

June Minutes  
June 12, 2006  
Commerce Civic Center  
6:30 P.M.

The regularly scheduled meeting of the Mayor and Council was held on Monday, June 12, 2006 at 6:30 P.M. in the Commerce Civic Center Peach Room, 110 State Street. Mayor Charles Hardy called the meeting to order and City Clerk Shirley Willis called the roll. Those in attendance were Mayor Charles Hardy, Mayor Pro Tem Dusty Slater, Councilmen Wayne Gholston, Donald Wilson, Mark Fitzpatrick and Richard Massey, City Manager Clarence Bryant, City Attorney John Stell, one member of the press and approximately thirty-five (35) citizens.

Councilman Richard Massey recognized Carlton Allen, pastor of the First Baptist Church and he gave the invocation.

#### Approval of Minutes

Councilman Richard Massey made a motion, seconded by Mayor Pro Tem Dusty Slater to approve the minutes of the May 8, 2006 Regular Meeting, the May 22, 2006 Work Session, the June 5, 2006 Special Called Meeting and the June 5, 2006 Work Session as presented.

The vote was unanimous.

#### Citizens or Delegations

Mayor Charles Hardy said there were none scheduled; however he welcomed everyone to the meeting and asked if anyone wished to speak.

Tricia Massey spoke on behalf of BRAG (Bike Ride Across Georgia) and expressed her thanks to Clarence Bryant, the Police Department, Recreation Department and the Electric Department for the support they had given to make this happen.

Mayor Charles Hardy thanked Tricia for her help in bringing this to Commerce.

#### NEW BUSINESS:

- A. Planning Commission Hearing Items
  - 1) Central Business District Boundaries

Mayor Charles Hardy read the Planning Commission recommendation of approval of the Central Business District delineation as shown on the map presented by the DDA. Mayor Charles Hardy said the mayor and council had looked at the delineation map and the DDA had done a good job.

Councilman Mark Fitzpatrick made a motion, seconded by Councilman Donald Wilson to approve the delineation of the Central Business District as recommended by the Planning Commission.

The vote was unanimous.

B. Adoption of the Supplemental Bond Ordinance

Mr. Brian Huskey of Merchants Capital made the presentation and stated the council held a special called meeting on June 5, 2006 and approved the Supplemental Bond Ordinance to provide for the issuance of water and sewerage revenue bonds. Mr. Huskey said on June 6, 2006 Merchants Capital went out and did the underwriting and got three (3) bids and in speaking with New York there was a very good response with an AAA rating with a 4.51% arbitrage. With this action the creation of as much financing for the first five years lowered the debt cost by \$350,000. He passed out the comparison sheet and went over the final pricing in the amount of \$12.9 million dollars. The bonds were done on a maturity by maturity basis. Mr. Huskey said there was no activity shown on the comparison sheet in Georgia with the exception of College Park for the Atlanta Airport in the amount of \$21 million. Mr. Huskey stated that the City of Commerce priced well in that endeavor. He also said that with this pricing the bond closing would be done on June 29, 2006. He asked that the adoption of the supplemental bond ordinance be done.

Attorney John Stell said the City of Commerce would need a motion and second to approve the bond ordinance.

Mayor Pro Tem Dusty Slater made a motion, seconded by Councilman Wayne Gholston to approve the Supplemental Bond Ordinance as presented.

The Ordinance is incorporated and made a part of these minutes.

ORDINANCE OF THE CITY OF COMMERCE, GEORGIA  
SUPPLEMENTING AN ORDINANCE ADOPTED ON FEBRUARY 14, 2002  
AS SUPPLEMENTED BY AN ORDINANCE ADOPTED ON JUNE 5, 2006  
PROVIDING FOR THE ISSUANCE OF \$12,770,000 IN AGGREGATE  
PRINCIPAL AMOUNT OF WATER AD SEWERAGE REVENUE  
REFUNDING AND IMPROVEMENT BONDS, SERIES 2006

WHEREAS, the City of Commerce, Georgia (the "City") was duly created and is a validly existing municipality of the State of Georgia; and

WHEREAS, under the Revenue Bond Law, O.C.G.A. Section 36-82-60, et seq., as amended (the "Act"), the City, pursuant to an ordinance dated June 5, 2006, (the "Parity Ordinance") authorized the issuance of not to exceed \$13,500,000 in aggregate principal amount of its Water and Sewerage Revenue Refunding and Improvement

Bonds, Series 2006 (the “Series 2006 Bonds”), for the purpose of financing the costs of the 2006 Project (as defined in the Parity Ordinance), to prepay the City’s outstanding Georgia Environmental Facilities Authority Loans incurred in 1993, 1999, 2004 and 2006 and for the other purposes described in the Parity Ordinance; and

WHEREAS, the Parity Ordinance provided that the interest rate for the Series 2006 Bonds would not exceed 6% per annum, that the principal would mature on December 1 in such year or years on or prior to December 1, 2026, and the maximum annual debt service in any sinking fund year would not exceed \$1,350,000; and

WHEREAS, the Parity Ordinance further provided that the interest rate for the Series 2006 Bonds would be determined by the City by a supplemental ordinance adopted prior to the issuance of the Series 2006 Bonds; and

WHEREAS, it is necessary to provide for the payment of the principal of and interest on the Series 2006 Bonds when due by the issuance of a municipal bond insurance policy (the “Policy”) by Financial Security Assurance Inc. (the “Bond Insurer”); and

NOW, THEREFORE, BE IT ORDAINED by THE CITY OF COMMERCE, GEORGIA, and it is hereby ordained by authority of the same as follows:

**Section 1. Definitions.** All capitalized words and terms used herein and not defined herein shall have the meaning specified in the Parity Ordinance unless the use or context clearly indicates another or different meaning or intent.

**Section 2. Authority for Supplemental Bond Ordinance.** This Supplemental Bond Ordinance is adopted pursuant to the provisions of the Act.

**Section 3. Issuance of Series 2006 Bonds; Redemption.** There are hereby authorized to be issued pursuant to the Parity Ordinance \$12,770,000 aggregate principal amount of City of Commerce (Georgia) Water and Sewerage Revenue Refunding and Improvement Bonds, Series 2006. The Series 2006 Bonds shall be dated as of June 1, 2006, shall be initially issued in book-entry only form as fully registered bonds without coupons, shall be numbered from R-1 upward, shall bear interest from June 1, 2006 at the rate per annum set forth below opposite each principal maturity, all interest payable December 1, 2006 and semiannually thereafter on June 1 and December 1 in each year, and shall mature on December 1 in the following years and amounts:

Year	Amount	Rate
2011	\$375,000	3.625%
2012	380,000	3.700
2013	400,000	3.750
2014	410,000	3.800
2015	425,000	4.000

2016	445,000	4.000
2017	465,000	4.000
2018	480,000	4.100
2019	500,000	5.000
2020	525,000	5.000
2021	880,000	5.000
2025	3,970,000	5.000
2028	3,515,000	4.500

The Series 2006 Bonds may be redeemed at the option of the City in whole or in part at any time on any Interest Payment Date, not earlier than December 1, 2015 at par, from any moneys which may be available for such purpose and deposited with the Paying Agent on or before the date fixed for redemption. The optional redemption of the Series 2006 Bonds shall be made by the payment of the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date, all in the manner provided in the Bond Ordinance.

If the Series 2006 Bonds are called for optional redemption in part, then the Series 2006 Bonds shall be selected for redemption in the order of maturities selected by the City, and if less than all of any maturity, by lot in such manner as may be determined by the Bond Registrar.

The Bonds maturing on December 2025 are subject to mandatory sinking fund redemption prior to maturity (the Bonds of such maturity to be redeemed to be selected by lot in such manner as may be designated by the Paying Agent) at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, in the following principal amounts on December 1 of the years set forth below (the December 1, 2025 amount to be paid rather than redeemed);

<u>Years</u>	<u>Principal Amount</u>
2022	\$ 920,000
2023	970,000
2024	1,015,000
2025	1,065,000

The Bonds maturing on December 1, 2028, are subject to mandatory sinking fund redemption prior to maturity (the Bonds of such maturity to be redeemed to be selected by lot in such manner as may be designated by the Paying Agent) at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, in the following principal amounts on December 1, of the years set forth below (the December 1, 2028 amount to be paid rather than redeemed):

<u>Years</u>	<u>Principal Amount</u>
2026	\$1,120,000
2027	1,170,000
2028	1,225,000

At its option, to be exercised on or before the 45<sup>th</sup> day next preceding such scheduled mandatory redemption date, the City may (a) receive a credit with respect to its scheduled mandatory redemption obligation for any Bonds subject to scheduled mandatory redemption which are delivered to the Paying Agent for cancellation and not theretofore applied as a credit against a scheduled mandatory redemption obligation or (b) receive a credit with respect to its scheduled mandatory redemption obligation for any Bonds which prior to said date have been redeemed (otherwise than through scheduled mandatory redemption) and canceled by the Paying Agent and not theretofore applied as a credit against said scheduled mandatory redemption obligation. Each Bond so delivered or previously redeemed shall be credited by the Paying Agent, at the principal amount thereof to the obligation of the City on such scheduled mandatory redemption date and the principal amount of the Bonds to be redeemed by operation of such scheduled mandatory redemption on such date shall be accordingly reduced.

Notices of any redemption of the Series 2006 bonds, identifying the Series 2006 Bonds (or any portion of the respective principal sums thereof) to be redeemed, shall be given by first-class mail, postage prepaid, not less than 30 days prior to the redemption date to all registered owners of the Series 2006 Bonds to be redeemed (in whole or in part) at their addresses as they appear in the bond registration book. Failure to give appropriate notice of any redemption by mail or any defect in the notice shall not affect the validity of the proceedings for the redemption of any Series 2006 Bond.

**Section 4. Bond Insurer Provisions.** Article XI is hereby amended by adding the following Section 11.1:

“Section 11.11 Bond Insurer Provisions.”

(a) “Insurance Policy” shall be defined as follows: “the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2006 Bonds when due.” “Insurer” shall be defined as follows: “Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.”

(b) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Debt Service Reserve Fund, if any. Notwithstanding anything to the contrary set forth in the Ordinance, amounts on deposit in the Debt Service Reserve Fund shall be applied solely to the payment of debt service on the Series 2006 Bonds.

(c) The Insurer shall be deemed to be the sole holder of the Insured Series 2006 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 2006 Bonds insured by it are entitled to take pursuant to the article of the Ordinance pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Paying Agent. Remedies granted to the Bondholders shall expressly include mandamus.

(d) The security for the Series 2006 Bonds shall include a pledge of any agreement with any underlying obligor that is a source of payment for the Series 2006 Bonds and a default under any such agreement shall constitute an Event of Default under the Ordinance.

(e) If acceleration is permitted under the Ordinance, the maturity of Series 2006 Bonds insured by the Insurer shall not be accelerated without the consent of the Insurer and in the event the maturity of the Series 2006 Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued on such principal to the date of acceleration (to the extent unpaid by the Issuer) and the Paying Agent shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Series 2006 Bonds shall be fully discharged.

(f) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.

(g) The Insurer shall be included as a third party beneficiary to the Ordinance.

(h) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Series 2006 Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of the Ordinance which permits the purchase of Series 2006 Bonds so purchased is not cancelled upon purchase.

(i) Any amendment, supplement, modification to, or waiver of, the Ordinance or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of Bondowners or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

(j) Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Construction Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Series 2006 Bonds.

(k) The rights granted to the Insurer under the Ordinance or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the Insurer.

(l) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the Series 2006 Bonds unless the Insurer otherwise approves.

To accomplish defeasance, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2006 Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2006 Bonds are no longer "Outstanding" under the Ordinance and (iv) a certificate of discharge of the Paying Agent with respect to the Series 2006 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, Paying Agent and Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Bonds shall be deemed "Outstanding" under the Ordinance unless and until they are in fact paid and retired or the above criteria are met.

(m) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Ordinance and the Series 2006 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Ordinance. The Ordinance shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(n) Each of the Issuer and Paying Agent covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

(o) Claims Upon the Insurance Policy and Payments by and to the Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date (“Payment Date”) there is not on deposit with the Paying Agent, after making all transfers and deposits required under the Ordinance, moneys sufficient to pay the principal of and interest on the Series 2006 Bonds due on such Payment Date, the Paying Agent shall give notice to the Bond Insurer and to its designated agent (if any) (the “Insurer’s Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2006 Bonds due on such Payment Date, the Paying Agent shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2006 Bonds and the amount required to pay principal of the Series 2006 Bonds, confirmed in writing to the Insurer and the Insurer’s Fiscal Agent by 12:00 noon, New York city time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Paying Agent shall designate any portion of payment of principal on the Series 2006 Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2006 Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2006 Bond to the Insurer, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent’s failure to so designate any payment or issue any replacement Series 2006 Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Series 2006 Bond or the subrogation rights of the Insurer.

The Paying Agent shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2006 Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

Upon payment of a claim under the Insurance Policy, the Paying Agent shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the “Policy Payments Account” and over which the Paying Agent shall have

exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to Bondholders in the same manner as principal and interest payments are to be made with respect to the Series 2006 Bonds under the sections hereof regarding payment of Series 2006 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Issuer agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2006 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the [Trust Estate] and payable from such [Trust Estate] on a parity with debt service due on the Series 2006 Bonds. Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any costs, expenses or liabilities of the paying Agent. Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Insurer.

(p) The Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2006 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy. Each obligation of the Issuer to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(q) The Issuer shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Ordinance of any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Ordinance or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Ordinance or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a

reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Ordinance or any other Related Document.

(r) After payment of reasonable expenses of the Paying Agent, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Series 2006 Bonds and amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(s) The Insurer shall be entitled to pay principal or interest on the Series 2006 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Series 2006 Bonds as a result of acceleration of the maturity thereof in accordance with the Ordinance, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(t) The notice address of the Insurer is: Financial Security Assurance Inc., 31 West 52<sup>nd</sup> Street, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. \_\_\_\_\_, Telephone: (212) 826-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

(u) The Insurer shall be provided with the following information by the Issuer or Paying Agent, as the case may be:

- (i) Annual audited financial statements within 150 days after the end of the Issuer’s fiscal year (together with a certification of the Issuer that it is not aware of any default or Event of Default under the Ordinance), and the Issuer’s annual budget within 30 days after the approval thereof together with such other information, data or reports as Insurer shall reasonably request from time to time;
- (ii) Notice of any draw upon the Debt Service Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Debt Service Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds;
- (iii) Notice of any default known to the Paying Agent or Issuer within five Business Days after knowledge thereof;
- (iv) Prior notice of the advance refunding or redemption of any of the Series 2006 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

- (v) Notice of the resignation or removal of the Paying Agent and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
- (vi) Notice of the commencement of any proceeding by or against the Issuer commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");
- (vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2006 Bonds;
- (viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and
- (ix) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

(v) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Ordinance, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Fund is fully funded at the maximum amount permitted by law upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.

(w) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Ordinance would adversely affect the security for the Series 2006 Bonds or the rights of the Bondholders, the Paying Agent shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(x) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Series 2006 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

(y) If the Series 2006 Bonds are issued for refunding purposes, there shall be delivered an opinion of Bond Counsel addressed to the Insurer (or a reliance letter relating thereto), or a certificate of discharge of the Paying Agent for the Refunded Bonds, to the effect that, upon the making of the required deposit to the escrow, the legal defeasance of the Refunded Bonds shall have occurred. If the Refunded Bonds are FSA-insured, at least three business days prior to the proposed date for delivery of the Policy with respect to the Refunding

Bonds, the Insurer shall also receive (i) the verification letter, of which Financial Security shall be an addressee, by an independent firm of certified public accountants which is either nationally recognized or otherwise acceptable to the Insurer, of the adequacy of the escrow established to provide for the payment of the Refunded Bonds in accordance with the terms and provisions of the Escrow Deposit Agreement, and (ii) the form of an opinion of Bond Counsel addressed to the Insurer (or a reliance letter relating thereto) to the effect that the Escrow Deposit Agreement is a valid and binding obligation of the parties thereto, enforceable in accordance with its terms (such Escrow Deposit Agreement shall provide that no amendments are permitted without the prior written consent of the Insurer). An executed copy of each of such opinion and reliance letter, if applicable, or Paying Agent's discharge certificate, as the case may be, shall be forwarded to the Insurer prior to delivery of the Series 2006 Bonds."

**Section 5. Severability.** In case any one or more of the provisions of this Supplemental Ordinance shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Supplemental Ordinance, but this Supplemental Ordinance shall be construed and enforced as if such illegal or invalid provision had not been contained therein.

**Section 6. Applicable Provisions of Law.** This Supplemental Ordinance shall be governed by and construed and enforced in accordance with the laws of the State of Georgia.

**Section 7. Parity Ordinance and Supplemental Ordinance as One Ordinance.** As amended and supplemented by this Supplemental Ordinance, the Parity Ordinance is, in all respects, ratified and confirmed, and the Parity Ordinance and this supplemental ordinance shall be read, taken and construed as one and the same instrument.

**Section 8. References.** All references herein or in the Parity Ordinance to any article, section or provision of the Ordinance shall refer to such article, section or provision as hereby amended and supplemented.

**Section 9. Effective Date.** This Supplemental Ordinance shall be effective immediately upon its adoption.

The vote was unanimous.

C. False Alarm Ordinance

Mayor Charles Hardy stated there had been a problem with one business reporting false alarms to the Fire Department. Each time the volunteer firemen went out on a call it was costing the City of Commerce money. Mayor Hardy read the updated Section 34-8 of the Ordinance to Authorize the Collection of Costs Incurred in Responding to False Alarms.

Councilman Donald Wilson made a motion, seconded by Mayor Pro Tem Dusty Slater to approve the Ordinance as presented. The Ordinance is made a part of these minutes and is as follows:

**AN ORDINANCE TO AUTHORIZE THE COLLECTION OF COSTS INCURRED  
IN RESPONDING TO FALSE ALARMS; TO PROVIDE FOR DEFINITIONS;  
PROHIBITIONS AND RESTRICTIONS; PAYMENTS OF FEES AND  
COLLECTION OF FEE AND FOR OTHER PURPOSES**

The City of Commerce hereby ordains that the Code of the City of Commerce is hereby amended by adding the following sections to read as follows:

**Section 34-7. False Alarms; Definitions.**

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*Alarm system* means an assembly of equipment and devices designated and arranged to detect and signal an unauthorized intrusion into a premises, or to signal an attempted robbery at a protected premises or to signal a fire emergency at the protected premises and with respect to such signal, the public safety department of the city is expected to respond.

*False alarm* means the activation of an alarm system other than by the existence of a fire emergency, a forced entry or attempted forced entry to the premises, and a time when no such fire emergency, burglary, robbery or forcible entry is being committed or attempted upon the premises and shall include negligently activated alarms; alarms which are the result of equipment which has been improperly installed or maintained; alarms which are purposely activated to summons the public safety department in non-emergency situations; but does not include an alarm caused by violent conditions of nature or other causes which are beyond the alarm user's or alarm businesses' control.

**Section 34-8. Prohibitions and restrictions.**

It shall be a violation of this article for any person or person to cause or allow more than two false alarms to be reported to the city during any twelve-month period. Each such violation shall be subject to a minimum fee of \$25.00 plus a service charge as established by the City Manager based upon the actual costs incurred by the City in responding to the false alarm. A new alarm system shall be allowed a 30-day grace period from the date of it's installation before the penalty of this section shall apply.

**Section 34-9. Payment of fees and condition of doing business.**

Payment of false alarm fees as documented by the city public safety department and billed to a business is a condition of that business operating within the city. The city clerk is authorized, pursuant to City Code Section 18-29, to withhold issuing or renewing a business registration certificate to a business, which has failed to pay a false alarm service fee. Any business, which operates, or continues to operate within the city when its business registration certificate has been withheld under this provision shall be deemed to be operating without a business registration certificate and shall be subject to the penalty resulting therefrom. In the case of residences, the false alarm fee shall be billed on the utility bill issued by the city monthly and failure to pay such fee shall result in the discontinuance of utility service.

This Ordinance shall become effective immediately upon its adoption, the public health, safety and welfare requiring same.

It is so ordained this 12th day of June, 2006.

**CITY OF COMMERCE**

By: S/Charles L. Hardy, Jr.  
Mayor

Attest: S/Shirley Willis  
City Clerk

Mayor Hardy pointed out that as reflected in Section 34.8 if it was a burglar alarm in a private residence and after two calls the charge would be \$25.00; however if the fire department answered the call the base of the actual costs incurred would be added.

The vote was unanimous.

**D. DDA Request to Delay Traffic for 5K City Lights Run**

Mr. Hasco Craver, DDA Executive Director, requested the council to authorize the Mayor to approve the letter to DOT seeking permission for the Commerce Police Department and the Public Works Department to control the delay of traffic on Elm Street for the purpose of holding the Star Chase 5K Road Race on Saturday, June 24, 2006 at 6:00 P.M. as part of the City Lights Festival.

Councilman Donald Wilson made a motion, seconded by Councilman Richard Massey to authorize Mayor Charles Hardy to approve the letter to DOT for the traffic delay.

The vote was unanimous.

- E. Request for Package Sale of Beer & Wine – Jackson Food Mart, 517 S. Elm Street.

Mr. Karim Ali applied for an Occupational Certificate for the package sale of Beer and Wine at 517 S. Elm Street (formerly Short Stop). The business was changing ownership. All background checks had been completed and there were no negative findings.

Councilman Mark Fitzpatrick made a motion, seconded by Mayor Pro Tem Dusty Slater to approve the request as presented.

The vote was unanimous.

- F. Sewer Rate Revision

Mayor Charles Hardy said there was a copy of the new sewer rates effective July 1, 2006 in the package reflecting the reduction of \$1.00 per 1,000 gallons or portion thereof. He said that the City of Commerce would use the funds set aside for the electric deregulation for “rate shock”. The amount that could be accessed was \$150,000 per year and that would be done for a period of two years. The funds would be put into the Water and Sewer to help offset the sewer debt and that would allow the sewer rate to be reduced for a period of two years. Mayor Charles Hardy said that hopefully the growth rate would allow the City of Commerce not to have to add anything back on the rate at the end of the two-year period.

The changed rate was as follows:

**WATER AND SEWER RATES**

Effective July 1, 2006

**WATER RATES**

<b><u>Monthly Rate</u></b>	<b><u>Inside City Rate</u></b>	<b><u>Outside City Rate</u></b>
Minimum Bill	\$3.00	\$6.00
Per 1,000 Gallons	\$3.85 for each 1,000 gallons or portion thereof	\$5.80 for each 1,000 gallons or portion thereof

**SEWER RATES**

<b><u>Monthly Rate</u></b>	<b><u>Inside City Rate</u></b>	<b><u>Outside City Rate</u></b>
Minimum Bill	\$3.00	\$6.00
Per 1,000 Gallons of water used	*\$4.25 for each 1,000 gallons or portion thereof	\$7.90 for each 1,000 gallons or portion thereof

SO ORDAINED THIS 12<sup>th</sup> Day of June, 2006.

S/Charles L. Hardy, Jr.  
Mayor

S/Shirley Willis  
City Clerk

Councilman Donald Wilson made a motion, seconded by Councilman Wayne Gholston to approve the sewer rate change effective July 1, 2006.

The vote was unanimous.

G. 6” Natural Gas Loop “Declaration of Official Intent” Loan Agreement

Mayor Charles Hardy read the Ordinance to lease from the Municipal Gas Authority of Georgia to install the 6” Natural Gas Loop. He said the City of Commerce would finance over a period of fifteen (15) years. This paperwork was only the declaration of official intent to lease.

The Ordinance is made a part of these minutes and is as follows:

**ORDINANCE OF CITY OF COMMERCE  
FOR DECLARATION OF OFFICIAL INTENT**

WHEREAS, the City of Commerce (the “City”), a municipal corporation of the State of Georgia has determined that it is in the best interest of the City to lease from the Municipal Gas Authority of Georgia (the “Gas Authority”) certain additions, extensions and improvements to the City’s gas distribution system (the “Project”) and to enter into certain other arrangements concerning the Project with the Gas Authority (“Lease Financing”); and

WHEREAS, the City desires to declare its official intent to be reimbursed the cost of the Project from certain proceeds from the Lease Financing.

NOW, THEREFORE, BE IT RESOLVED, that the City hereby declares pursuant to Treasury Regulations Section 1.150 its official intent to reimburse and finance the cost of the Project paid within the last sixty (60) days or to be paid from certain proceeds of the Lease Financing. As of the date hereof, the City reasonably expects that it will reimburse these expenditures from certain proceeds of the Lease Financing.

BE IT FURTHER RESOLVED, that the City hereby approves in principal the Lease Financing, subject to final approval of the execution of the documents included in the Lease Financing and the approval of the principal and interest components of the rental payments thereunder.

BE IT FURTHER RESOLVED, that a copy of this Ordinance be placed in the official records of the City within ten (10) days of the date of adoption of this Ordinance and be made available for inspection by the public in accordance with the provisions of law.

ADOPTED, this 12<sup>th</sup> day of June, 2006.

CITY OF COMMERCE

By: S/Charles L. Hardy, Jr.  
Mayor

ATTEST:

S/Shirley Willis

#### CLERK'S CERTIFICATE

I, the undersigned, Clerk of the City of Commerce (the "City"), DO HEREBY CERTIFY that the foregoing pages of typewritten matter constitute a true and correct copy of the Ordinance duly adopted by the governing body of the City at a meeting held on the 12<sup>th</sup> day of June, 2006, duly called and open to the public in compliance with Section 50-14-1 of the Official Code of Georgia Annotated, at which a quorum was present and acting throughout, the original of which Ordinance has been duly recorded in the Minute Book of the City, which is in my custody and control, and that the Ordinance has not been rescinded or modified and is now in full force and effect.

GIVEN under the seal of the City this the 12th day of June, 2006.

S/Shirley Willis  
City Clerk

[SEAL]

Councilman Mark Fitzpatrick made a motion, seconded by Councilman Richard Massey to approve the Declaration of Official Intent Loan Agreement as presented.

The vote was unanimous.

H. 2006-2007 Proposed Budget and Resolution

Mayor Charles Hardy stated that everyone had seen the budget and letter prepared by City Manager Clarence Bryant. Mayor Charles Hardy read the sixth paragraph of the letter as follows: "As you know, we have reduced expense levels considerably. There are no cushions within the departmental expenditures. This budget will be extremely difficult to manage. With rising cost in almost every aspect of our operations, I want to caution all the elected officials that budget overruns could be numerous. "Mayor Hardy said when a budget was cut this tight overruns would occur.

City Manager Clarence Bryant said the figures presented in this budget would be installed in the computer if the resolution and budget were approved tonight. He went over the budget and said the June financial amounts would be incorporated into the 2006-2007 budget and the final budget would be adopted at the July meeting. He covered the highlights throughout the budget and explained the budget including the capital expenditures in each department. He said there wasn't much change anticipated for the next year.

Councilman Donald Wilson said someone had asked him if the Mayor and Council received a raise and Mayor Charles Hardy said they had never received a raise since he had been on the council.

City Manager Clarence Bryant read the budget resolution and it is made a part of these minutes and reads as follows:

CITY OF COMMERCE

FISCAL YEAR 2006-2007

**PROPOSED BUDGET RESOLUTION**

**WHEREAS**, the City Manager of the City of Commerce has prepared and submitted to the City Council, the Proposed Budget for fiscal year 2006-2007; and

**WHEREAS**, the City Council of the City of Commerce has studied the budget and after revisions of same does approve it for beginning the fiscal year July 1, 2006; and

**WHEREAS**, it is deemed to be in the best interest of the City of Commerce to adopt this proposed budget beginning July 1, 2006;

**NOW THEREFORE BE IT RESOLVED** by the City Council of the City of Commerce, Georgia and it is hereby resolved by the authority of the same, that this Proposed Budget for the City of Commerce for Fiscal Year 2006-2007, hereto attached and made a part hereof, is hereby adopted.

**BE IT FURTHER RESOLVED** that the City Manager is hereby directed to execute this budget as funds become available and keep the Mayor and Council advised at all times concerning the financial affairs of the City.

**READ AND APPROVED** this 12<sup>th</sup> day of June, 2006.

S/Charles L. Hardy, Jr.  
Mayor, City of Commerce

S/Shirley Willis  
City Clerk

Councilman Mark Fitzpatrick made a motion, seconded by Councilman Richard Massey to approve the budget resolution and budget as read.

The vote was unanimous.

I. Activity Reports

Mayor Charles Hardy asked Chief John Gaissert to give the Police Department report. Chief Gaissert said the call activity continued to be strong; however, this report was for a 31 day period.

Chief Gaissert then said that over the past years the trend had been to respond to people with special needs. He stated that the State would train 20% of the law employees and the City of Commerce Police Department would be participating.

Also, the City of Commerce Police Department would apply for a COPS Grant to install a surveillance camera system at the middle school and also upgrade the system at the high school.

The next item of Chief Gaissert was that a vendor had been selected to pay online for fines. There would be no cost to the city because any fees would be paid by the violator.

Chief Gaissert talked about the Narcotics Report and said that was a fine job on behalf of the police officers.

The Commerce Police Department Activity for May was 1,958 calls from 911, 82 walk-in service calls at the Police Department and 1771 SRO calls for a total of 2,211. There were 33 accident reports, 119 incident reports and 60 animal control calls. The traffic citations issued were 60 speeding, 18 suspended license/no license, 11 no insurance, 8 DUI, 12 drunk/disorderly, 1 shoplifting, 3 obstruction, 10 alcohol related, 21 seatbelt/child restraint violations and 83 other for a total of 227. The arrests were 2 assault/battery, 22 theft, 4 burglary, 5 criminal trespass, 3 forgery, 14 felony and 4 misdemeanor drug cases. The total miles driven were 21,810.

The commerce Police Department Narcotics arrests were 14 felonies, 4 misdemeanor and 1 suspended license. A 1993 Chevy Blazer was seized.

The Commerce Fire Department answered 25 calls, 18 inside the city limits, 4 in the fire district, 3 outside the fire district, 4 structures, 1 grass and woods, 2 gas/electrical, 10 alarms, 5 vehicle/wrecks and 3 miscellaneous. The man hours for May were 44.

The Department of Building Inspection issued 8 building, 12 electrical, 1 sign and 1 mechanical permit for a total permit value of \$3,399.70. The fiscal year to date building valuation was \$14,188,800 and the calendar year to date valuation of \$6,457,900.

The Electric Department activity was 2 existing residential services, 160 KVA transformer added, 312.5 KVA transformer replaced, 1 security light added, 250 security light wattage added, 2 primary poles added, 94 primary poles replaced, 32,415' primary replaced and 650' secondary underground added. There were 99 cut ons and 78 cut offs.

The Natural Gas Activity was 2 meters set, 1 meter maintenance, 2 service calls, 31 leak calls, 332 locates and 9 inspection. CFH changes were 120 residential heating and 40 residential water heating added.

Water and Sewer Distribution Activity was 25 residential water and 17 residential sewer services, 8 residential and 2 non-residential services replaced. The turn ons were 128 water, and 104 sewer, turn offs were 85 water and 71 sewer. There were 6 new hydrants

installed, 2 hydrants repaired and 2,600 feet of main extensions (Whitehill Estates). The work orders received were 67 and there were 113 completed. There were 290 locates received.

J. Financial Update

Steve McKown, Finance Director, gave the financial report and he said for the month of May the city was operating within budget and for the month all funds were in the black by \$59,000+. For the year-to-date the amount was \$163,000+ in the black.

6. Report from the City Manager

City Manager Clarence Bryant had one item that came in since the Mayor and Council work session. Mrs. Jean Booth was requesting that the City of Commerce accept the dedication of Ashland Drive as a city street and assume the maintenance of the utilities in the subdivision.

Councilman Richard Massey made a motion, seconded by Councilman Donald Wilson to accept the street and utilities as requested.

The vote was unanimous.

7. Report from the City Attorney

Attorney John Stell had nothing to report.

7. New Items Proposed by the Mayor and Council

Mayor Charles Hardy said he had the evaluation on the City Manager and asked to go into an Executive Session.

Councilman Richard Massey made a motion, seconded by Councilman Donald Wilson to go into Executive Session to discuss personnel.

The vote was unanimous.

There was no further business and the meeting was adjourned.

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Charles L. Hardy, Jr., Mayor

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Shirley Willis, City Clerk

