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**STATE OF ALABAMA
COUNTY OF COVINGTON**

**ANDALUSIA CITY HALL
ANDALUSIA, ALABAMA
DECEMBER 20, 2010**

REGULAR WORK SESSION MEETING

PRESENT:

Earl V. Johnson, Mayor
Will Sconiers, Councilmember
Kenneth C. Mount, Councilmember
Hazel Griffin, Councilmember
Jason Jewell, Councilmember
Terry Powell, Councilmember
Mark Christensen, City Attorney

ABSENT:

None

The City Council of the City of Andalusia, Alabama met in room 340 at city hall for a work session at 5:00 p.m. for the purpose of planning and finalizing the agenda.

REGULAR COUNCIL MEETING

PRESENT:

Earl V. Johnson, Mayor
Will Sconiers, Councilmember
Kenneth C. Mount, Councilmember
Hazel Griffin, Councilmember
Jason Jewell, Councilmember
Terry Powell, Councilmember
Mark Christensen, City Attorney

ABSENT:

None

Mayor Johnson called the meeting to order and welcomed all. Councilmember Sconiers then led the prayer and Pledge of Allegiance to the flag.

APPROVAL OF MINUTES:

Mayor Johnson presented the minutes from the December 7, 2010, regular meeting. Councilmember Powell moved to approve the minutes as amended. Councilmember Sconiers seconded the motion which passed unanimously.

COUNCIL APPROVES RESOLUTION NO. 2010 – 53, FIRST QUARTER 2011 OUTSIDE AGENCY FUNDING:

Mayor Johnson presented Resolution No. 2010 – 53.

**THE CITY OF ANDALUSIA
ANDALUSIA, ALABAMA**

RESOLUTION NO. 2010 – 53

A RESOLUTION APPROVING OUTSIDE AGENCY APPROPRIATIONS

WHEREAS, the City Council of the City of Andalusia desires to provide financial assistance to certain outside agencies; and

WHEREAS, the City Council of the City of Andalusia has examined the performance of certain outside agencies and found them to provide a public benefit to the citizens of the City of Andalusia.

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NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ANDALUSIA, that \$34,175 be appropriated from contingency and that the treasurer is hereby directed to fund the 2011 outside agency requests for the first quarter of FY 2011.

ADOPTED AND APPROVED this 20th day of December, 2010.

THE CITY OF ANDALUSIA, ALABAMA

By: _____
Earl V. Johnson, Mayor

ATTEST:

John M. Thompson, City Clerk – Treasurer

Councilmember Sconiers moved to approve Resolution No. 2010 – 53. Councilmember Jewell seconded the motion which passed unanimously.

COUNCIL APPROVES RESOLUTION NO. 2010 – 54, AUTHORIZING CREDIT LINE:

Mayor Johnson presented Resolution No. 2010 – 54.

**THE CITY OF ANDALUSIA
ANDALUSIA, ALABAMA**

RESOLUTION NO. 2010 – 54

A RESOLUTION APPROVING THE PROCUREMENT OF A LINE OF CREDIT FOR THE CITY OF ANDALUSIA

WHEREAS, the City Council of the City of Andalusia desires to complete several projects currently underway;
and

WHEREAS, the City Council of the City of Andalusia has previously established long term funding for most of the current projects; and

WHEREAS, from time to time, normal cash flow becomes burdened due to delays in reimbursement for certain projects involving other funding sources, potential redirection of established funding and seasonal conditions; and

WHEREAS, the City of Andalusia has received a proposal, Exhibit A, for a credit line in the amount of \$2,000,000 from CCB Community Bank sufficient to meet the financial obligations of the city.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ANDALUSIA, that the mayor and city clerk are hereby authorized to sign all documents necessary to effectuate the intent of this resolution and pursuant to the terms and conditions outlined in Exhibit A.

ADOPTED AND APPROVED this 20th day of December, 2010.

THE CITY OF ANDALUSIA, ALABAMA

By: _____
Earl V. Johnson, Mayor

ATTEST:

John M. Thompson, City Clerk – Treasurer

Councilmember Griffin moved to approve Resolution No. 2010 – 54. Councilmember Powell seconded the motion which passed unanimously.

COUNCIL APPROVES RESOLUTION NO. 2010 – 55, ANIMALSHELTER CONTRACT WITH COUNTY:

Mayor Johnson presented Resolution No. 2010 – 55.

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**THE CITY OF ANDALUSIA
ANDALUSIA, ALABAMA**

RESOLUTION NO. 2010 – 55

**A RESOLUTION AUTHORIZING A CONTRACT WITH COVINGTON COUNTY FOR THE PURPOSE OF
MAINTAINING AN ANIMAL SHELTER**

WHEREAS, the City of Andalusia has maintained an animal shelter for many years for the safety and health of the citizens of Andalusia and Covington County; and

WHEREAS, Covington County has traditionally participated in the costs associated with the operation of the animal shelter through mutual contract; and

WHEREAS, the current contract between the City of Andalusia and Covington County for the mutual operation of the animal shelter has expired.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Andalusia that the attached contract with Covington County for the continued operation of the animal shelter is hereby approved and that the mayor is authorized to execute it.

ADOPTED AND APPROVED this 20th day of December, 2010.

THE CITY OF ANDALUSIA, ALABAMA

BY: _____
Earl V. Johnson, Mayor

ATTEST:

John M. Thompson, City Clerk/Treasurer

Councilmember Powell moved to approve Resolution No. 2010 – 55. Councilmember Griffin seconded the motion which passed unanimously.

COUNCIL APPROVES RETAIL BEER LICENSE FOR FOOD GIANT SUPERMARKETS, INC., (COST PLUS):

Mayor Johnson presented a request from Food Giant Supermarkets, Inc. for an Alabama Beverage Control Board – Retail Beer (Off Premises Only), 305 East Three Notch Street, Andalusia, Alabama 36420.

A motion was made by Councilmember Mount and seconded by Councilmember Jewell to approve the license. Mayor Johnson called for a vote which produced the following results:

YES:

Mayor Johnson
Councilmember Mount
Councilmember Jewell

NO:

None

ABSTAINED:

Councilmember Sconiers
Councilmember Griffin
Councilmember Powell

COUNCIL APPROVES RESOLUTION NO. 2010 – 56, AUTHORIZING THE RESURFACING OF THE WEST BYPASS AND THE MARTIN LUTHER KING, JR. EXPRESSWAY:

Mayor Johnson presented Resolution No. 2010 – 56.

**CITY OF ANDALUSIA
ANDALUSIA, ALABAMA
RESOLUTION NO. 2010 - 56**

WHEREAS, the City of Andalusia (hereinafter at times referred to as Governmental Body) is desirous of having certain improvements made on SR-55 and SR-12, in accordance with plans prepared by the Alabama Department of Transportation and designated as Project No. STPAA-0055(507) & NH-0012(545) Covington County, and described as Resurfacing on SR-55 from South of River Falls St. to the intersection of SR-12 and on SR-12 from SR-55 to East of Woodland St. in Covington County.

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WHEREAS, the Alabama Department of Transportation is now or may later be desirous of receiving Federal Aid for improvement of said highway, and

WHEREAS, The Federal Highway Administration, an agency of the United States of America will not participate in any funding for the construction of said project until and unless the Governmental Body will agree to certain requirements of the Federal Highway Administration. The Governmental Body for the purpose of complying with requirements of the Federal Highway Administration in regard to its funding of improvements of the type and kind in this agreement provided for, does hereby pass and adopt the following:

BE IT RESOLVED by the Andalusia City Council that the plans of said project including alignment, profile, grades, typical sections and paving layouts as submitted to this Council and which are now on file in the office of the City Clerk are hereby approved and that the location of said project as staked out by the Alabama Department of Transportation and as shown by said plans referred to are hereby approved and the Alabama Department of Transportation, in cooperation with the Federal Highway Administration, is hereby authorized to proceed with the grading, draining, paving, and otherwise improving and construction of said project in accordance with said plans.

The City of Andalusia by and through its Council hereby grants to the Alabama Department of Transportation the full use and access to the dedicated widths of any existing roads for the construction of said project and hereby agrees to permit and allow the Alabama Department of Transportation to close and barricade the said project and intersecting roads for as long as necessary while the said project is being graded, drained, paved, and otherwise improved, and hereby agrees that the use of any road or highway for parking within an interchange area will not at any time be permitted.

BE IT FURTHER RESOLVED by the Council, that for and in consideration of the Alabama Department of Transportation in cooperation with the Federal Highway Administration, constructing said highway and routing traffic along the same through the City over said project, such City hereby agrees with the Alabama Department of Transportation and for the benefit of the Federal Highway Administration, that on the above mentioned project the City will not in the future permit encroachments upon the right-of-way; nor will it pass any ordinances or laws fixing a speed limit contrary to those limits provided for in Title 32, Chapter 5, Code of Alabama 1975, as amended, and other laws of Alabama. The traffic control devices and signs installed during construction and those installed after completion of this project, shall be in accordance with the latest edition of the National Manual on Uniform Traffic Control Devices (MUTCD) and accepted standards adopted by the Alabama Department of Transportation and by the Federal Highway Administration.

The City further agrees that subsequent traffic control devices deemed necessary by it in keeping with applicable statutes, rules and regulations to promote the safe and efficient utilization of the highway under the authority of Title 32, Chapter 5, Code of Alabama 1975, and all other applicable laws of Alabama, shall be in accordance with the MUTCD and the City further agrees that it will enforce traffic and control the same under the provision of Title 32, Chapter 5, Code of Alabama 1975, and other applicable laws of Alabama.

It is understood and agreed that no changes in this Resolution of Agreement shall in the future be made without having obtained the prior approval of the Federal Highway Administration.

THIS RESOLUTION PASSED AND ADOPTED this the 20th day of December, 2010.

ATTEST:

John M. Thompson, City Clerk - Treasurer

Earl V. Johnson, Mayor

Councilmember Sconiers moved to approve Resolution No. 2010 – 56. Councilmember Jewell seconded the motion which passed unanimously.

COUNCIL APPROVES RESOLUTION NO. 2010 – 57, ASSESSING ABATEMENT COSTS:

Mayor Johnson presented Resolution No. 2010 – 57.

**THE CITY OF ANDALUSIA
ANDALUSIA, ALABAMA**

RESOLUTION NO. 2010 – 57

A RESOLUTION DETERMINING COSTS OF ABATEMENT OF PROPERTIES

WHEREAS, the City of Andalusia, Alabama, adopted the provisions of State of Alabama Act 94-540 by Ordinance No. 1994-7 which provides for the abatement of nuisances; and

WHEREAS, the City Council is required to confirm the costs the City of Andalusia has incurred in the abatement of nuisance properties; and

WHEREAS, the City of Andalusia has incurred costs in the abatement of nuisances located at 226 Knox Street described as Parcel 13042020030050000; 406 Eighth Street described as Parcel 13041940010090000; now

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BE IT RESOLVED by the City Council of the City of Andalusia that the actual costs of abatement of the aforementioned properties is as follows:

Parcel: 13042020030050000
Owner: Luther Ellison c/o Alberta Shine
Description: 226 Knox Street
Actual Cost of Abatement: \$150.00

Parcel: 13041940010090000
Owner: Trudie Horne c/o Christine Gallop
Description: 406 Eighth Street
Actual Cost of Abatement: \$400.00

ADOPTED AND APPROVED this 20th day of December, 2010.

THE CITY OF ANDALUSIA, ALABAMA

BY: _____
Earl V. Johnson, Mayor

ATTEST:

John M. Thompson, City Clerk/Treasurer

Councilmember Powell moved to approve Resolution No. 2010 – 57. Councilmember Mount seconded the motion which passed unanimously.

COUNCIL APPROVES ORDINANCE NO. 2010 – 03, AUTHORIZING THE PERMANENT FINANCING OF THE LAW ENFORCEMENT TRAINING CENTER:

Mayor Johnson presented Ordinance No. 2010 – 03.

**THE CITY OF ANDALUSIA
ANDALUSIA, ALABAMA**

ORDINANCE NO. 2010 – 03

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF A GENERAL OBLIGATION WARRANT OF THE CITY OF ANDALUSIA IN THE PRINCIPAL AMOUNT OF NOT MORE THAN \$442,527

BE IT ORDAINED BY THE CITY COUNCIL (herein called the "Governing Body") OF THE CITY OF ANDALUSIA (herein called the "Municipality") as follows:

Section 1. Findings and Representations.

The Governing Body does hereby find and determine, warrant and represent as follows:

(a) The Governing Body has heretofore determined it is necessary and desirable and in the public interest for the Municipality to acquire and construct capital improvements in and for the Municipality consisting of a police training facility (the "Project"), and to that end the Governing Body obtained a fund reservation from the United States of America, Department of Agriculture, Rural Development (herein called "USDA"), for the purchase by USDA and sale by the Municipality of its General Obligation Warrant, Series 2011-USDA (herein called the "Series 2011-USDA Warrant") to pay the cost of acquiring and constructing the said improvements under the provisions of Sections 11-47-2 of the CODE OF ALABAMA 1975.

(b) Pursuant to Ordinance No. 2009-07, the Governing Body issued its General Obligation Temporary Note, Series FY 2010, in principal amount of \$702,349 (the "Note"), and sold the Note to Regions Bank, to provide temporary financing for the costs of construction of the Project.

(c) The Governing Body has determined it is necessary and desirable and in the public interest to issue the Series 2011-USDA Warrant and use the proceeds thereof to refund, on a current basis, a portion of the outstanding principal amount of the Note.

(d) The population of the Municipality is 8,794 according to the 2000 United States Census of Population and Housing effective as of January 1, 2003.

Section 2. Authorization, Description, Payment and Form of Series 2011-USDA Warrant.

(a) The Municipality shall borrow the amount of \$442,527 in such amounts and at such times as shall be necessary for the purposes set forth in Section 1 hereof, and the Municipality shall issue therefor its General Obligation Warrant, Series 2011-USDA, in the following principal amount and of the following number, to the following person to evidence a loan to the Municipality for purposes referenced in Section 1(c):

<u>Warrant No.</u>	<u>Principal Amount</u>	<u>Lender</u>
R-1	\$442,527	United States of America, Department of Agriculture, Rural Development

(b) The Series 2011-USDA Warrant shall be dated the date of issuance; shall bear interest at the per annum rate or rates; shall be payable in installments of principal and interest in such amounts, at such times and in such manner; shall be subject to redemption prior to maturity; and shall be registered and transferred; all as provided in the form of the Series 2011-USDA Warrant in Section 2(f).

(c) The principal of and interest on the Series 2011-USDA Warrant shall be payable in lawful money of the United States of America at the district office of USDA in Dothan, Alabama, at par and without discount, exchange or deduction or charge therefor. The Municipality hereby covenants and agrees to pay all bank charges for the Series 2011-USDA Warrant.

(d) The indebtedness evidenced and ordered paid by the Series 2011-USDA Warrant shall be a general obligation of the Municipality for the punctual payment of the principal of and interest on which the full faith, credit and taxing power of the Municipality are hereby irrevocably pledged.

(e) There is hereby established a special fund designated the Series 2011-USDA Warrant Fund (the "Warrant Fund") which shall be held by the bank named as paying agent for the Series 2011-USDA Warrant. The Municipality shall pay or cause to be paid into the Warrant Fund from time to time such sums as shall be sufficient to provide for the payment of the principal of and interest on the Series 2011-USDA Warrant as it matures and comes due.

(f) The Series 2011-USDA Warrant shall be in substantially the following form:

	UNITED STATES OF AMERICA STATE OF ALABAMA	
No. R-1	CITY OF ANDALUSIA GENERAL OBLIGATION WARRANT	
SERIES 2011-USDA		
<u>Dated Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
January 5, 2011	4.375%	January 1, 2041

The CITY OF ANDALUSIA, a municipal corporation organized and existing under and by virtue of the laws of the State of Alabama (the "Municipality"), for value received, hereby promises to pay to

**UNITED STATES OF AMERICA, DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT
4300 Goodfellow Boulevard
Building 105F
St. Louis, Missouri 63120-1703**

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or registered assigns (collectively the "Warrantholder") the principal amount of

**FOUR HUNDRED FORTY-TWO THOUSAND FIVE HUNDRED TWENTY-SEVEN DOLLARS
(\$442,527)**

together with interest on the unpaid balance of said principal amount from the Dated Date until payment in full, at a per annum rate of interest (computed on the basis of the actual number of days elapsed over a 365-day year) equal to four and three-eighths of one percent (4.375%); such principal of and interest on this Warrant being payable in installments as follows:

(a) on January 1, 2012 and continuing on each January 1 thereafter, until and including January 1, 2040, the applicable principal amount set forth on Schedule A hereto, plus interest accrued on this Warrant to such date of payment, and

(b) on the Maturity Date set forth above, the entire outstanding principal balance of this Warrant, as set forth on Schedule A hereto, plus interest accrued to such date of payment.

Payment

The principal of and interest on this Warrant shall be payable at par, without discount, exchange, deduction or charge therefor, in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts, at the district office of the Warrantholder in Dothan, Alabama or at such other place as shall be designated by the Warrantholder to the Municipality in writing; provided, however, the final payment of such principal and interest shall be made only upon presentation and surrender of this Warrant to the Municipality.

The Municipality may, on any date, pay in advance the entire unpaid principal balance of this Warrant or any lesser portion or portions thereof by paying to the Warrantholder the principal amount to be prepaid, plus interest accrued on such principal amount to the date of such prepayment, without premium or penalty.

Authorization

This Warrant is issued pursuant to the Constitution and laws of the state of Alabama, including without limitation the provisions of Section 11-47-2 of the CODE OF ALABAMA 1975, and an ordinance and proceedings of the governing body of the Municipality duly passed, held and conducted (the "Authorizing Proceedings").

The indebtedness evidenced by this Warrant is a general obligation of the Municipality, and the full faith and credit of the Municipality are hereby sacredly and irrevocably pledged to the punctual payment of the principal hereof and interest hereon.

The Municipality has established in the Authorizing Proceedings a special fund designated the "Series 2011-USDA Warrant Fund" (the "Warrant Fund") for the payment of the principal of, premium, if any, and interest on this Warrant and has obligated itself to pay or cause to be paid into the Warrant Fund sums sufficient to provide for the payment of the principal of and interest on this Warrant as the same shall become due and payable.

Registration and Transfer

This Warrant is recorded and registered as to principal and interest in the name of the owner on the book of registration maintained for that purpose by the Municipality. The person in whose name this Warrant is registered shall be deemed and regarded as the absolute owner hereof for all purposes and payment of the principal of and interest on this Warrant shall be made only to or upon the order of the registered owner hereof or his legal representative, and neither the Municipality nor any agent of the Municipality shall be affected by any notice to the contrary. Payment of principal of and interest on this Warrant shall be valid and effectual to satisfy and discharge the liability of the Municipality upon this Warrant to the extent of the amounts so paid.

This Warrant may be transferred only upon written request of the registered owner or his legal representative addressed to the Municipality, such transfer to be recorded on said book of registration and endorsed hereon by the Municipality. Upon presentation to the Municipality for transfer, this Warrant must be accompanied by a written instrument or instruments of transfer satisfactory to the Municipality, duly executed by the registered owner or his attorney duly authorized in writing, and the Municipality shall endorse on the schedule attached hereto for such purpose the principal amount of this Warrant unpaid and the interest accrued hereon to the date of transfer. No charge shall be made for the privilege of transfer, but the registered owner of this Warrant requesting any such transfer shall pay any tax or other governmental charge required to be paid with respect thereto.

Fidelity Insurance

During each year that the Series 2011-USDA is outstanding, the Municipality shall maintain fidelity insurance in an amount equal to the total amount of principal of and interest on the Series 2011-USDA Warrant which is due in such year.

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General

No covenant or agreement contained in this Warrant or in the Authorizing Proceedings shall be deemed to be a covenant or agreement of any officer, agent, employee, or member of the governing body of the Municipality in the individual capacity thereof and none of such parties or persons nor any officer executing this Warrant shall be liable personally on this Warrant or be subject to any personal liability or accountability by reason of the issuance of this Warrant.

It is hereby recited, certified and declared that the indebtedness evidenced and ordered paid by this Warrant is lawfully due without condition, abatement or offset of any description, that this Warrant has been registered in the manner provided by law, that all acts, conditions and things required by the Constitution and laws of the state of Alabama to happen, exist and be performed precedent to and in the execution, registration and issuance of this Warrant, and the adoption of the Authorizing Proceedings, have happened, do exist and have been performed as so required, and that the principal amount of this Warrant and all other indebtedness of the Municipality are within every debt and other limit prescribed by the Constitution and laws of the State of Alabama.

IN WITNESS WHEREOF, the Municipality, acting by and through its governing body, has caused this Warrant to be executed in its name and on its behalf by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Warrant to be dated the date and year first above written.

CITY OF ANDALUSIA, ALABAMA

By _____
Mayor

SEAL

Attest: _____
City Clerk

Registration Certificate

It is hereby certified that this Warrant and the interest thereon have been registered by the undersigned as a claim against the City of Andalusia, Alabama and the Warrant Fund herein referenced.

Treasurer of the City of Andalusia, Alabama

REGISTRATION OF OWNERSHIP

This Warrant is recorded and registered on the registry books of the City of Andalusia in the name of the last owner named below. The principal of and interest on this Warrant shall be payable only to or upon the order of such registered owner.

<u>Date of</u> <u>Registration</u>	<u>In Whose Name</u> <u>Registered</u>	<u>Signature of Treasurer</u> <u>of Municipality</u>
	United States of America, Department of Agriculture, Rural Development 4300 Goodfellow Boulevard Building, 105F St. Louis, Missouri 63120-1703	_____
<u>Dated Date</u>	_____	_____
_____	_____	_____
_____	_____	_____

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**ENDORSEMENT BY MUNICIPALITY OF UNPAID
PRINCIPAL AND ACCRUED INTEREST
ON DATE OF TRANSFER**

<u>Date of Transfer</u>	<u>Principal Unpaid</u>	<u>Accrued Interest on Date of Transfer</u>	<u>Signature of Treasurer of Municipality</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Schedule A

Principal shall be payable on this Warrant on January 1 in each of the years and amounts as follows:

<u>Year</u>	<u>Amount</u>
2012	\$15,000
2013	15,000
2014	15,000
2015	15,000
2016	15,000
2017	15,000
2018	15,000
2019	15,000
2020	15,000
2021	15,000
2022	15,000
2023	15,000
2024	15,000
2025	15,000
2026	15,000
2027	15,000
2028	15,000
2029	15,000
2030	15,000
2031	15,000
2032	15,000
2033	15,000
2034	15,000
2035	15,000
2036	15,000
2037	15,000
2038	15,000
2039	15,000
2040	15,000
2041	7,527

Section 3. Execution of the Series 2011-USDA Warrant.

The Series 2011-USDA Warrant shall be executed in the name and on behalf of the Municipality by the Mayor and shall be attested by the Clerk of the Municipality, and the official seal of the Municipality shall be imprinted thereon. The registration of ownership of the Series 2011-USDA Warrant shall be executed by the Treasurer of the Municipality, who shall also make the endorsements required at the time of any transfer of the Series 2011-USDA Warrant. Said officers are hereby directed to so execute, attest and register the Series 2011-USDA Warrant and to make the appropriate endorsements and notations thereon.

Section 4. Sale and Delivery of Warrant.

The Mayor and the Clerk are hereby authorized and directed to effect delivery of the Series 2011-USDA Warrant and in connection therewith deliver such closing papers containing such representations as are required to demonstrate

the legality and validity of the Series 2011-USDA Warrant, the absence of pending or threatened litigation with respect thereto, and the exemption of the interest on the Series 2011-USDA Warrant from federal and state income tax.

Section 5. Expenses of Issuance and Collection.

(a) The Municipality hereby agrees to pay all expenses of issuance of the Series 2011-USDA Warrant.

(b) The Municipality covenants and agrees that, if the principal of and interest on the Series 2011-USDA Warrant are not paid promptly as such principal and interest matures and comes due, it will pay to the registered owner of the Series 2011-USDA Warrant or its registered assignees, all expenses incident to the collection of any unpaid portion thereof, including a reasonable attorney's fee.

Section 6. Covenants With Respect to Federal Tax Exemption for Interest

(a) The Municipality hereby covenants and agrees with the registered owner of the Series 2011-USDA Warrant that it will duly and punctually observe and perform all agreements and covenants thereof under the Tax Certificate and Agreement of even date.

(b) The Municipality hereby covenants and agrees with the registered owner of the Series 2011-USDA Warrant that, to the extent permitted by law, it will not take any action, or omit to take any action, with respect to the Series 2011-USDA Warrant that would cause the interest on the Series 2011-USDA Warrant not to be and remain excludable from gross income pursuant to the provisions of Section 103 of the Internal Revenue Code of 1986, as amended.

Section 7. Special Agreements of Municipality.

The Municipality agrees that the occurrence of either of the following events shall be an event of default with respect to the Series 2011-USDA Warrant whereupon the registered owner of the Series 2011-USDA Warrant may exercise all remedies available at law or in equity consequent thereupon:

- (i) failure to pay the principal of or interest on the Series 2011-USDA Warrant within ten days of the date on which any installment of principal of or interest on the Series 2011-USDA Warrant shall become due and payable; or
- (ii) the occurrence of any of the following: the appointment of a receiver, liquidator or trustee of the Municipality or any of its property or assets; or a general assignment by the Municipality for the benefit of the creditors thereof; or the commencement of proceedings by the Municipality, or against the Municipality and not dismissed or unstayed for a period of 60 days, under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law or any jurisdiction, now or hereafter in effect.

Section 8 Fidelity Insurance

During each year that the Series 2011-USDA is outstanding, the Municipality shall maintain fidelity insurance in an amount equal to the total amount of principal of and interest on the Series 2011-USDA Warrant which is due in such year.

Section 9. Severability.

The provisions of this ordinance are severable. In the event that any one or more of such provisions or the provisions of the Series 2011-USDA Warrant shall, for any reason, be held illegal or invalid, such illegality or invalidity shall not affect the other provisions of this ordinance or of the Series 2011-USDA Warrant, and this ordinance and the Series 2011-USDA Warrant shall be construed and enforced as if such illegal or invalid provision had not been contained herein or therein.

Section 10. Repeal of Conflicting Provisions.

All ordinances, resolutions and orders or parts thereof in conflict with this ordinance are, to the extent of such conflict, hereby repealed.

Section 11. Provisions of Ordinance a Contract.

The terms, provisions and conditions set forth in this ordinance constitute a contract between the Municipality and the registered owner of the Series 2011-USDA Warrant and shall remain in effect until the principal of and interest on the Series 2011-USDA Warrant shall have been paid in full.

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Duly passed and adopted this 20th day of December, 2010.

Mayor

Authenticated and attested:

City Clerk

It was moved by Councilmember Jewell that all rules and regulations which, unless suspended, would prevent the immediate consideration and adoption of said Ordinance be suspended, and that unanimous consent to the immediate consideration of said Ordinance be given. The motion was seconded by Councilmember Powell and was unanimously carried, those voting yes being:

<u>YES:</u>	<u>NO:</u>	<u>ABSTAINED:</u>
Mayor Johnson	None	None
Councilmember Sconiers		
Councilmember Mount		
Councilmember Griffin		
Councilmember Jewell		
Councilmember Powell		

The Mayor declared the motion carried.

After said Ordinance had been discussed and considered in full by the Council, it was moved by Councilmember Jewell that said Ordinance be now placed upon its final passage and adopted. The motion was seconded by Councilmember Powell. The question being put as to the adoption of said motion and the final passage and adoption of said Ordinance, the roll was called with the following results:

<u>YES:</u>	<u>NO:</u>	<u>ABSTAINED:</u>
Mayor Johnson	None	None
Councilmember Sconiers		
Councilmember Mount		
Councilmember Griffin		
Councilmember Jewell		
Councilmember Powell		

The Mayor thereupon declared said motion carried and the Ordinance passed and adopted as introduced and read.

COUNCIL REAPPOINTS ASHTON WELLS TO UTILITIES BOARD OF THE CITY OF ANDALUSIA:

A motion was made by Councilmember Powell and seconded by Councilmember Griffin to reappoint Ashton Wells to the Utilities Board of the City of Andalusia. Councilmember Griffin seconded the motion which passes unanimously.

COUNCIL ACCEPTS SOUTHEAST ALABAMA GAS DISTRICT DISTRIBUTION:

Councilmember Mount, the City of Andalusia’s representative on the Southeast Alabama Gas District’s Board of Directors, announced that the City of Andalusia had received its annual distribution from the SEAGD and moved that the portion of the annual distribution over and above the amount in the city’s budget, be placed into the Capital Improvement Fund of the city, as per the Financial Management Policy of the City of Andalusia. Councilmember Powell seconded the motion which passed unanimously.

ADJOURNMENT:

With no further business, Mayor Johnson called the meeting adjourned.

THE CITY OF ANDALUSIA, ALABAMA

BY: _____
Earl V. Johnson, Mayor

ATTEST:

John Thompson, City Clerk – Treasurer