

*Revised
3/17/98*

ORDINANCE NO. 53

BE IT ORDAINED by the Town Council (the "Council") of the Town of Dauphin Island, Alabama (the "Town"), as follows:

Section 1. Findings. Having made due and proper investigation of the matters hereinafter referred to, the Town Council has ascertained and does hereby find and declare that the following facts are true and correct:

- (a) In order to provide financing for the purchase of an ambulance for use by the Town, it is necessary that the Town borrow the sum of \$110,000.
- (b) In order to obtain such funds, it is necessary, advisable and in the interest of the public that the Town borrow such funds from Regions Bank and to deliver to such Bank as evidence of its indebtedness its promissory note.
- (c) Neither the Town nor any "subordinate entity" as such term is used in Section 265(b) of the Internal Revenue Code of 1986, as amended, has issued during calendar year 1998, or expects to issue within the remainder of 1998, in excess of \$10,000,000 of debt the interest on which is excludable from gross income for purposes of federal income tax.

Section 2. Authorization of Note. In order to provide the funds necessary to pay the costs of such purchase, the Town is authorized to borrow up to the sum of \$110,000 from Regions Bank, and to deliver in evidence of such indebtedness its promissory note, a form of which is attached hereto as Exhibit "A" and made a part hereof (the "Note"). The Note shall bear interest at the rate of 5.82% per annum and shall be subject to the other terms and conditions set forth in the form attached as Exhibit "A". In order to secure repayment of such indebtedness, the Town is authorized to deliver a security agreement, in substantially the form attached hereto as Exhibit "B" and made a part hereof (the "Security Agreement") covering the ambulance to be acquired, as more particularly described in the Security Agreement. The Note and Security Agreement shall be executed and delivered on behalf of the Town by its Mayor, and attested by the Clerk of the Town.

Section 3. Source of Payment. The indebtedness evidenced and ordered paid by the Note is and shall be a general obligation of the Town for payment of the principal of and interest on which the full faith and credit of the Town are hereby irrevocably pledged.

Section 4. Designation of Note; Covenant as to Tax-Exempt Obligation. The Town hereby designates the Note as a qualified tax-exempt obligation for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, the Town acknowledges and agrees that the Note is to be issued in compliance with the conditions necessary for the interest income thereon to be exempt from federal income taxation pursuant to the relevant provisions of the Code and covenants and agrees that it will not in any way cause or permit the proceeds of the Note to be used in a manner which would cause the interest on the Note to lose the exemption from federal income taxation as provided under the Code and the applicable regulations thereunder and will

comply with all applicable provisions of the Code (including, without limitation, the provisions relating to post-issuance actions affecting tax exemption) to the extent necessary for interest on the Note to be excludable from gross income of the holders thereof.

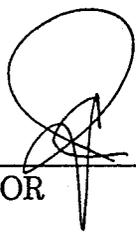
Section 5. Authorization. The Mayor and Clerk of the Town are hereby authorized to execute for and on behalf of the Town the Note and such certificates, instruments and closing documents, including a non-arbitrage certificate, as may be necessary or desirable to carry out the provisions of this Ordinance and to complete the financing herein authorized.

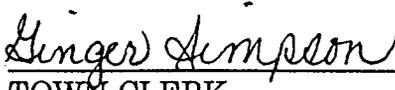
The Mayor thereupon announced that the motion for adoption of said Ordinance had been carried.

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There being no further business to come before the meeting the same was, on motion duly made and adopted, adjourned

March 3, 1998



MAYOR

GINGER SIMPSON
TOWN CLERK