

**RESOLUTION NO. 2014-045**  
**A RESOLUTION AUTHORIZING AND PROVIDING FOR THE**  
**SALE AND ISSUANCE OF \$1,300,000 WATER, ELECTRIC AND SEWER REVENUE**  
**WARRANT OF THE CITY OF TROY, ALABAMA**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TROY, ALABAMA,**  
**AS FOLLOWS:**

**ARTICLE I**

**DEFINITIONS**

**Section 1.1 Definitions.** The following words and phrases and others evidently intended as the equivalent thereof shall, in the absence of clear implication herein otherwise, be given the following respective interpretations herein:

"Authorizing Provisions" means Code of Alabama, 1975, § 11-47-2, as amended.

"Borrower" means the City of Troy, Alabama, a municipal corporation organized and existing under the laws of Alabama, and subject to the provisions of Section 5.5, including its successors and assigns.

"Clerk" means the person at the time serving as the City Clerk of the Borrower.

"Fiscal Year" means the period commencing on October 1 and ending on the then next succeeding September 30 or any fiscal year of the Borrower in accordance with Alabama law.

"Governing Body" means the City Council of the Borrower or such other governing body of the Borrower at the time serving as such.

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

"Mayor" means the person at the time serving as the mayor or other chief executive officer of the Borrower.

"Operating Expenses" means, for the applicable period or periods, all reasonable and necessary costs of operating, repairing, maintaining and insuring the Systems, engineering fees, legal fees and accounting fees for services rendered and all other items that are properly chargeable, by good accounting practice, as an expense of administration, operation, maintenance and repair of the Systems (not including, however, depreciation, interest, or any expenses for items properly chargeable by good accounting practice to fixed capital account).

"Owner" means the registered owner of the Warrant.

"Outstanding Warrants" means the Series 2011 Warrants and any additional parity debt issued pursuant to the Trust Indenture.

"Series 2011 Warrants" means the Borrower's Water, Electric and Sewer Revenue Warrants dated March 1, 2011, issued in the aggregate original principal amount of \$17,870,000.

"Systems" means, collectively, the water, electric and sewer systems now owned by the Borrower together with all extensions and improvements thereto that may be hereafter made.

"Trust Indenture" means the Trust Indenture dated June 1, 1995, as supplemented, pursuant to which the Series 2011 Warrants were issued.

"Warrant" means the Water, Electric and Sewer Revenue Warrant of the Borrower issued pursuant to the provisions hereof.

"Warrant Registrar" means the registrar for the Borrower as designated in Section 2.3.

**Section 1.2 Use of Definitions.** Definitions include both singular and plural.

Pronouns include both singular and plural and cover all genders.

All references herein to Sections or Articles are to Sections or Articles of this resolution.

## ARTICLE II

### PROVISIONS RELATING TO AUTHORIZATION, FORM, DESCRIPTION, AND EXECUTION OF THE WARRANT

**Section 2.1 Authorization of the Warrant.** There is hereby authorized to be issued a Water, Electric and Sewer Revenue Warrant in the principal amount of \$1,300,000. The provisions of this resolution ratify and confirm in every respect the actions heretofore taken by the Borrower and its officers, including, without limitation, the execution of all documents related to the issuance of the Warrant.

**Section 2.2 Description of the Warrant.** The Warrant shall be issued as a single fully registered Warrant and shall be dated as of the date of its delivery, shall bear interest as provided in the form of Warrant set forth in Section 2.6, and shall be payable at such times and at such place as is provided in the Warrant.

**Section 2.3 Registration of the Warrant.** The Warrant shall be registered as to both principal and interest in the name of the Owner of the Warrant on the books to be kept for that purpose by the Clerk, who is hereby designated as Warrant Registrar. The Borrower covenants and agrees to cause to be kept and maintained proper registry books for recording accurately all Warrant registrations and to cause to be made accurate notations of such registration on the reverse of the Warrant, authenticated in each instance by the signature of the Clerk. No transfer of the Warrant shall be valid unless made at the written request of the registered Owner or his legal representative, and noted on the registration books by the Warrant Registrar. No charge shall be made to any Owner for the privilege of registration and transfer hereinabove granted, but any Owner requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto.

**Section 2.4 Execution of the Warrant.** The Warrant shall be executed for and on behalf of the Borrower by the Mayor, who shall manually subscribe his signature thereon and attested by the Clerk who shall manually subscribe his signature thereon. The seal of the Borrower shall be affixed thereto. The said officers are hereby authorized and directed so to execute, seal, and attest the Warrant. Signatures on the Warrant by persons who were officers of the Borrower at the time such signatures were written shall continue effective though the said persons cease to be such officers prior to the delivery of the Warrant.

**Section 2.5 Other Documents.** The Borrower hereby authorizes its legal counsel to prepare such other and further documents, certifications, assignments, and instruments as may be necessary or appropriate to consummate the transactions contemplated in this resolution. The Mayor, Clerk, or any other appropriate officer or agent of the Borrower is hereby authorized and directed to execute and deliver any and all such additional documents or certificates.

**Section 2.6 Form of Warrant.** The Warrant shall be in substantially the following form with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof:

[Remainder of page intentionally blank]

(Form of Warrant)

UNITED STATES OF AMERICA  
STATE OF ALABAMA  
CITY OF TROY, ALABAMA  
WATER, ELECTRIC AND SEWER REVENUE WARRANT

The City Treasurer of the CITY OF TROY, ALABAMA, a municipal corporation under the laws of Alabama (herein called the "City"), for value received, hereby promises to pay, in lawful money of the United States of America, to Troy Bank and Trust Company of Troy, Alabama (herein called the "Payee"), or registered assigns, but solely out of the revenues hereinafter referred to, the principal sum of

ONE MILLION THREE HUNDRED THOUSAND  
AND 00/100 DOLLARS  
(\$1,300,000),

together with interest on such principal sum from the date hereof, at the per annum rate of 1.90%. Interest on this Warrant shall be computed on the basis of a 365-day year for actual days elapsed. Payments of principal and interest on this Warrant shall be due and payable on \_\_\_\_\_, 2014, and on the \_\_\_<sup>th</sup> day of each month thereafter, through and including \_\_\_\_\_, 2019, in the amount of \$22,730.69. The payments received shall first be applied to accrued interest and the remaining balance, if any, to principal. If any payment or any portion thereof due hereunder is not received within 10 days of the due date, a late fee in the amount of 5% of the total past due amount shall be charged against and paid by the City, with respect to each 10-day period that any such amount shall remain outstanding.

This Warrant is registered as to principal and interest on the registration books of the City in the principal office of the City in the name of the owner hereof. Upon presentation hereof at such office this Warrant may be transferred on such books by the registered owner in person or by duly authorized attorney, evidence of such transfer to be endorsed hereon.

This Warrant is issued under the provisions of Code of Alabama 1975, §11-47-2, as amended, together with all other laws amendatory thereof or supplementary thereto, and under and pursuant to proceedings of the City duly enacted, for the purpose of providing funds to finance (i) the acquisition and equipping of new vehicles to benefit the City's water, electric and sewer systems (the said systems, as at any time constituted and including any such systems now or hereafter operated by the City, being herein collectively called the "Systems"), and (ii) the acquisition, construction, installation, and equipping of improvements to the City's information technology and security systems.

THE PRINCIPAL OF AND INTEREST ON THIS WARRANT ARE PAYABLE SOLELY FROM, AND ARE SECURED BY A PLEDGE OF, THE REVENUES DERIVED FROM THE OPERATION OF THE SYSTEMS. THE FULL FAITH AND CREDIT OF THE CITY ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE WARRANT, AND THE OBLIGATION OF THE CITY TO MAKE SUCH PAYMENTS DOES NOT CONSTITUTE A GENERAL OBLIGATION OF THE CITY.

The City has the right to prepay and redeem this Warrant, in whole or in part, on any date, without penalty.

The principal of and interest on this Warrant shall be payable in lawful money of the United States of America by check or draft mailed or otherwise delivered to the then registered owner hereof at the address shown on the registry books of the City (except for the final payment of such principal and interest which shall be made only upon the surrender of this Warrant).

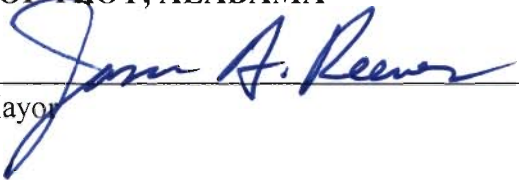
It is hereby recited, certified and declared that all acts, conditions, and things required by the Constitution and laws of the State of Alabama to happen, exist, or be performed precedent to and in the issuance of this Warrant, and the adoption of the proceedings authorizing its issuance, have happened, do exist and have been performed as so required.

THE PLEDGE OF REVENUES SECURING THIS WARRANT IS SUBJECT AND SUBORDINATE TO THE PRIOR PLEDGE OF REVENUES BY THE CITY SECURING ITS WATER, ELECTRIC AND SEWER REVENUE WARRANTS, SERIES 2011, AND ANY ADDITIONAL PARITY DEBT ISSUED PURSUANT TO THE TRUST INDENTURE DATED JUNE 1, 1995, AS SUPPLEMENTED, PURSUANT TO WHICH THE SERIES 2011 WARRANTS WERE ISSUED.

IN WITNESS WHEREOF, the City has caused this Warrant to be executed in its name and on its behalf by its Mayor, and its corporate seal to be impressed hereon and attested by its Clerk, all as of the 11<sup>th</sup> day of February, 2014.

**CITY OF TROY, ALABAMA**

(SEAL)

By:   
Mayor

ATTEST:

  
Clerk



**(Form of Registration Certificate)**

**(No Writing below except by the Registrar)**

The within Warrant has been registered on the Registry Books pertaining thereto by the Clerk of the City of Troy, Alabama as the Warrant Registrar, in the name of the last owner named below, and the principal amount of and interest on this Warrant shall be payable to such owner only, and this Warrant may thereafter be transferred only upon an assignment duly executed by such registered owner, such transfer to be made on such books and endorsed thereon:

<b>Date of Registration</b>	<b>Registered Holder</b>	<b>Signature of Registrar</b>

**Section 2.7 Who Deemed Owner of Warrant.** The Borrower shall be fully protected in making payment of the Warrant to the Owner thereof, any notice to the contrary notwithstanding, and any payment to such Owner shall fully satisfy all obligations of the Borrower with respect to any payment so made.

**Section 2.8 Disposition of the Warrant Proceeds.** The principal proceeds derived from the sale of the Warrant shall be applied by the Borrower for (a) the acquisition and equipping of new vehicles to benefit the Systems, and (b) the acquisition, construction, installation, and equipping of improvements to the City's information technology and security systems.

### ARTICLE III

#### REDEMPTION OF WARRANT

**Section 3.1 Redemption.** The Warrant shall be redeemable in whole or in part by the Borrower on any date, without penalty.

### ARTICLE IV

#### SOURCE OF PAYMENT OF THE WARRANT AND PLEDGE FOR THE PAYMENT THEREOF

**Section 4.1 Source of Payment of the Warrant.** The principal of and interest on the Warrant shall be payable solely out of the revenues of the Systems. Neither the Warrant nor any of the agreements herein contained shall constitute a general indebtedness of the Borrower, within the meaning of any state, constitutional or statutory provision or limitation. The full faith and credit of the Borrower are not pledged for payment of the Warrant and the Warrant shall not be a general obligation of the Borrower. Neither this resolution nor the Warrant issued hereunder shall be deemed to impose upon the Borrower any obligation to pay the principal of or interest on the Warrant, or any other sum, except with the revenues of the Systems pledged to the payment thereof. None of the agreements, representations or warranties made or implied herein, or in the issuance of the Warrant, shall ever impose any personal or pecuniary liability or charge upon the Borrower, whether before or after any breach by the Borrower of any such agreement, representation or warranty, except with respect to the said pledged revenues. Nothing contained herein shall, however, relieve the Borrower from the performance of the several agreements and representations on its part herein contained.

**Section 4.2 Pledge of Revenues.** The revenues of the Systems are hereby irrevocably pledged for payment of the principal of and interest on the Warrant. The Borrower represents that the pledge and agreements herein made constitute the only outstanding pledges and agreements with respect to the revenues from the Systems, other than the prior pledge of revenue securing the Series 2011 Warrants and any additional parity debt issued pursuant to the Trust Indenture, as supplemented. The pledge of revenues securing the Warrant is subject and subordinate to the prior pledge of revenues by the City securing the Series 2011 Warrants and any additional parity debt issued pursuant to the Trust Indenture.

## ARTICLE V

### PARTICULAR COVENANTS OF THE BORROWER

**Section 5.1 Payment of the Warrant.** The Borrower will pay, out of the revenues of the Systems, the principal of and interest on the Outstanding Warrants and the Warrant as specified therein, and it will otherwise perform all obligations which, either expressly or by reasonable implication, are imposed on it herein.

**Section 5.2 Separate Books and Records.** The Borrower will maintain in accordance with generally accepted accounting practices for facilities of like type and size, complete books and records pertaining to the Systems and all receipts and disbursements with respect thereto, which shall be kept separate and apart from all other records of the Borrower.

**Section 5.3 Annual Audits.** Following the close of each Fiscal Year, the Borrower will cause an audit of its books and records pertaining to the Systems for such Fiscal Year to be made by either an independent public accountant or accounting firm; provided that such audit may be consolidated as to all the Systems and may be further consolidated with the audit for the Borrower generally, so long as financial information pertaining solely to the Systems is incorporated as one or more schedules in such consolidated audit. So long as the Warrant remains outstanding, the Borrower will upon the Owner's request furnish a copy of such audit with respect to each Fiscal Year to the Owner.

**Section 5.4 Maintenance of Rates.** The Borrower shall maintain such rates for service furnished by the Systems as shall be sufficient to provide for the payment of the interest upon and principal of the Warrant as and when the same become due and payable, and payment of the Operating Expenses. If such rates do not produce revenues sufficient for all of the aforesaid purposes, the Borrower will alter and amend such rates to the reasonable extent necessary to produce revenues sufficient for all purposes and will publish and maintain such amended or altered rates.

**Section 5.5 Continued Operation of the Systems.** Without the prior written consent of the Owner, the Borrower will not hereafter sell or lease the whole or any integral part of the Systems until the Warrant shall have been paid in full, or unless and until provision for such payment shall have been made. The Borrower will continuously operate the Systems or cause the same to be operated so long as the Warrant remains unpaid, and it will keep the same in good repair and in efficient operating condition, making from time to time all needful repairs and replacements thereto and thereof. If the laws of Alabama at the time permit such action to be taken, and if the Borrower shall first obtain the prior written consent of the Owner, nothing contained in this section shall prevent the consolidation of the Borrower with, or merger of the Borrower into, or the transfer of the Systems as an entirety to, any municipal or public corporation having corporate authority to carry on the business of operating the Systems and whose property and income are not subject to taxation; provided that, upon any such consolidation, merger or transfer, the due and punctual payment of the principal of and interest on the Warrant according to the tenor and the due and punctual performance and observance of all the agreements and conditions provided herein to be kept and performed by the Borrower shall be expressly assumed in writing by the corporation formed by such consolidation or into which such merger shall have been made or to which the Systems shall be so transferred; and provided, further, that such consolidation, merger or transfer shall not cause or result in any mortgage or other lien being affixed to or imposed on or become a lien on the Systems or the revenues therefrom that will be prior to the lien of the pledge herein made for the benefit of the Warrant. Nothing contained in this section shall be construed to prevent the Borrower from disposing of portions of the Systems that may become obsolete or worn out or that may no longer be needed for the efficient operation of the Systems.

**Section 5.6 Warranty of Title to Systems.** The Borrower warrants its title to the Systems as they presently exists to be free and clear of every lien, encumbrance, or charge, other than with respect to the Series 2011 Warrants, and represents that there are no outstanding pledges of, or agreements affecting, the revenues from the Systems, other than those made for the benefit of the Series 2011 Warrants.

**Section 5.7 Systems to be Kept Free of Prior Liens.** The Borrower will keep the Systems and the revenues therefrom free and clear from all liens, encumbrances, and charges prior to the lien of the pledge herein made (other than with respect to the Series 2011 Warrants and liens in accordance with



Section 5.13 hereof), but it may defer payment pending the bona fide contest of any claim unless by such action the title of the Borrower to the Systems shall be materially endangered or the Systems shall be subject to loss or forfeiture, in which event any such payment then due shall not be deferred.

**Section 5.8 Priority of Pledge Herein Made.** Other than additional parity debt issued pursuant to the Trust Indenture as provided in Section 5.13 hereof, the pledge of revenues herein made shall be prior and superior to any pledge of revenues from the Systems that may be hereafter made for the benefit of any obligations hereafter issued by the Borrower. In the event the Borrower should hereafter issue any securities or make any contract payable out of the revenues from the operation of the Systems, or for which any part of the revenues from the Systems may be pledged, the Borrower will recognize in the proceedings under which any such securities or contracts are hereafter authorized the priority of the pledge and agreements made herein for the benefit of the Warrant.

**Section 5.9 Inspection of Systems.** The Borrower will permit the Owner of the Warrant to inspect, at any reasonable time, any and every part of the Systems and the books and records of the Borrower pertaining thereto, and will assist in furnishing facilities for such inspection.

**Section 5.10 Par Clearance.** All remittances of principal of and interest on the Warrant to the Owner thereof shall be made at par and without any deduction for exchange or other costs, fees or expenses. All such costs, fees and expenses shall be paid by the Borrower as part of the Operating Expenses.

**Section 5.11 Maintenance of Systems.** The Borrower will maintain the Systems in good and efficient operating condition at all times and to that end will promptly repair or replace any lost, destroyed, damaged, worn out or otherwise non-useful part, facility or components of the Systems.

**Section 5.12 Faithful Performance.** The Borrower will faithfully and punctually perform all duties with reference to the Systems, the revenues derived therefrom and the Warrant as required hereby and by the Constitution and laws of the State of Alabama. All obligations imposed by law upon the Borrower by reason of the ownership of the Systems and the issuance of the Warrant are hereby recognized and assumed by the Borrower whether or not set forth herein.

**Section 5.13 Restriction on Additional Parity Debt under Trust Indenture.** Notwithstanding any provision hereof or any right granted the Borrower under the Trust Indenture, the Borrower will not issue additional parity debt under the Trust Indenture unless the additional parity debt tests provided therein are satisfied when treating the Warrant authorized hereby as a "warrant" pursuant to the Trust Indenture.

## ARTICLE VI

[Intentionally Omitted]

## ARTICLE VII

### REMEDIES

**Section 7.1 Events of Default Defined.** The following events shall be events of default hereunder, and the terms "event of default" or "events of default" shall mean, whenever they are used herein, one or more of the following events:

- (a) Failure to pay any installment of principal of the Warrant when and as the same becomes due and payable and such default shall have continued for a period of 10 days;
- (b) Failure to pay any installment of interest on the Warrant when and as the same shall become due and payable and such default shall have continued for a period of 10 days;
- (c) Failure by the Borrower to perform any of the obligations on its part to be performed or duly to observe any covenant, condition, or agreement on the part of the Borrower to be observed as required herein, and such failure shall have continued for a period of 30 days



after a written notice, specifying such failure and requiring the same to be remedied, shall have been given to the Borrower by the Owner;

(d) Failure to begin the repair or replacement of any lost, destroyed or damaged property constituting a necessary part of the Systems within 60 days after occurrence of such loss, damage or destruction (unless the delay is due to causes beyond the control of the Borrower);

(e) Sale, lease, or other disposition of the Systems or any part thereof in violation of any provision hereof; and

(f) The appointment of a custodian or receiver for all or any substantial part of the Systems.

**Section 7.2 Remedies on Default.** Whenever any event of default shall have happened and be subsisting, the Owner may

(a) by mandamus or other suit, action or proceedings, at law or in equity, enforce and compel performance of all agreements of the Borrower herein contained, including the fixing of rates, the collection and proper segregation of the revenues of the Systems, and the proper application thereof, and require the Borrower to carry out the other covenants and agreements herein and in the Warrant set forth and to perform its duties hereunder and under the Authorizing Provisions;

(b) by action or suit in equity, require the Borrower to account as if it were the trustee of an express trust for the Owner; and

(c) by action or suit in equity enjoin any act or thing which may be unlawful or a violation of the rights of the Owner; and shall be entitled as a matter of strict right to the appointment of a receiver for the Systems, which receiver may enter and take possession of the Systems or any part or parts thereof, including all property, land, property rights, easements, water, franchises, books, records, papers, cash, choses in action, accounts receivable, funds, deposits, accounts and other adjuncts of the Systems, and such receiver may operate and maintain the Systems, fix and collect all rates and charges, and receive all revenues thereafter arising therefrom in the same manner as the Borrower itself might do, and shall deposit all moneys in a separate account or accounts and apply the same in accordance with the obligations of the Borrower and as the court shall direct.

## ARTICLE VIII

### TAX MATTERS

**Section 8.1 Compliance with Code.** The Borrower will comply with all conditions to and requirements for the exclusion from gross income for Federal income taxation of the interest income on the Warrant pursuant to Section 103 of the Internal Revenue Code of 1986, as amended, (the "Code"). Without limiting the generality of the foregoing,

(a) the Borrower will not apply the proceeds from the Warrant in a manner that would cause any of the Warrant to be a "private activity bond" within the meaning of Section 141(a) of the Code; and

(b) the Borrower will comply with the requirements of Section 148 of the Code in order that the Warrant will not be an "arbitrage bond" within the meaning of said Section 148 of the Code; and

(c) the Borrower will comply with the requirements of Section 149(e) of the Code relative to certain information reporting requirements.

Further, the Borrower designates the Warrant as a "qualified tax-exempt obligation" for purposes of paragraph (b)(3)(A) of Section 265 of the Code and, in connection therewith and after due investigation

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

**Section 8.2 Computations and Payments of Rebates.** Anything herein to the contrary notwithstanding, the Borrower will make all determinations and calculations, will file in a timely manner all reports, forms and returns, and will remit all moneys required by any applicable regulations under Section 148 of the Code with respect to any amounts which must be rebated to the United States of America. The Borrower shall keep such books and records as are required by any applicable Regulation under Section 148 of the Code with respect to the subject matter of this section and as shall be necessary or desirable to enable it to make the calculations required hereby or by the said Regulations.

**Section 8.3 Reimbursement of Prior Expenditures.** In accordance with Treasury Regulations § 1.150-2, the City hereby states its intentions that a portion of the proceeds of the Warrant will be used to reimburse itself for expenditures paid prior to the date of issuance of the Warrant. All capitalized terms used in this Section and not otherwise defined in this resolution have the same meaning as ascribed to them in Treasury Regulations § 1.150-2.a. All original expenditures to be reimbursed will be capital expenditures (as defined in Treasury Regulations § 1.150-1(b)) and other amounts permitted to be reimbursed pursuant to Treasury Regulations § 1.150-2(d)(3) and (f). The description of the type and use of the property for which the original expenditure to be fully or partially reimbursed is to be paid is: costs relating to the uses of the proceeds of the Warrant as described in Section 2.8 of this resolution. The maximum amount of the expenditures incurred prior to the issuance of the Warrant which will be reimbursed by the proceeds of the Warrant is \$400,000.

Once the Warrant is issued, the City will allocate proceeds thereof to reimburse a prior expenditure by making the allocation on its books and records maintained with respect to the Warrant; provided that such costs to be reimbursed were paid not more than 60 days prior to the date hereof (except in the case of preliminary expenditures as defined in Treasury Regulations § 1.150-2(f)(2)). Such allocation shall specifically identify the actual original expenditure to be reimbursed. Such allocation shall occur not later than 18 months after the later of (i) the date on which the original expenditure is paid, or (ii) the date the project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid; provided, however, that if the Warrant satisfies the provisions of Section 148(f)(4)(D)(i)(I) through (IV) of the Internal Revenue Code of 1986, as amended (relating to the \$5 million exception from rebate), then the reimbursement allocation shall occur not later than three (3) years after the later of (i) the date on which the original expenditure is paid, or (ii) the date on which the project is placed in service. If the Warrant is issued before the expiration of the period prescribed in the preceding sentence, then the reimbursement allocation shall occur not later than the date the Warrant is issued.

The proceeds of the Warrant used to reimburse the City for original expenditures will not be used within one (1) year after the allocation in a manner that results in the creation of replacement proceeds (as defined in Treasury Regulations § 1.148-1) for the Warrant or for other obligations.

## ARTICLE IX

### MISCELLANEOUS

**Section 9.1 Provisions Constitute a Contract.** The provisions hereof shall constitute a contract between the Borrower and the Owner.

**Section 9.2 Severability.** The provisions hereof 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 or render unenforceable any other provisions hereof.

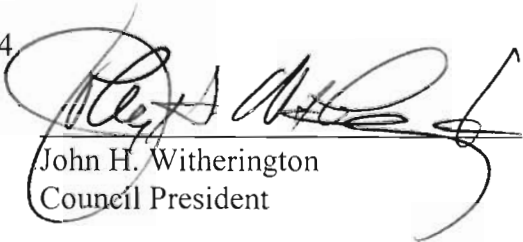
**Section 9.3 Authority for Proceedings.** This resolution has been adopted by the Governing Body under and pursuant to the Authorizing Provisions, together with all laws amendatory thereof or

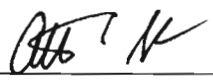
supplementary thereto, and nothing contained herein shall be construed to give rise to an indebtedness of the Borrower within any State constitutional provision or statutory limitation.

**Section 9.4 Subsequent Owners Bound.** Any Owner of the Warrant shall be bound by any consent, waiver or agreement made by any prior Owner of the Warrant.

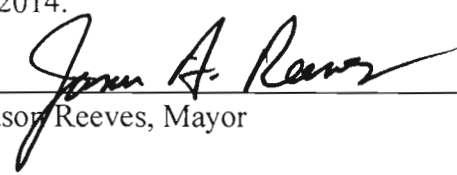
**Section 9.5 Effective Date.** This resolution shall take effect immediately upon its adoption.

ADOPTED this 11<sup>th</sup> day of February, 2014.

  
John H. Witherington  
Council President

ATTEST:  \_\_\_\_\_

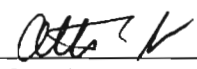
APPROVED this the 11<sup>th</sup> day of Feb, 2014.

  
Jason Reeves, Mayor

ATTEST:  \_\_\_\_\_

I the undersigned qualified and acting clerk of the City of Troy, Alabama, do hereby certify that the above and foregoing is a true and correct copy of a resolution adopted by the Council of the City of Troy, at a regular meeting held February 11, 2014, and that such resolution is on file in the City Clerk's office.

IN WITNESS WHEREOF, I have hereunto set my hand and the official seal of the City of Troy this the 11<sup>th</sup> day of Feb, 2014.

  
Alton E. Starling, Clerk/Treasurer





# The City of TROY

P.O. Box 549  
301 Charles Meeks Ave  
Troy, Alabama 36081

## Memorandum

### Executive Department

Mayor  
Jason A. Reeves

Council President  
John H. Witherington

President Pro-Tem  
Charlie "Sarge" Dunn, Sr.

Greg Meeks  
Marcus Paramore  
Dejerilyn King Henderson

Clerk & Treasurer  
Alton Starling

TO: Mayor and Council  
FROM: Alton Starling, Clerk/Treasurer @  
DATE: February 4, 2014  
RE: Proposed use of monies for various projects

In reviewing the various projects, the funding recommendations are as follows:

Bond Fund – current balance	\$659,544
Water Tank Project	\$200,000
Traffic Lights	\$120,000
Bore Materials	\$ 40,000
Bore Project	\$ 10,000
Remaining Construction on Chain	\$ 80,000
Construction Project Warehouse	<u>\$207,995</u>
Remaining in Bond Fund	\$ 2,000
CIP – Budget Security	\$200,000
Additional amounts needed	\$ 483
Short Term Financing	
Utilities Security/ Construction	\$276,292
Mapping System	\$250,000
Computer / Switches	\$267,000
Vehicles (Utilities)	\$378,000
SCADA	\$ 50,000
Contingencies	<u>\$ 78,708</u>
Total STF Loan	\$1,300,000

### Phone:

334.566.0177

### Fax:

334.670.6061

### Website:

[www.troyal.gov](http://www.troyal.gov)

### Email:

[info@troyal.gov](mailto:info@troyal.gov)

Location	Project	Cost	Account	
WAREHOUSE	Construction	\$37,864.00	BOND	PAID (37864.00) from CIP, move to Bond 1
WAREHOUSE	Construction	\$6,750.00	BOND	PAID (6750.00) from CIP, move to Bond 2
City Hall	Construction	\$46,756.00	BOND	3
IT	IT Security	\$116,625.00	BOND	4
		X \$207,995.00		
City Hall	Security	\$6,172.01	CIP	Invoice 22407 5
CITY HALL	Security	\$6,757.00	CIP	6
City Hall	Security	\$13,478.12	CIP	Invoice 22407 7
IT DEPT	CAT 6 Network Drops	\$13,762.47	CIP	8
CITY HALL	Camera Upgrade	\$35,639.00	CIP	9
City Hall	Security	\$102,637.00	CIP (97114.65)	PAID (Invoice 22225 \$97114.65) 10
		\$114,018.46	Switches (see below)	
		X \$189,464.06		
City Hall/PD/WH	Switches	- \$16,527.70	Split \$5,509.23 to PD Capital, and rest to CIP	Invoice 22415 11
		\$5,509.23	Switches (See above)	
Police Dept	Security Audio	\$2,933.24	PD Capital	Invoice 22408 12
Police Dept	Security	\$44,683.00	PD Capital	PAID \$70,803.40 from CIP, move to PD Cap 13
Police Dept	Security	\$50,710.00	PD Capital Remaining \$24,589.60	PAID \$70,803.40 from CIP, move to PD Cap 14
		\$103,835.47		
WAREHOUSE	Utilities Security	\$17,730.80	STF	15
WAREHOUSE	Construction	\$17,963.00	STF	16
WAREHOUSE	Utilities Security	\$23,953.03	STF	17
WAREHOUSE	Warehouse Security	\$34,255.00	STF	18
WAREHOUSE	Generator	\$36,965.00	STF	19
WAREHOUSE	Utilities Security	\$39,200.93	STF	20
WAREHOUSE	Warehouse Roof	\$50,000.00	STF	Estimate, no firm quote 21
WAREHOUSE	Utilities Security	\$56,224.06	STF	22
		\$276,291.82		

\$ 794,114.05



ROBERT W. MILLS, JR.  
SENIOR VICE PRESIDENT

February 4, 2014

Alton Starling  
City Clerk  
City of Troy, AL

Subject: Bid on Loan

Dear Mr. Starling,

Troy Bank and Trust will submit an interest rate bid of 1.90% on a tax free loan of \$1,300,000 over a five year payback.

This bid is for a GO or pledge of revenues for the utility department.

Sincerely,



Robert W. Mills, Jr.

Senior Vice President

NMLS # 440635

NMLS# 409724



**UNITED STATES OF AMERICA  
STATE OF ALABAMA  
CITY OF TROY, ALABAMA  
WATER, ELECTRIC AND SEWER REVENUE WARRANT  
SERIES 2014**

The City Treasurer of the CITY OF TROY, ALABAMA, a municipal corporation under the laws of Alabama (herein called the "City"), for value received, hereby promises to pay, in lawful money of the United States of America, to Troy Bank and Trust Company of Troy, Alabama (herein called the "Payee"), or registered assigns, but solely out of the revenues hereinafter referred to, the principal sum of

**ONE MILLION THREE HUNDRED THOUSAND  
AND 00/100 DOLLARS  
(\$1,300,000),**

together with interest on such principal sum from the date hereof, at the per annum rate of 1.90%. Interest on this Warrant shall be computed on the basis of a 365-day year for actual days elapsed. Payments of principal and interest on this Warrant shall be due and payable on March 14, 2014, and on the 14<sup>th</sup> day of each month thereafter, through and including February 14, 2019, in the amount of \$22,730.69. The payments received shall first be applied to accrued interest and the remaining balance, if any, to principal. If any payment or any portion thereof due hereunder is not received within 10 days of the due date, a late fee in the amount of 5% of the total past due amount shall be charged against and paid by the City, with respect to each 10-day period that any such amount shall remain outstanding.

This Warrant is registered as to principal and interest on the registration books of the City in the principal office of the City in the name of the owner hereof. Upon presentation hereof at such office this Warrant may be transferred on such books by the registered owner in person or by duly authorized attorney, evidence of such transfer to be endorsed hereon.

This Warrant is issued under the provisions of Code of Alabama 1975, §11-47-2, as amended, together with all other laws amendatory thereof or supplementary thereto, and under and pursuant to proceedings of the City duly enacted, for the purpose of providing funds to finance (i) the acquisition and equipping of new vehicles to benefit the City's water, electric and sewer systems (the said systems, as at any time constituted and including any such systems now or hereafter operated by the City, being herein collectively called the "Systems"), and (ii) the acquisition, construction, installation, and equipping of improvements to the City's information technology and security systems.

THE PRINCIPAL OF AND INTEREST ON THIS WARRANT ARE PAYABLE SOLELY FROM, AND ARE SECURED BY A PLEDGE OF, THE REVENUES DERIVED FROM THE OPERATION OF THE SYSTEMS. THE FULL FAITH AND CREDIT OF THE CITY ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE WARRANT, AND THE OBLIGATION OF THE CITY TO MAKE SUCH PAYMENTS DOES NOT CONSTITUTE A GENERAL OBLIGATION OF THE CITY.

The City has the right to prepay and redeem this Warrant, in whole or in part, on any date, without penalty.

The principal of and interest on this Warrant shall be payable in lawful money of the United States of America by check or draft mailed or otherwise delivered to the then registered owner hereof at the address shown on the registry books of the City (except for the final payment of such principal and interest which shall be made only upon the surrender of this Warrant).

It is hereby recited, certified and declared that all acts, conditions, and things required by the Constitution and laws of the State of Alabama to happen, exist, or be performed precedent to and in the issuance of this Warrant, and the adoption of the proceedings authorizing its issuance, have happened, do exist and have been performed as so required.

THE PLEDGE OF REVENUES SECURING THIS WARRANT IS SUBJECT AND SUBORDINATE TO THE PRIOR PLEDGE OF REVENUES BY THE CITY SECURING ITS WATER, ELECTRIC AND SEWER REVENUE WARRANTS, SERIES 2011, AND ANY ADDITIONAL PARITY DEBT ISSUED PURSUANT TO THE TRUST INDENTURE DATED JUNE 1, 1995, AS SUPPLEMENTED, PURSUANT TO WHICH THE SERIES 2011 WARRANTS WERE ISSUED.

IN WITNESS WHEREOF, the City has caused this Warrant to be executed in its name and on its behalf by its Mayor, and its corporate seal to be impressed hereon and attested by its Clerk, all as of the 14th day of February, 2014.

(SEAL)

**CITY OF TROY, ALABAMA**

By: \_\_\_\_\_

Mayor


ATTEST:

\_\_\_\_\_  
Clerk

**(Form of Registration Certificate)**

**(No Writing below except by the Registrar)**

The within Warrant has been registered on the Registry Books pertaining thereto by the Clerk of the City of Troy, Alabama as the Warrant Registrar, in the name of the last owner named below, and the principal amount of and interest on this Warrant shall be payable to such owner only, and this Warrant may thereafter be transferred only upon an assignment duly executed by such registered owner, such transfer to be made on such books and endorsed thereon:

<b>Date of Registration</b>	<b>Registered Holder</b>	<b>Signature of Registrar</b>
February 14, 2014	Troy Bank and Trust Company	



**RECEIPT FOR WARRANT**

The undersigned, on behalf of Troy Bank and Trust Company of Troy, Alabama (the "Purchaser"), hereby acknowledges receipt of the Water, Electric and Sewer Revenue Warrant, Series 2014, dated February 14, 2014, from the City of Troy, Alabama, in the principal amount of up to \$1,300,000.

DATED this 14th day of February, 2014.

**TROY BANK AND TRUST COMPANY**  
**Troy, Alabama**

By *JH Kesner*  
Its Authorized Signatory

**PAYMENT AND DELIVERY CERTIFICATE**

The undersigned duly elected, qualified, and acting Clerk-Treasurer of the City of Troy, Alabama (the "City") hereby certifies that the Water, Electric and Sewer Revenue Warrant, Series 2014 of the City, dated February 14, 2014 (the "Warrant") has on this date been delivered to the purchaser thereof, Troy Bank and Trust Company, Troy, Alabama, that I did receive on behalf of the said City the sum of \$1,300,000 being the total loan amount evidenced by the Warrant in cash in accordance with the provisions of the Resolution of the City Council of the City authorizing the sale of the Warrant.

This the 14th day of February, 2014.



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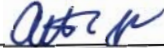
Clerk-Treasurer of  
City of Troy, Alabama

(SEAL)

## CERTIFICATE OF REGISTRATION

The undersigned, Clerk-Treasurer of the City of Troy, Alabama, hereby certifies that on the date hereof, I registered the City's Water, Electric and Sewer Revenue Warrant, Series 2014 in the principal amount of \$1,300,000, dated February 14, 2014, in the name of Troy Bank and Trust Company, Troy, Alabama, on the registration records of the City respecting the said Warrant.

WITNESS my signature, under the seal of the said City, this 14th day of February, 2014.



---

Clerk-Treasurer  
City of Troy, Alabama

(SEAL)

**USE OF PROCEEDS, NO-ARBITRAGE,  
AND INTERNAL REVENUE CODE SECTION 265(b)(3) CERTIFICATE**

The undersigned Mayor and Clerk of the City of Troy, Alabama, a municipal corporation under the laws of the State of Alabama (the "Issuer"), do hereby certify as follows:

(1) On the date set forth below the Issuer will issue and deliver its Water, Electric and Sewer Revenue Warrant, dated February 14, 2014, in the principal amount of \$1,300,000 (the "Warrant").

(2) The Warrant is being issued to provide financing for the costs of acquiring and equipping certain vehicles for use in connection with the water, electric and sewer systems owned and operated by the Issuer (the "Systems"), and acquiring, constructing, and installing certain capital improvements to the City's information technology and security systems (collectively, including such vehicles and improvements, the "Improvements").

(3) In the resolution authorizing the issuance of the Warrant (the "Authorizing Resolution"), the Issuer agreed not to apply the proceeds of the Warrant in a manner that would cause the Warrant to be a "private activity bond" within the meaning of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the "Code"). In that connection, it is not expected that the Improvements or the Systems will be used in the trade or business of any person other than a governmental unit. The undersigned represent and warrant that the Systems and the Improvements, were not and will not be acquired in a manner, whether by physical design or by remoteness of location, so that the use thereof could be construed to be solely or primarily for the benefit of a limited number of persons or by a person other than a governmental unit. The undersigned represent that there are no facts, circumstances or agreements, express or implied, or arising by implication as a result of the location or physical design of the Systems, that would result in the Warrant being used in the trade or business of any person other than a governmental unit or by the general public.

(4) The Systems have not heretofore been sold or otherwise disposed of, and it is not expected that the Systems, or any part thereof, will be sold or otherwise disposed of prior to the final maturity of the installments of principal on the Warrant.

(5) The proceeds of the Warrant will not be invested pending their expenditure on the Improvements, which will be completed not later than two months after the date of issuance of the Warrant. The undersigned understand, however, that, as a result of Section 148 of the Code, if the proceeds are not so expended, and there are investment earnings, it may be necessary to rebate to the United States of America all or part of such earnings. The Issuer agrees that it will comply with the provisions of the Code requiring rebates to the United States of America. The undersigned understand and agree that it will be necessary to keep appropriate records regarding any investment of the proceeds of the Warrant and the expenditure thereof in order that any rebate required pursuant to the provisions of Section 148 of the Code can be computed and made.



(6) On the basis of the foregoing, it is not expected that the proceeds of the Warrant will be used in a manner that would cause the Warrant to be an arbitrage bond under Section 148 of the Code.

(7) The City understands that one of the principal inducements to the purchase of the Warrant by the purchaser thereof is that the Warrant qualifies as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3)(A) of the Code. In the Authorizing Resolution, the City has designated the Warrant as a "qualified tax-exempt obligation" under the said Section 265(b)(3)(A). The City understands that it is necessary to determine the amount of tax-exempt obligations (other than "private activity bonds" as defined in the Code) that have heretofore been, and are reasonably anticipated to be, issued by the City and any subordinate entities (the "Subordinate Entities"), as such term is used in Section 265(b)(3) of the Code, during the calendar year 2014. The undersigned understand that, for purposes of this certificate, short-term loans by the Issuer or by any Subordinate Entities in the form of a note, loan or other evidence of indebtedness are required to be considered in determining whether the Warrant constitutes a "qualified tax-exempt obligation." The undersigned understand that such short-term loans (whether for operating expenses, capital improvements, or a combination thereof) made during the calendar year 2014, even though such loans are now retired and fully paid, and any future short-term borrowings (whether for operating expenses, capital improvements, or a combination thereof) in the form of notes, or other evidences of borrowing, even though paid and retired during calendar year 2014 will be required to be and considered in determining whether the Warrant constitutes a "qualified tax-exempt obligation" within the meaning of the Code. As used in this paragraph (7) the term "Issuer" includes any issuers of tax-exempt obligations (other than "private activity bonds" as defined in the Code) on behalf of which the Issuer issues tax-exempt obligations, and all "Subordinate Entities" of such issuers, as determined under Section 265(b) of the Code and the regulations promulgated thereunder.

Based upon the foregoing, the amount of tax-exempt obligations (other than private activity bonds) heretofore issued by the Issuer and all Subordinate Entities during calendar year 2014 and the amount of tax-exempt obligations reasonably anticipated to be issued by the Issuer and all Subordinate Entities during calendar year 2014 is not in excess of \$10,000,000. The Warrant is designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Code.

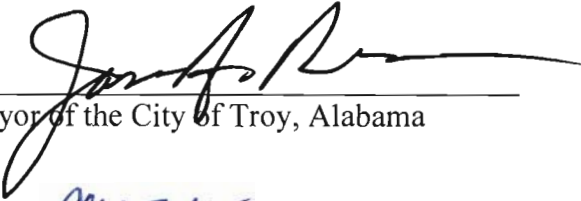
(8) To the best of the knowledge and belief of the undersigned, there are no other facts, estimates, or circumstances which would materially change the foregoing conclusion.

(9) We understand that Capell & Howard, P.C., Bond Counsel, will rely upon this certificate in giving an opinion to the purchaser of the Warrant as to the status of the Warrant as a "qualified tax-exempt obligation" under the Code. Capell & Howard, P.C. is hereby expressly authorized to rely upon this certificate in giving such opinion.

(10) The Issuer has not been notified of any listing or proposed listing of it by the Internal Revenue Service as an issuer whose no-arbitrage certificate may not be relied upon.

DATED this 14th day of February, 2014.

(SEAL)

  
\_\_\_\_\_  
Mayor of the City of Troy, Alabama

  
\_\_\_\_\_  
Clerk of the City of Troy, Alabama

# Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)  
 ► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

<b>Part I Reporting Authority</b>		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name <b>City of Troy, Alabama</b>		2 Issuer's employer identification number (EIN) <b>63 6001377</b>	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) <b>Richard F. Calhoun, Jr., Esq.</b>		3b Telephone number of other person shown on 3a <b>334-241-8061</b>	
4 Number and street (or P.O. box if mail is not delivered to street address) <b>150 South Perry Street</b>	Room/suite	5 Report number (For IRS Use Only) <b>3</b>	
6 City, town, or post office, state, and ZIP code <b>Montgomery, Alabama 36104</b>		7 Date of issue <b>February 14, 2014</b>	
8 Name of issue <b>Water, Electric and Sewer Revenue Warrant, Series 2014</b>		9 CUSIP number <b>N/A</b>	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) <b>Alton Stirling, Clerk and Treasurer</b>		10b Telephone number of officer or other employee shown on 10a <b>334-566-0177</b>	

**Part II Type of Issue (enter the issue price).** See the instructions and attach schedule.

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities	17	1,300,000	00
18 Other. Describe ►	18		
19 If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>			
If obligations are BANs, check only box 19b <input type="checkbox"/>			
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>			

**Part III Description of Obligations.** Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	2/14/2019	\$ 1,300,000.00	\$ 1,300,000.00	2.60 years	1.90 %

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

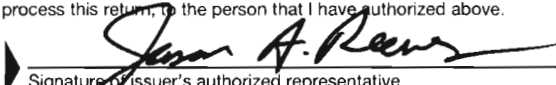
22 Proceeds used for accrued interest	22		
23 Issue price of entire issue (enter amount from line 21, column (b))	23	1,300,000	00
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	12,000	00
25 Proceeds used for credit enhancement	25		
26 Proceeds allocated to reasonably required reserve or replacement fund	26		
27 Proceeds used to currently refund prior issues	27		
28 Proceeds used to advance refund prior issues	28		
29 Total (add lines 24 through 28)	29	12,000	00
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	1,288,000	00

**Part V Description of Refunded Bonds.** Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	►	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	►	_____ years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	►	_____
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	►	_____

**Part VI Miscellaneous**

<b>35</b> Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) . . . . .	<b>35</b>		
<b>36a</b> Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) . . . . .	<b>36a</b>		
<b>b</b> Enter the final maturity date of the GIC ▶ _____			
<b>c</b> Enter the name of the GIC provider ▶ _____			
<b>37</b> Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units . . . . .	<b>37</b>		
<b>38a</b> If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:			
<b>b</b> Enter the date of the master pool obligation ▶ _____			
<b>c</b> Enter the EIN of the issuer of the master pool obligation ▶ _____			
<b>d</b> Enter the name of the issuer of the master pool obligation ▶ _____			
<b>39</b> If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . . . ▶			<input checked="" type="checkbox"/>
<b>40</b> If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . . . ▶			<input type="checkbox"/>
<b>41a</b> If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:			
<b>b</b> Name of hedge provider ▶ _____			
<b>c</b> Type of hedge ▶ _____			
<b>d</b> Term of hedge ▶ _____			
<b>42</b> If the issuer has superintegrated the hedge, check box . . . . . ▶			<input type="checkbox"/>
<b>43</b> If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box . . . . . ▶			<input checked="" type="checkbox"/>
<b>44</b> If the issuer has established written procedures to monitor the requirements of section 148, check box . . . . . ▶			<input checked="" type="checkbox"/>
<b>45a</b> If some portion of the proceeds was used to reimburse expenditures, check here <input checked="" type="checkbox"/> and enter the amount of reimbursement . . . . . ▶		<b>\$93,000</b>	
<b>b</b> Enter the date the official intent was adopted ▶ <b>February 11, 2014</b>			

<b>Signature and Consent</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
			<b>Jason Reeves, Mayor</b>	
	Signature of issuer's authorized representative	Date	Type or print name and title	
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ▶			Firm's EIN ▶
	Firm's address ▶			Phone no.



**CITY OF TROY, ALABAMA  
INCUMBENCY AND NO-LITIGATION CERTIFICATE**

We, the undersigned officers of the City of Troy, Alabama (the "City"), hereby certify as follows in connection with the City's issuance of its \$1,300,000 Water, Electric and Sewer Revenue Warrant, Series 2014, dated February 14, 2014 (the "Warrant"):

(1) The officers of the City named below are the duly elected, qualified, and acting officers of the City as designated:

Mayor	Jason Reeves
Member, City Council	Charlie Dunn
Member, City Council	Greg Meeks
Member, City Council	Marcus Paramore
Member, City Council	John Witherington
Member, City Council	Dejerilyn King Henderson
City Clerk and Treasurer	Alton Starling

Each of the terms of office of the foregoing officers was current at all times that actions were taken relating to the approval of the Warrant and none of those terms of office have expired. Those of said officers who are required to post bond as security for any funds handled by them have duly posted with the proper officers all bonds with sufficient surety required of them, which bonds have been duly approved by the officers required by law to approve the same. Those of said officers who are required by law to take an oath of office have duly taken such oath of office before the officers required by law. All of said officers shown above are now and have continuously been, since their respective terms of office began, performing the duties pertaining to their respective offices.

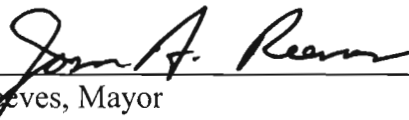
(2) The City is a municipal corporation duly organized and existing under the general laws of the State of Alabama and is organized under the provisions of the Code of Alabama of 1975, as amended, pertaining to the mayor-council form of government for municipalities. To the best of our knowledge and belief, there are no local or special laws of the State pertaining to or having any bearing on or restricting the borrowing of money by the City, or the execution, issuance, or sale of notes, warrants, or bonds by the City in evidence of any money so borrowed. No proceedings for the dissolution of the City have ever been taken.

(3) There is no litigation or proceeding pending with respect to which service of process or notice on the City or the undersigned has been perfected or given, and to the best of our knowledge, information and belief, there is no litigation or proceeding threatened, in any court or administrative body, whether state or federal, attacking or in any way questioning the corporate existence of the City or the territorial boundaries of the City, or the election or title of any of the officers of the City named above, or the power of the Council to authorize the sale, execution, and issuance of the Warrant, which were authorized by a resolution duly adopted by the Council on February 11, 2014 (the "Authorizing Resolution"), or the validity of the Authorizing Resolution, or the validity of the sale and award of the Warrants to Troy Bank and

Trust Company, or the power of the Mayor to execute the Warrant, or the power or duty of the City Clerk of the City to impress the official seal of the City thereon and to attest the same by signing each thereof, or the power or duty of the Mayor to deliver or cause to be delivered the Warrant to said purchaser upon payment to the City of the purchase price therefor, or the validity of or security for the Warrant, or the power of the City to use the proceeds from the sale of the Warrant for purposes for which they were issued, or the power of the City to make the pledge contained in the Authorizing Resolution of the revenues from the City's water, electric and sewer systems, or the power or duty of the City Treasurer to pay the principal of and premium, if any, and interest on the Warrants at the respective maturities thereof. The Authorizing Resolution has not been amended, repealed, revoked, or rescinded, and is still in full force and effect.

(4) The undersigned have not executed any warrants pursuant to the authority conferred on them by the Authorizing Resolution other than the warrant hereinabove defined as the "Warrant."

WITNESS our signatures in our respective capacities hereunder noted this 14th day of February, 2014.

  
\_\_\_\_\_  
Jason Reeves, Mayor

  
\_\_\_\_\_  
Alton Starling, City Clerk

## INVESTMENT LETTER

February 14, 2014

City of Troy, Alabama

Capell & Howard, P.C.  
Montgomery, Alabama

**Re: City of Troy, Alabama \$1,300,000 Water, Electric and Sewer  
Revenue Warrant, Series 2014**

Gentlemen:

In connection with the purchase by the undersigned of the captioned obligation (the "Warrant"), the undersigned hereby represents and warrants as follows:

1. The undersigned is an Alabama banking corporation with extensive experience in, among other things, the business of investing in securities such as the Warrant, and as such, the undersigned is a sophisticated and well-informed investor, capable of evaluating the merits and economic risks which may be associated with the purchase and ownership of the Warrant.

2. We understand that no official statement, prospectus, or offering circular containing material information with respect to the issuer or the Warrant has been prepared and we acknowledge that we have otherwise acquired from sources we deem reliable all the necessary information that we desire and deem adequate in order to enable us to make an informed decision concerning investment in the Warrant. We have made such inspections and investigations as we deem necessary to determine the investment quality of the Warrant, and we hereby acknowledge that we have fully evaluated all risk factors involved in the purchase and ownership of the Warrant and are able and willing to bear the economic risk of the purchase and ownership of the Warrant.

3. We have not offered any portion of the Warrant for sale to, or solicited offers to buy any thereof from, or otherwise approached or negotiated with respect thereto with, any prospective purchasers nor have we employed any person to act as agent, broker, dealer or otherwise to offer the Warrant for us or to solicit offers to buy the Warrant from us.

City of Troy, Alabama  
Capell & Howard, P.C.  
February 14, 2014  
Page Two

4. We are purchasing the Warrant for our own account for investment (and not on behalf of another) and have no present intention of reselling the Warrant or dividing our interest therein, either currently or after passage of a fixed or determinable period of time or upon the occurrence or nonoccurrence of any predetermined event or circumstance; but we reserve the right to sell, pledge, transfer, convey, hypothecate, mortgage, or dispose of the Warrant at some future date determined by us.

**Troy Bank and Trust Company**  
**Troy, Alabama**

By:   
Authorized Representative



**CITY OF TROY, ALABAMA**

**WATER, ELECTRIC AND SEWER REVENUE WARRANT  
SERIES 2014**

**CLOSING MEMORANDUM**

**Closing on February 14, 2014**

**A. Purpose and Defined Terms.**

This Closing Memorandum is being delivered in connection with the issuance and delivery of \$1,300,000 aggregate principal amount Water and Sewer Revenue Warrant, dated and delivered February 14, 2014 (the "Series 2014 Warrant"), issued to Troy Bank and Trust Company of Troy, Alabama (the "Purchaser") by the City of Troy, Alabama, a municipal corporation organized under the laws of the State of Alabama (the "City"), pursuant to an authorizing resolution ("Resolution") adopted on February 11, 2014. Capitalized terms used but not otherwise defined in this Closing Memorandum shall have the meaning ascribed to them in the Resolution.

**B. Parties.**

City of Troy, Alabama (the "City")

Troy Bank and Trust Company (the "Purchaser")

**C. Transfers, Payments, and Deposits at Closing.**

1. Sources and Uses of Funds. The sources and uses of the Series 2014 Warrant are as follows:

Sources of Funds

Aggregate principal amount of Series 2014 Warrant	\$1,300,000.00
Total Sources of Funds	<u>\$1,300,000.00</u>

Uses of Funds

Deposit to City Account	\$1,288,000.00
Costs of issuance paid at Closing	<u>12,000.00</u>

Total Uses of Funds	<u>\$1,300,000.00</u>
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2. Purchase Price for Series 2014 Warrant. The agreed purchase price of the Series 2014 Warrant is \$1,300,000.00, the principal amount of the Series 2014 Warrant.

3. Distribution of Proceeds of Sale of Series 2014 Warrant at Closing. The City will deposit the proceeds it receives from the sale of the Series 2014 Warrant in a non-interest bearing account pending the disbursement of the proceeds for the purposes for which the Warrant was issued.

**D. Delivery of and Receipt for Series 2014 Warrant.**

1. Execution and Delivery of Series 2014 Warrant by City. The City has duly executed the Series 2014 Warrant and has delivered the executed Series 2014 Warrant to the Purchaser.

2. Registration of Series 2014 Warrant by City. The City registered the Series 2014 Warrant in the form of one certificate in the aggregate principal amount of \$1,300,000 as required by the Resolution.

3. Receipt for Series 2014 Warrant by Purchaser. The Purchaser acknowledges and confirms that a Series 2014 Warrant in the aggregate principal amount of \$1,300,000 has been delivered to the Purchaser.

[Remainder of page intentionally blank]

**E. Counterparts.**

This Closing Memorandum may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the City and the Purchaser do hereby certify that this Closing Memorandum describes correctly actions taken by them in connection with the issuance of the Series 2014 Warrant and that they have caused this Closing Memorandum to be executed on their behalf by their duly authorized officers or agents.


Dated February 14, 2014.

**TROY BANK AND TRUST COMPANY,**  
**Troy, Alabama**  
as Purchaser

By: *J. Miller*  
Title: *PRESIDENT*

[Signatures continue on next page]

**CITY OF TROY, ALABAMA**

By:   
Title: Mayor