion Program (SEMP) or New York Stock Exchange Medallion Signature Program (MSP).

Section 3.6 Application of Proceeds from Sale of the Series 2013 Warrants. The proceeds derived by the City from the sale of the Series 2013 Warrants shall be applied as follows:

- (a) The principal proceeds of \$138,898.07 shall be applied to the payment of expenses as set forth on Exhibit B attached hereto and incorporated herein by reference; and
- (b) The remaining principal proceeds of \$10,205,047.22, along with \$414,952.78 to be transferred from the Reserve Fund, shall be deposited in the Series 2013 Construction Fund described in Section 3.8 hereof and applied to the acquisition and construction of the Series 2013 Improvements. The sum of \$1,722,855 shall remain on deposit in the Reserve Fund for the benefit of the Series 2009 Warrants and the Series 2013 Warrants.

Section 3.7 Concerning Certain Series 2013 Warrant Proceeds. The City may, to the extent it deems practicable, invest in Eligible Investments

- (a) the Series 2013 Warrant proceeds referred to in clause (b) of the preceding Section 3.6 hereof, and
- (b) any income or gain derived by it from the investment of any such proceeds (and of any such income or gain).

In the event of any such investment, the securities or certificates in which such moneys are so invested, together with the income or gain therefrom, shall become a part of the account from which moneys were withdrawn for such investment, to the same extent as if they were moneys originally deposited therein.

Anything herein to the contrary notwithstanding, the City will not invest, or continue the investment of, any Series 2013 Warrant proceeds or income or gain described in the preceding clauses (a) and (b) of this section, or sell or otherwise convert into cash any such investments, if as a result thereof

any of the Series 2013 Warrants would be considered "arbitrage bonds" within the meaning of Sections 103(b)(2) and 148 of the Tax Code and any applicable regulations,

(2) without in any way limiting the generality of the foregoing, will not invest, or continue the investment of, any such Series 2013 Warrant proceeds or income or gain in any "higher yielding investments" [within the meaning of Section 148(b)(1) of the Tax Code and any applicable regulations] after the expiration of any "temporary period" [as such term is used in Section 148(c)(1) of the Tax Code and any applicable regulations] applicable to such Series 2013 Warrant proceeds or income or gain, and will not take any other action (such as, e.g., the sale or other conversion into cash of any such investments) that would result in the investment of such Series 2013 Warrant proceeds or income or gain in "higher yielding investments" (defined as aforesaid) after the expiration of any "temporary period" (defined as aforesaid) applicable thereto, if and to the extent that such investment, continued investment or other action would result in any of the Series 2013 Warrants being considered "arbitrage bonds" within the meaning of Sections 103(b)(2) and 148 of the Tax Code and any applicable regulations, and

The City and the Paying Agent will keep and maintain such records respecting the aforesaid Series 2013 Warrant proceeds and income or gain (including, without limitation, records relating to the receipt and disbursement of funds, the purchase, sale, redemption or other conversion into cash of investments and the income, gain or loss on investments), and for such period of time, as shall be necessary in order to determine whether the Series 2013 Warrants meet the requirements of paragraphs (2) and (3) of Section 148(f) of the Tax Code and any applicable regulations thereunder.

Section 3.8 Series 2013 Construction Fund. (a) There is hereby established a special trust fund in the name of the City which shall be designated the "Series 2013 Construction Fund." Regions Bank shall be the depository, custodian and disbursing agent for the Series 2013 Construction Fund.

(b) There shall be deposited in the Series 2013 Construction Fund the amount specified therefor in Section 3.6(b) hereof. The money in the Series 2013 Construction Fund shall be paid out by Regions Bank for the purposes of paying the costs of acquiring and constructing the Series 2013 Improvements, but only upon receipt of a requisition or payment request as hereinafter provided.

(c) All requisitions and payment requests for withdrawals from the Series 2013 Construction Fund, in substantially the form of the requisition which is attached hereto as Exhibit C and incorporated herein by reference, shall be signed by the General Manager and the Business Manager and Chief Financial Officer and shall (i) state the amount requested to be paid and the name and address of the person to whom payment is to be made, (ii) describe in reasonable detail the particular cost, (iii) certify that the purpose for which such payment is to be made is one for which Series 2013 Construction Fund moneys are authorized under this Ordinance to be expended and (iv) certify that such payment is not to be used to reimburse the City for any expenditures made prior to February 25, 2013 except for engineering and other de minimus expenditures recognized under Section 1-150-2 of the applicable Treasury Regulations issued in connection with Section 103 of the Code. Each requisition or payment request shall be accompanied by a certification by the City of the cost paid or incurred by the City for any material or labor supplied for the Series 2013 Improvements showing that the amount requested to be paid is or was due and payable for the purpose stated in such requisition or payment request.

(d) In addition to the documents required by this Section, Regions Bank may require as a condition precedent to any payment or withdrawal further evidence with respect thereto or with respect

to the application of any money previously disbursed or as to the correctness of any statement made in any requisition or payment request. Upon the written request of the registered owners of at least 10% of the Series 2013 Warrants, Regions Bank shall require such evidence. Regions Bank shall, however, be under no duty to require such evidence unless so requested.

(e) Regions Bank shall not be liable for any misapplication of moneys in the Construction Fund if disbursed pursuant to the provisions of this Section and without knowledge or reason to believe that such disbursement constitutes a misapplication of funds.

ARTICLE 4 EXECUTION, REPLACEMENT, REGISTRATION, TRANSFER AND EXCHANGE OF THE WARRANTS

Section 4.1 Execution, Recordation and Authentication of the Series 2013 Warrants. The Series 2013 Warrants shall be executed on behalf of the City with a manual signature of the Mayor, and the corporate seal of the City shall be imprinted on each of the Series 2013 Warrants. The Series 2013 Warrants shall be manually attested by the City Clerk. Each of the Series 2013 Warrants shall be recorded by the City Treasurer, in the records of the City maintained by her, as claims against the revenues derived by the City from the operation of the System and out of which the Series 2013 Warrants are, pursuant to this ordinance and the Master Warrant Ordinance, payable. Such recordation shall be made simultaneously with respect to all the Series 2013 Warrants, and the City Treasurer shall certify, over her signature on each of the Series 2013 Warrants, the fact of such recordation. Said officers are hereby directed so to execute, attest and record the Series 2013 Warrants and to make such certification. Signatures on the Series 2013 Warrants by persons who were officers of the City at the time such signatures were written shall continue effective although such persons cease to be such officers prior to the authentication or the delivery of the Series 2013 Warrants. A duly executed authentication and registration certificate, manually executed by an authorized officer of the Paying Agent and showing the date of authentication and registration, shall be appended to each of the Series 2013 Warrants and shall be essential to its validity. Such authentication and registration certificate shall be conclusive of the due issue of such Series 2013 Warrant hereunder.

Section 4.2 Replacement of Mutilated, Lost, Stolen or Destroyed Series 2013 Warrants. Subject to the requirements and procedures of the Book-Entry System, in the event any Series 2013 Warrant is mutilated, lost, stolen or destroyed, the City shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Series 2013 Warrant of like tenor as that mutilated, lost, stolen or destroyed; provided that (a) in the case of any such mutilated Series 2013 Warrant, such Series 2013 Warrant is first surrendered to the City and the Paying Agent, and (b) in the case of any such lost, stolen or destroyed Series 2013 Warrant, there is first furnished to the City and the Paying Agent 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 Series 2013 Warrant.

Section 4.3 Expenses of Registration, Transfer and Exchange. Subject to the requirements and procedures of the Book-Entry System, in every case involving any transfer or exchange of any of the Series 2013 Warrants that is requested by the Holder thereof, such Holder shall pay all taxes and other governmental charges required to be paid in connection with such transfer or exchange. Except for such taxes and governmental charges and except as provided in Section 4.2 hereof, registrations, transfers or exchanges of Series 2013 Warrants shall be made without expense to the Holders of the Series 2013 Warrants.

ARTICLE 5
BOOK-ENTRY SYSTEM

(a) Book-Entry System.

(i) The Series 2013 Warrants shall be issued pursuant to a Book-Entry System administered by the Securities Depository with no physical distribution of any Series 2013 Warrant to any person. One Series 2013 Warrant for each maturity will be issued, registered in the name of the Securities Depository Nominee, and immobilized in the custody of the Securities Depository. Beneficial ownership interests in Series 2013 Warrants held by the Securities Depository may be purchased by or through Direct Participants. The holders of these beneficial ownership interests in such Series 2013 Warrants are referred to as the "Beneficial Owners." The Beneficial Owners will not receive certificated warrants representing their beneficial ownership interests. Ownership of the interests in Series 2013 Warrants in Authorized Denominations will be evidenced on the records of the Securities Depository and the Direct Participants and Indirect Participants pursuant to rules and procedures established by the Securities Depository. During a period in which the Book-Entry System is in effect for the Series 2013 Warrants the City and the Paying Agent shall treat the Securities Depository or the Securities Depository Nominee as the only registered owner of such Series 2013 Warrants for all purposes under this Ordinance, including, without limitation, receipt of all principal of, premium (if any) and interest on the Series 2013 Warrants, receipt of notices, voting, and requesting or directing the Paying Agent or City to take or not to take, or consenting to, certain actions under this Ordinance. In the event the Securities Depository or the Securities Depository Nominee assigns its rights to consent or vote under this Ordinance to any Direct Participant or Indirect Participant, the City and the Paying Agent shall treat such assignee or assignees as the only registered owner or owners of the Series 2013 Warrants for the purpose of exercising such rights so assigned.

(ii) During a period in which the Book-Entry System is in effect for the Series 2013 Warrants, payments of principal, interest, and redemption premium, if any, with respect to such Series 2013 Warrants will be paid by the Paying Agent directly to the Securities Depository, or the Securities Depository Nominee, as Holder, and as provided in the Letter of Representation; provided, that payment of the principal of (and premium, if any, on) such Series 2013 Warrants due at final maturity or upon redemption in whole of any of such Series 2013 Warrants shall be made only upon surrender thereof at the designated corporate office of the Paying Agent. The Securities Depository and the Direct Participants and the Indirect Participants shall be responsible for the disbursement of such payments to the Beneficial Owners. All such payments to the Securities Depository or the Securities Depository Nominee, as Holder, of principal of, premium (if any) and interest on such Series 2013 Warrants on behalf of the City or the Paying Agent shall be valid and effectual to satisfy and discharge the liability of the City and the Paying Agent to the extent of the amounts so paid, and the City and the Paying Agent shall not be responsible or liable for payment to any Beneficial Owner by the Securities Depository or by any Direct Participant or by any Indirect Participant, or for sending transaction statements or for maintaining, supervising or reviewing records maintained by the Securities Depository or Direct Participants or Indirect Direct Participants.

(iii) Transfers of ownership interests in the Series 2013 Warrants by the Beneficial Owners thereof, and conveyance of notices and other communications by the Securities Depository to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of the Series 2013 Warrants, will be

governed by arrangements among the Securities Depository, Direct Participants, Indirect Participants and the Beneficial Owners, subject to any statutory and regulatory requirements as may be in effect from time to time. For every transfer and exchange of beneficial ownership in such Series 2013 Warrants, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

(iv) Redemption notices respecting Series 2013 Warrants held by the Securities Depository shall be sent to the Securities Depository Nominee by the Paying Agent and redemption of Series 2013 Warrants shall be effected as provided in Section 5 and Section 7.

(v) In the event that the Securities Depository ceases to act as the securities depository for the Series 2013 Warrants, the City shall discontinue the Book-Entry System for such Series 2013 Warrants. If the City fails to appoint another qualified securities depository to replace the then acting Securities Depository, the City will cause the Paying Agent to authenticate and deliver fully registered certificated Series 2013 Warrants to each Beneficial Owner in evidence of the ownership interests thereof. If the Book-Entry System is discontinued for the Series 2013 Warrants, payments to, and transfers of Series 2013 Warrants by, the Beneficial Owners shall be governed by the provisions set forth in this Authorizing Ordinance with respect thereto.

(vi) The City may enter into a custody agreement with any bank or trust company serving as custodian (which may be the Paying Agent serving in the capacity of custodian) to provide for a Book-Entry System or similar method for the registration and transfer of the Series 2013 Warrants.

(vii) During a period in which the Book-Entry System is in effect for the Series 2013 Warrants in accordance herewith, the provisions of this Ordinance and such Series 2013 Warrants shall be construed in accordance with the Letter of Representation and to give full effect to such Book-Entry System.

(viii) The Beneficial Owners of all the Series 2013 Warrants, by their acquisition of any beneficial interest in a Series 2013 Warrant or Series 2013 Warrants, and the Securities Depository, the Securities Depository Nominee, and all Direct Participants and all Indirect Participants, severally agree that the City and the Paying Agent shall not have any responsibility or obligation to any Direct Participant or any Indirect Participant or any Beneficial Owner with respect to (1) the accuracy of any records maintained by the Securities Depository or any Direct Participant or any Indirect Participant; (2) the payment by the Securities Depository or any Direct Participant or any Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of, premium (if any) and interest on the Series 2013 Warrants; (3) the delivery or timeliness of delivery by the Securities Depository or any Direct Participant or any Indirect Participant of any notice due to any Beneficial Owner which is required or permitted under the terms of this Ordinance to be given to Beneficial Owners; or (4) any consent given or other action taken by the Securities Depository, or the Securities Depository Nominee, as owner.

(ix) In Release No. 34-47978; File No. SR-DTC-2003-02, the SEC approved DTC's Rule change clarifying that only DTC Participants with a position in that issue can request withdrawal of those securities from DTC. The City has no legal or beneficial interest in securities held by Participants at DTC and therefore the City has no basis to request the withdrawal of those securities.

(b) Discontinuation of Book-Entry System; Registration, Transfer, and Exchange of Series 2013 Warrants; Replacement of Mutilated, Lost, Destroyed or Stolen Series 2013 Warrants.

(i) The Securities Depository may determine to discontinue the Book-Entry System with respect to the Series 2013 Warrants at any time upon notice to the City and the Paying Agent and upon discharge of its responsibilities with respect thereto under applicable law. Upon such notice and compliance with law the Book-Entry System for the Series 2013 Warrants will be discontinued unless a successor securities depository is appointed by the City.

(ii) In the event the Book-Entry System for the Series 2013 Warrants is discontinued, Series 2013 Warrants in certificated form in Authorized Denominations will be physically distributed to the Beneficial Owners thereof and such Series 2013 Warrants will be registered in the names of the owners thereof on the Series 2013 Warrant Register, the Paying Agent will make payments of principal of, premium (if any) and interest on such Series 2013 Warrants to the registered owners thereof as provided in the Series 2013 Warrants and this Authorizing Ordinance, and the following provisions with respect to registration, transfer and exchange of such Series 2013 Warrants by the registered owners thereof shall apply:

(1) Upon surrender for transfer of any Series 2013 Warrant at the designated corporate office of the Series 2013 Paying Agent, the City shall execute, and the Paying Agent shall authenticate, register and deliver, in the name of the designated transferee or transferees, one or more new Series 2013 Warrants of the same series, of any Authorized Denominations and in a principal amount equal to the unpaid or unredeemed portion of the principal of the Series 2013 Warrant so presented.

(2) If and to the extent so provided with respect to the Series 2013 Warrants, at the option of the Holder, Series 2013 Warrants of such series may be exchanged for other Series 2013 Warrants of the same series, of any Authorized Denominations and of a like aggregate principal amount, upon surrender of the Series 2013 Warrants to be exchanged at the designated corporate office of the Series 2013 Paying Agent. Whenever any Series 2013 Warrants are so surrendered for exchange, the City shall execute, and the Paying Agent shall authenticate, register and deliver, the Series 2013 Warrants which the Holder making the exchange is entitled to receive.

(3) All Series 2013 Warrants surrendered upon any exchange or transfer provided for in this Authorizing Ordinance shall be cancelled.

(4) All Series 2013 Warrants issued upon any transfer or exchange of Series 2013 Warrants shall be the valid obligations of the City and be entitled to the same security and benefits under this Authorizing Ordinance as the Series 2013 Warrants surrendered upon such transfer or exchange.

(5) Every Series 2013 Warrant presented or surrendered for transfer or exchange shall (if so required by the City or the Series 2013 Paying Agent) be duly endorsed or be accompanied by a written instrument of transfer in form satisfactory to the City and the Series 2013 Paying Agent duly executed by the Holder thereof or his attorney duly authorized in writing.

(6) No charge shall be made to the Holder for any transfer or exchange of Series 2013 Warrants, but the City may require payment of a sum sufficient to cover any

tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 2013 Warrants.

(7) The Paying Agent shall not be required to transfer or exchange any Series 2013 Warrant during the period between the Record Date and the then next succeeding interest payment date; and, in the event that any Series 2013 Warrant (or any part thereof) is duly called for redemption, the Paying Agent shall not be required to transfer or exchange any such Series 2013 Warrant during the period of forty-five (45) days next preceding the date fixed for such redemption.

(8) If (i) any mutilated Series 2013 Warrant is surrendered to the Paying Agent, or the City and the Paying Agent receive evidence to their satisfaction of the destruction, loss or theft of any Series 2013 Warrant, and (ii) there is delivered to the City and the Paying Agent such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the City or the Paying Agent that such Series 2013 Warrant has been acquired by a bona fide purchaser, the City shall execute and the Paying Agent shall authenticate, register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Series 2013 Warrant, a new Series 2013 Warrant of the same series and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

(9) Upon the issuance of any new Series 2013 Warrant under this Section, the City may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

(10) Every new Series 2013 Warrant issued pursuant to this Section in lieu of any destroyed, lost or stolen Series 2013 Warrant shall constitute an original additional contractual obligation of the City, whether or not the destroyed, lost or stolen Series 2013 Warrant shall be at any time enforceable by anyone.

(11) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Series 2013 Warrants.

ARTICLE 6
SOURCE OF PAYMENT OF THE SERIES 2013 WARRANTS,
PLEDGE FOR PAYMENT THEREOF, AND SEVERANCE
OF REVENUES FROM PHYSICAL PROPERTIES

Section 6.1 Source of Payment of the Series 2013 Warrants. The principal of and the interest on the Series 2013 Warrants shall be payable, on a parity of lien with the Series 2009 Warrants and on a superiority of lien to the Subordinated SRF Obligations, solely out of revenues derived from the operation of the System remaining after payment of the expenses of administering, operating, maintaining and repairing the same. Neither the general faith and credit of the City nor any of its taxing powers are pledged for payment of the principal of or the interest on the Series 2013 Warrants, and the Series 2013 Warrants shall not be general obligations of the City. Neither this ordinance, the Master Warrant Ordinance nor any of the Series 2013 Warrants shall be deemed to impose upon the City any

obligation to pay the principal of or the interest on the Series 2013 Warrants, or any other sum, except with revenues derived from the operation of the System, and the Series 2013 Warrants shall not constitute indebtedness of the City within the meaning of any state constitutional provision or statutory limitation. None of the agreements, representations or warranties made or implied in this ordinance or the Master Warrant Ordinance, or in the Series 2013 Warrants or the issuance thereof, shall ever impose any personal or pecuniary liability or charge upon the City, whether before or after any breach by the City of any such agreement, representation or warranty, except with respect to the moneys herein provided, and in the event of a breach of any such agreement, representation or warranty no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the City shall arise therefrom. Nothing contained in this section shall, however, relieve the City from the performance and observance of the several agreements and covenants on its part contained herein or in the Master Warrant Ordinance so long as such performance or observance does not impose a personal, pecuniary or general liability or charge upon the City.

Section 6.2 Pledge of Revenues. The revenues out of which the Series 2013 Warrants are payable (as provided in Section 6.1 hereof and in Section 7.1 of the Master Warrant Ordinance) are hereby irrevocably pledged, on a parity of lien with the Series 2009 Warrants and any other Parity Security hereafter issued to the extent set out in the Master Warrant Ordinance and in this ordinance.

The City represents that (1) the pledges and agreements herein made will, immediately following the issuance of the Series 2013 Warrants, constitute first and prior pledges and agreements with respect to the revenues derived from the operation of the System, pro rata and on a parity with those Series 2009 Warrants and other Parity Securities that may hereafter be issued, and (2) immediately following the issuance of the Series 2013 Warrants, the Series 2009 Warrants and the Series 2013 Warrants will constitute the only outstanding securities of the City payable out of revenues derived from the operation of the System other than the City's Subordinated SRF Obligations.

Section 6.3 Severance of Revenues. In order to safeguard the aforesaid pledge and the performance and observance of the agreements and covenants of the City herein contained, the City does hereby declare its intention that the revenues derived from the operation of the System shall be and the same hereby are severed from the physical properties comprising the System to such extent as shall be necessary to fulfill and preserve inviolate the said pledge and to fulfill the said agreements and covenants.

ARTICLE 7 CONCERNING THE SPECIAL FUNDS CREATED IN THE MASTER WARRANT ORDINANCE

Section 7.1 Additional Payments into the Debt Service Fund and the Reserve Fund. The City specifically recognizes that since the Series 2013 Warrants constitute Parity Securities,

(a) certain additional amounts with respect to the Series 2013 Warrants will, under the terms of the Master Warrant Ordinance, be required to be paid into the Debt Service Fund on a monthly basis, and

(b) certain additional amounts may, under the terms of subparagraph (1) of subsection (a) of Section 8.3 of the Master Warrant Ordinance, also be required to be paid into the Reserve Fund, it being represented that the provisions of this subsection (b),

coupled with the provisions of subsection (b) of Section 3.6 hereof, make full provision for the funding of the Reserve Fund Increase resulting from the issuance of the Series 2013 Warrants, all as contemplated and required by clause (5) of subsection (a) of Section 6.2 of the Master Warrant Ordinance.

The City will make such additional payments, in the amounts, at the times, to the extent and from the sources therein specified.

Section 7.2 Certain Special Provisions. The City also specifically recognizes that since the Series 2013 Warrants constitute Tax-Exempt Parity Securities, the provisions of

- (a) the third paragraph of Section 8.7 of the Master Warrant Ordinance,
- (b) subsection (d) of Section 8.3 of the Master Warrant Ordinance, and
- (c) Section 8.10 of the Master Warrant Ordinance,

fully apply to the Series 2013 Warrants, and each thereof is incorporated by reference into this ordinance as fully and completely as if set forth herein.

ARTICLE 8 SPECIAL COVENANTS OF THE CITY

Section 8.1 Special Covenants Relating to Tax Exemption. The City will (a) in a timely manner, make all Required Rebates with respect to the Series 2013 Warrants and take such other lawful actions as shall be necessary, under the provisions of Section 103 of the Tax Code and any applicable regulations, to preclude the interest on any of the Series 2013 Warrants from being or becoming includible in gross income for Federal income tax purposes generally, and (b) refrain from taking any action that would, under the provisions of Section 103 of the Tax Code and any applicable regulations, result in the interest on any of the Warrants being or becoming includible in gross income for Federal income tax purposes generally. Further, and without in any way limiting the generality of the foregoing,

- (1) the City will comply with those covenants and agreements on its part contained in Section 3.7 hereof and in the second, third and fifth paragraphs of Section 8.7 of the Master Warrant Ordinance;
- (2) the City will, within fifty (50) days following the end of each Quinquennial Warrant Year, furnish to the Paying Agent a certificate or opinion of an Independent Auditor, together with such other evidence as the Paying Agent may reasonably request (as, for example, certificates and computations of officers or employees of the City or the Municipal Utilities Board and opinions of Bond Counsel), indicating that all Required Rebates that are due for the five-year period ending on the last day of such Quinquennial Warrant Year with respect to the Warrants have been made; and
- (3) the City will, within fifty (50) days following the date on which the last of the Series 2013 Warrants was fully retired, place (or cause to be placed) on file in the office of the City Clerk a certificate or opinion of an Independent

Auditor, together with such other evidence as the Mayor of the City (with the advice of the City Attorney and Bond Counsel) may deem advisable (as, for example, certificates and computations of officers or employees of the City or the Municipal Utilities Board and opinions of Bond Counsel), indicating that all Required Rebates that are due sixty (60) days after such date with respect to the Warrants have been made;

provided, however, that the City shall not be required to make any Required Rebate, to take any other action required by preceding provisions of this section, or to refrain from taking any action prohibited by preceding provisions of this section, if it furnishes to the Paying Agent and places on file in the office of the City Clerk an opinion of Bond Counsel stating that the failure to make such Required Rebate or to take (or to refrain from taking) such other action will not adversely affect the exclusion of the interest on the Warrants from gross income for Federal income tax purposes generally.

All the covenants and agreements on the part of the City contained in this section shall, notwithstanding any contrary provision of this ordinance or the Master Warrant Ordinance (including, without limitation, Section 8.8 of the Master Warrant Ordinance),

(a) survive any so-called "constructive" retirement and payment of the Series 2013 Warrants, and

(b) continue in full force and effect until (A) the Series 2013 Warrants shall have become due and payable in accordance with their terms, at maturity, through proceedings for redemption or otherwise, and (B) the whole amount of principal and interest (and premium, if any) due and payable thereon shall have been paid;

provided, however, that the provisions of the preceding clause (b)(3) of this section shall continue in full force and effect beyond the time specified in the preceding clause (ii) and until the date that is fifty (50) days following the date, referred to in said clause (b)(3), on which the last of the Warrants was fully retired.

The general faith and credit of the City are not pledged for payment of any Required Rebate or related penalty or other similar payment required hereunder to be paid by the City, and the obligation of the City hereunder to pay or cause to be paid any thereof shall not be a general obligation of the City but any such Required Rebate or related penalty or other similar payment shall instead be payable solely out of revenues derived by the City from the operation of the System (and, to the extent provided in Section 8.10 of the Master Warrant Ordinance, any moneys then on deposit in the Debt Service Fund, the Reserve Fund and the Improvement Fund).

Section 8.2 Additional Tax Covenants. In addition to the requirements under Section 8.1 hereof, the City hereby recognizes and acknowledges that the Series 2013 Warrants are being sold on the basis that the interest payable on the Series 2013 Warrants is excludable from gross income of the registered owners thereof for federal income taxation under Section 103 of the Tax Code. The City hereby covenants and agrees with the registered owners from time to time of the Series 2013 Warrants as follows:

(a) the proceeds of the Series 2013 Warrants will be used solely for the governmental purposes for which the Series 2013 Warrants were issued;

(b) none of the proceeds of the Series 2013 Warrants will be applied for any "private business use" nor will any part of the proceeds of the Series 2013 Warrants be used (directly or indirectly) to make or finance loans to persons other than a governmental unit;

(c) the payment of the principal of or interest on the Series 2013 Warrants will not be (under the terms of the Series 2013 Warrants or any underlying arrangements) directly or indirectly (i) secured in any way by any interest in property used or to be used for a "private business use" or by payments in respect of such property or (ii) derived from payments (whether or not to the City) in respect of property, or borrowed money, used or to be used for a "private business use;"

(d) the proceeds of the Series 2013 Warrants shall not be used or applied by the City, and the revenues of the System shall not be accumulated in the Debt Service Fund, the Reserve Fund or the Construction Fund in such a manner, and no investment thereof shall be made, as to cause any of the Series 2013 Warrants to be or become "arbitrage bonds", as that term is defined in Section 148 of the Code;

(e) the City will comply with the requirements of Section 148(f) of the Code with respect to any required rebate to the United States;

(f) the City will make no use of the proceeds of the Series 2013 Warrants that would cause the Series 2013 Warrants to be "federally guaranteed" under Section 149(b) of the Code and the payment of the principal of and interest on the Series 2013 Warrants shall not be (directly or indirectly) "federally guaranteed" (in whole or in part) as described in said Section, except as otherwise permitted in said Section; and

(g) the City has not designated the Series 2013 Warrants as "qualified tax exempt obligations" for purposes of paragraph (3) of subsection (b) of Section 265 of the Code. The Series 2013 Warrants are not "bank qualified."

The City hereby further covenants and agrees with the registered owners of the Series 2013 Warrants that, to the extent permitted by law, it will not take any action, or omit to take any action, with respect to the Series 2013 Warrants that would cause the interest on the Series 2013 Warrants not to be and remain excludable from gross income pursuant to the provisions of Section 103 of the Code. The City will, through its Utilities Board, each six months, prepare a report summarizing the construction status of the Series 2013 Improvements and the amount of Series 2013 Warrant proceeds expended on such Improvements. The report shall also contain a summary of how the Series 2013 Warrant proceeds have been invested and the approximate yield on such investments. If it appears that the Series 2013 Improvements will not be completed as contemplated in the City's Non-Arbitrage Certificate or if it appears that the yield on the investment of the Series 2013 Warrants will be higher than the yield on the Series 2013 Warrants (3.06811116%), then the City shall so notify the Paying Agent and Jones Walker LLP.

Section 8.3 Special Covenants Relating to Title. The City warrants its title to each and every part of the System presently in existence as being free and clear of every lien, encumbrance, trust or charge prior hereto, other than Permitted Encumbrances; warrants that it has power and authority to subject the System and the revenues therefrom to the lien of the pledge made herein and in the Master Warrant Ordinance and that it has done so hereby; and warrants that said revenues are not subject to any lien or charge (other than Permitted Encumbrances) that is prior to the charge thereon created herein and

in the Master Warrant Ordinance for the benefit of the Series 2009 Warrants, the Series 2013 Warrants and any other Parity Securities.

ARTICLE 9 PROVISIONS RESPECTING CONTINUING DISCLOSURE

Section 9.1 In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the City agrees to provide, or cause to be provided to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB,

(i) within 180 days of the end of the City's fiscal year, an audited financial statement, prepared in accordance with generally accepted accounting principles, pertaining to the Municipal Utilities Board. The City will also include such operating data, customer counts and usage charges as generally set forth in the Official Statement.

(ii) within ten Business Days after the occurrence of a reportable event, notice of the occurrence of any of the following events with respect to the Series 2013 Warrants: (a) principal and interest payments delinquencies, (b) non-payment related defaults, (c) unscheduled draws on debt service reserves reflecting financial difficulties, (d) unscheduled draws on credit enhancements reflecting financial difficulties, (e) substitution of credit or liquidity providers or their failure to perform, (f) adverse tax opinions or events affecting the tax-exempt status of the Series 2013 Warrants, (g) modifications to rights of holders of the Series 2013 Warrants, (h) calls for redemption, (i) defeasances, (j) release, substitution or sale of property securing repayment of the securities, (k) rating changes, if any are then in effect, (l) bankruptcy, insolvency, receivership or similar events, (m) merger, consolidation, acquisition or sale of assets involving an obligated party, and (n) appointment of a successor or additional trustee or the change of name of a trustee.

(iv) in a timely manner, notice of any failure by the City to provide the required annual financial information on or before the date specified above. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the registered and beneficial owners of the Series 2013 Warrants

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City, provided that any such modification may be done only in a manner consistent with the Rule. The City reserves the right to terminate its obligations to provide the annual operating information and financial information and Notices of material events, as set forth above, if and when the City no longer remains an "obligated person" with respect to the Series 2013 Warrants, within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the registered and beneficial owners of the Series 2013 Warrants and shall be enforceable by the holders of the Series 2013 Warrants; provided that such holders' rights to enforce the provisions of such undertaking shall be limited to a right to obtain specific enforcement of the City's obligations under the Master Warrant Ordinance or the Series 2013 Warrants Ordinance and any failure by the City to comply with the provisions of such undertaking shall not be an event of default with respect to the Series 2013 Warrants and shall not subject the City to money damages in any amount, whether compensatory, penal or otherwise. The name, address and telephone number of the initial contact person at the City are as

Stephen A. Pirkle, or successor as Business Manager/CFO
Municipal Utilities Board of Decatur, Alabama
PO Box 2232
Decatur, Alabama 35609
Phone: (256) 552-1407
Email: spirkle@decaturutilities.com

Effective July 1, 2009, The Securities and Exchange Commission (SEC) made two procedural changes to the way in which these annual reports and event notices are filed. They are as follows: (1) the Municipal Securities Rulemaking Board (MSRB) must receive all continuing disclosure filings, and (2) continuing disclosure filings must also be submitted in electronic pdf format to the Electronic Municipal Market Asset (EMMA) system, which may be accessed at emma.msrb.org. Effective January 1, 2010, submissions to the EMMA System must be in word-searchable pdf format and must not be password protected for viewing, saving and printing. Rule 15c2-12 was further amended by Release No. 34-62184 adopted on May 26, 2010 and MSRB Notice 2010-32 approved by the SEC on August 19, 2010. The City will comply with these changes and further agrees to comply with all future SEC regulations, several of which are presently under consideration, which may affect the City's continuing obligations hereunder.

Section 9.2 Utilities Board to be "Designated Agent" of the City under Article 9. The City hereby appoints the Utilities Board as the so-called "designated agent" of the City to provide all the information and documents and to take all other action, required by this Article 9 to be provided or taken (as the case may be) by the City, such agency relationship to continue so long as the responsibility for operating the System is by applicable law or otherwise vested in the Utilities Board. The City hereby represents that the Utilities Board has accepted such appointment and has agreed that it will, so long as the responsibility for operating the System is by applicable law or otherwise vested in it, provide such information and documents and take such action, all on a timely basis and otherwise as herein required. The Utilities Board shall cause the financial statement of the System to be issued within 120 days of the end of its Fiscal Year.

ARTICLE 11 MISCELLANEOUS PROVISIONS

Section 10.1 Disclaimer of General Liability. It is hereby expressly made a condition of this ordinance that any agreements or representations herein contained or contained in the Series 2013 Warrants do not and shall never constitute a personal or pecuniary liability or charge against the general credit of the City, and in the event of a breach of any such agreement or representation no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the City shall arise therefrom. Nothing contained in this section, however, shall relieve the City from the observance and performance of the several covenants, representations and agreements on its part herein contained.

Section 10.2 Ratification and Confirmation of the Master Warrant Ordinance. Applicability of Certain Provisions of the Master Warrant Ordinance. The Council hereby ratifies and confirms in all respects the Master Warrant Ordinance and acknowledges that the same (as effectively modified herein) is in full force and effect and constitutes, according to its terms, a contract between the City and the Holders of the Series 2013 Warrants, it being understood (a) that in the case of any words and phrases that are defined both in this ordinance and in the Master Warrant Ordinance, the definitions in this ordinance shall control for purposes of both this ordinance and the Master Warrant

Ordinance, and (b) that all the agreements on the part of the City contained in this ordinance (other than those in Article 9 hereof) shall be considered, for purposes of Article 12 of the Master Warrant Ordinance, also to be contained in the Master Warrant Ordinance. The City will continue to perform and observe the agreements and covenants on its part contained in the Master Warrant Ordinance (as modified as aforesaid), which such ordinance (as so modified) shall apply to the Series 2013 Warrants and any other Parity Securities hereafter issued as fully and completely as if the Series 2013 Warrants and such other Parity Securities had been originally issued under the Master Warrant Ordinance. Further, the City will not, prior to full payment and retirement of all the Series 2013 Warrants, hereafter effectuate any material modification of or amendment to the Master Warrant Ordinance without the prior written consent of the Holders of all the then outstanding and unpaid Series 2013 Warrants, notwithstanding any contrary provisions of the Master Warrant Ordinance.

Section 10.3 Right to Issue Further Parity Obligations Reserved. The Council recognizes and understands (a) that the Series 2009 Warrants and the Series 2013 Warrants constitute Parity Securities, and (b) that other Parity Securities may hereafter be issued, on a parity with the Series 2013 Warrants and the Series 2009 Warrants, under the provisions of the Master Warrant Ordinance; provided, that, with respect to any Parity Securities, the Parity Securities Ordinance may provide for the funding of all or any part of any Reserve Fund Increase resulting from the issuance of such Parity Securities not only through any one or more of the sources specified in clause (5) of subsection (a) of Section 6.2 of the Master Warrant Ordinance (as it now exists), but also through a Reserve Deposit or through any combination thereof and any of the other sources specified in the aforesaid clause (5), all as may be specified by the City. The Council hereby reaffirms and restates the right of the City, reserved in Article 6 of the Master Warrant Ordinance, to issue other Parity Securities on a parity with the Series 2013 Warrants and the Series 2009 Warrants.

Section 10.4 Utilities Board. The City acknowledges and recognizes (a) the existence of the Utilities Board, and (b) that while legal title to the System is vested in the City of Decatur, Alabama, the power to operate the System has by law been vested in the Utilities Board, subject to certain limitations. References herein to the City shall therefore be construed to mean the Utilities Board as and to the extent required or provided by law or the context hereof, and any actions herein required or specified to be taken by the City and the Council may, to the extent permitted by law, be taken by the Utilities Board; provided, however, that

(1) only the City and the Council shall have authority to authorize the issuance of other Parity Securities, although the City and the Council will (so long as operational control of the System is vested in the Utilities Board) do so only if the Utilities Board so requests or consents in writing, and

(2) nothing contained in this section shall relieve the City or its officers from the performance and observance of the several agreements, representations and covenants on the part of the City contained in this ordinance so long as such performance and observance does not impose a personal, pecuniary or general liability or charge upon the City.

Further, any reference herein to the Utilities Board shall, if and to the extent that it is no longer vested with operational control of the System, be construed to mean the City or the Council, as appropriate under the circumstances.

Section 10.5 Sale of the Series 2013 Warrants. The Series 2013 Warrants were offered for public sale on April 9, 2013 and the successful bidder for the Series 2013 Warrants was Raymond James & Associates, Inc. The City hereby confirms the sale of the Series 2013 Warrants to Raymond James & Associates, Inc. at a purchase price of \$10,343,945.29 (par amount of \$10,410,000.00 less underwriter's discount of \$209,490.11 and plus a net original issue discount of \$143,435.40). The Mayor or City Treasurer shall issue a receipt acknowledging payment of the purchase price of said Series 2013 Warrants and said receipt shall be full acquittal to the purchaser for the payment of the purchase price, and the purchaser shall be under no obligation or duty to inquire as to the application of the proceeds of the Series 2013 Warrants. The proceeds of the Series 2013 Warrants shall nevertheless be held in trust and disposed of only as provided herein. The officers of the City or any one or more of them are hereby authorized and directed to execute and deliver such closing papers as may be required by Jones Walker LLP, Bond Counsel, including, without limitation, United States Treasury Form 8038-G and a Non-Arbitrage Certificate and such other certificates containing such recitals as may be required to demonstrate the validity and legality of the Series 2013 Warrants and the Warrant Ordinance and the absence of any pending or threatened litigation affecting the Series 2013 Warrants or any agreement or instrument relating thereto or used or contemplated by the Official Statement relative to the Series 2013 Warrants.

Section 10.6 Series 2013 Warrants Payable at Par. The Paying Agent, by acceptance of its duties as such, shall be considered to have agreed thereby with the Holders of the Series 2013 Warrants that all payments made by it of the principal of and the interest on the Series 2013 Warrants shall be made in bankable funds at par and without deduction for exchange, fees or expenses. The City agrees with the Holders of the Series 2013 Warrants that it will pay all charges for exchange, fees or expenses which may be made by the Paying Agent in the making of such payments in bankable funds.

Section 10.7 Provisions Constitute Contract. Limitation of Rights. The provisions of this ordinance shall constitute a contract between the City and the Holders of the Series 2013 Warrants. Nothing herein or in the Series 2013 Warrants shall confer any right on anyone other than the City, the Paying Agent and the Holders of the Series 2013 Warrants.

Section 10.8 Severability. The provisions of this ordinance are hereby declared to be severable. In the event any court of competent jurisdiction should hold any provision hereof to be invalid or unenforceable, such holding shall not invalidate, render unenforceable or otherwise affect any other provision of this ordinance.

Section 10.9 Repeal of Inconsistent and Conflicting Proceedings. All ordinances and resolutions of the City inconsistent or in conflict with the provisions of this ordinance are, to the extent of such inconsistency or conflict, hereby repealed.

Section 10.10 Paying Agent. The City hereby covenants and agrees to pay to the Paying Agent the reasonable fees of the Paying Agent, including out of pocket expenses, within 30 days of the receipt of any invoice for such fees and expenses by the City.

Section 10.11 Official Statements. The Preliminary Official Statement and final Official Statement (the "Official Statements"), with respect to the Series 2013 Warrants, in substantially the form and of substantially the content as the form of Preliminary Official Statement and final Official Statement presented to and considered at this meeting, are each hereby approved and adopted. The Council does hereby find and determine that the Official Statements are correct and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or

necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Mayor of the City is hereby authorized to execute and deliver the final Official Statement for, on behalf, and in the name of, the City, with such changes or additions thereto, or deletions therefrom, as he may deem necessary or desirable in order to state fully and correctly the pertinent facts concerning the City and the Series 2013 Warrants offered thereby. The Mayor of the City is authorized and directed to cause distribution of the final Official Statement to be made to purchasers of the Series 2013 Warrants.

ADOPTED this 15th day of April, 2013.

President of the City Council

Authenticated:

City Clerk

APPROVED this 15th day of April, 2013.

Mayor

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

Ayes: Gary Hammon, Council President
Charles Kirby
Chuck Ard
Billy Jackson
Roger Anders

Nays: None

Council President Hammon thereupon declared that the motion for unanimous consent for the immediate consideration of and action on said Ordinance had been carried. Councilmember _____ thereupon moved that said Ordinance be finally adopted, which motion was seconded by Councilmember _____, and, upon said motion being put to vote, the following vote was recorded:

Ayes: Gary Hammon, Council President
Charles Kirby
Chuck Ard
Billy Jackson
Roger Anders

Nays: None

Council President Hammon thereupon announced that the motion for adoption of said Ordinance had been carried.

* * *

There being no further business to come before the Council, the meeting was duly adjourned at ____ o'clock _m.

CERTIFICATE OF CITY CLERK

The undersigned duly elected, qualified and acting Clerk of the City of Decatur, Alabama, hereby certifies that the foregoing pages constitute a complete, verbatim and compared copy of extracts from all those portions of the minutes of a regular meeting of the Council of said City duly held on the 15th day of April, 2013, pertaining to the matters therein referred to, the original of which is on file and of record in the Minute Book of the City in my custody.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official corporate seal of the City, this the 15th day of April, 2013.

City Clerk

CITY SEAL

EXHIBIT A

Series 2013 Improvements

The Series 2013 Improvements shall consist of the following capital water improvements to the System:

- (a) Settling basin valves replacement
(Basins 4-12)
- (b) Chlorine system upgrade;
- (c) Replace Dorr-Oliver clarifier Drives 4-12; and
- (d) Mallard Fox Industrial Park reinforcements.

EXHIBIT B

Issuance Expenses

The Paying Agent is authorized to begin disbursing the following approved issuance expenses from the Cost-of-Issuance Account on the Closing Date, and is further authorized to deposit any sums remaining after the payment of all issuance expenses into, or to withdraw additional sums necessary to pay all issuance expenses from, the Construction Fund:

(1)	Bond Counsel Jones Walker L.L.P.	\$27,500.00
(2)	Rating Agency Standard & Poor's	\$13,500.00
(2)	Rating Agency Moody's	\$14,800.00
(3)	Paying Agent Acceptance Fee and Annual Fee Regions Bank	\$2,500.00
(4)	Parity Financial Services	\$2,000.00
(5)	Financial Advisor Joe Jolly & Co., Inc.	\$75,000.00
(6)	Printing, CUSIP and miscellaneous expenses, including actual out-of-pocket expenses of any of the above parties	<u>\$3,598.07</u>
	TOTAL	<u>\$138,898.07</u>

EXHIBIT C
Requisition Form