

**AN ORDINANCE  
AUTHORIZING THE ISSUANCE AND SALE OF  
UP TO \$4,000,000 WARRANT ANTICIPATION NOTE, SERIES 2014A  
AND  
UP TO \$2,000,000 WARRANT ANTICIPATION NOTE, SERIES 2014B**

**ORDINANCE NO. 341**

WHEREAS, the City desires and intends to issue its warrants, in one or more series, to provide funds for several municipal capital projects, including (a) a fire station, a building for use by the City's police department, an animal shelter, a storage building for use by the City's public works department, and renovation of the building that formerly housed the City library, among other possible projects (the "General Projects"), and (b) improvements to the metering systems used by the City's water, electric and sewer systems (the "Utilities Projects" and, together with the General Projects, the "Projects"); and

WHEREAS, because the costs of the Projects are not yet known, the City desires to obtain temporary financing for the Projects in anticipation of the issuance of the City's warrants; and

WHEREAS, Troy Bank and Trust Company ("TB&T") has agreed to provide temporary financing for the General Projects through a line of credit in the principal amount of \$4,000,000, and to evidence such borrowing the City desires to issue its Warrant Anticipation Note, Series 2014A, in the principal amount of up to \$4,000,000 to TB&T (the "Series 2014A Note"); and

WHEREAS, The First National Bank of Brundidge ("First National") has agreed to provide temporary financing for the Utilities Projects through a line of credit in the principal amount of \$2,000,000, and to evidence such borrowing the City desires to issue its Warrant Anticipation Note, Series 2014B, in the principal amount of up to \$2,000,000 to First National (the "Series 2014B Note").

NOW, THEREFORE, BE IT ORDAINED by the Mayor and City Council (the "Council") of the City of Troy, Alabama (the "City"), as follows:

**ARTICLE A.**

**WARRANT ANTICIPATION NOTE, SERIES 2014A**

Section 1. Findings and Determinations. The Council has ascertained and found and does hereby declare as follows:

(a) The Council hereby finds and determines that it is necessary and advisable for the City to undertake various capital projects for the improvement and expansion of the City's infrastructure.

(b) The Council hereby finds and determines that in order to obtain funds to accomplish the foregoing purpose it is necessary and advisable for the City to issue the Series 2014A Note in accordance with the terms of this ordinance.

Section 2. Authorization and Description of the Series 2014A Note. Pursuant to the applicable provisions of the Constitution and laws of the State of Alabama, including particularly Section 11-47-2 of the Code of Alabama of 1975, as amended, and for the purposes of financing various municipal projects and paying the costs of issuance of the Series 2014A Note, the borrowing by the City from TB&T, through draws of an amount up to \$4,000,000 in principal, and the issuance by the City of the Series 2014A Note, bearing interest at the rate of 1.75%, to evidence such borrowing are hereby authorized. The Series 2014A Note will be in substantially the form attached hereto as Exhibit A, the terms of which are hereby incorporated in this ordinance as if set forth herein.

Section 3. Execution of Note. The Series 2014A Note shall be executed on behalf of the City by its Mayor and its City Clerk. The corporate seal of the City shall be impressed on the Series 2014A Note, and the signature of the City Clerk of the City on the Series 2014A Note shall constitute attestation thereof. The Series 2014A Note shall be registered by the City Clerk in the records maintained by him as claims against the City. Said officers are hereby directed so to execute, attest and register the Series 2014A Note and to cause the seal to be impressed on the Series 2014A Note.

Section 4. Note Constitutes General Obligation. The indebtedness evidenced and ordered paid by the Series 2014A Note is and shall be a general obligation of the City, to the payment of the principal of and premium, if any, and interest on which the full faith and credit of the City are hereby irrevocably pledged.

Section 5. Provisions Constitute Contract. The provisions of this ordinance shall constitute a contract between the City and each owner of the Series 2014A Note.

Section 6. Severability. The provisions of this ordinance are hereby declared to be severable. In the event any court of competent jurisdiction should hold any provision hereof to be invalid or unenforceable, such holding shall not invalidate or render unenforceable any other provisions of this ordinance.

Section 7. Closing of Issuance of Note. The City Clerk is authorized and directed to make the necessary arrangements with Bond Counsel and TB&T to establish the date, location, procedure and conditions for the delivery of the Series 2014A Note to TB&T, and to take all steps necessary to effect due execution and delivery of the Series 2014A Note under the terms of this ordinance.

Section 8. Registration; Transfer and Exchange of Series 2014A Note. The Series 2014A Note shall be registered as to both principal and interest in the name of the registered owner of the Series 2014A Note on the books to be kept for that purpose by the City Clerk, who is hereby designated as Registrar. The City covenants and agrees to cause to be kept and maintained proper registry books for recording accurately all registrations of the Series 2014A

Note and to cause to be made accurate notations of such registration on the reverse of the Series 2014A Note, authenticated in each instance by the signature of the Clerk. No transfer of the Series 2014A Note 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 Registrar. No charge shall be made to any registered owner for the privilege of registration and transfer hereinabove granted, but any registered owner requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto.

Section 9. Replacement of Mutilated, Lost, Stolen or Destroyed Note. In the event the Series 2014A Note is mutilated, lost, stolen or destroyed, the City may execute and deliver a new promissory note of like tenor as that mutilated, lost, stolen or destroyed; provided that (a) in the case of mutilation, the mutilated Series 2014A Note is first surrendered to the Registrar, and (b) in the case of loss, theft, or destruction, there is first furnished to the City and the Registrar evidence satisfactory to each of them of such loss, theft or destruction, together with indemnity satisfactory to each of them. The City and Registrar may charge the named payee with the expense of issuing any such new promissory note.

Section 10. Representations and Covenants Concerning Federal Tax-Exempt Status of Series 2014A Note.

(a) The City warrants that the interest on the Series 2014A Note is and will continue to be excludable from the gross income of the owners thereof for federal income tax purposes. The City will continually comply with all requirements imposed by the Internal Revenue Code of 1986, as amended (the "Code") as conditions to the exclusion from gross income for federal income tax purposes of the interest on the Series 2014A Note.

(b) The City will not apply or permit the proceeds of the Series 2014A Note to be applied in a manner that would cause it to be deemed a "private activity bond" within the meaning of Section 141 of the Code. There are and will be no leases from the City to any person or any other arrangement, express or implied, that would result, in the aggregate, in (i) the use of more than five percent (5%) of the proceeds of the Series 2014A Note for any "private business use", within the meaning of Section 141(b) of the Code; or (ii) the payment of debt service on more than 5% of the proceeds of the Series 2014A Note being directly or indirectly (A) secured by any interest in property used or to be used for any such "private business use" or in payments in respect of such property or (B) derived from payments (whether or not to the City) in respect of property or borrowed money used or to be used for any such "private business use".

(c) The City will not use (directly or indirectly) any of the proceeds of the Series 2014A Note to make or finance loans to persons other than governmental units, as provided in Section 141(c) of the Code.

(d) Except to the extent permitted under Section 149(b)(3) of the Code, (i) payment of principal of or interest on the Series 2014A Note is not directly, indirectly or otherwise guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), and (ii) none of the proceeds of the Series 2014A Note will be used to make loans the payment

of principal or interest with respect to which is to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

(e) The City covenants that it will restrict the use of the proceeds of the Series 2014A Note in such manner and to such extent, if any, and take or refrain from taking such other actions, all as may be necessary, after taking into account reasonable expectations at the time of the delivery of and payment for the Series 2014A Note, so that the Series 2014A Note will not constitute an "arbitrage bond" within the meaning of Section 148 of the Code or a "hedge bond" within the meaning of Section 149(g) of the Code.

(f) The Mayor and the City Clerk shall give an appropriate certificate of the City (the "Tax Compliance Certificate") for inclusion in the transcript of proceedings for the Series 2014A Note, to be made as of the date of delivery of and payment for the Series 2014A Note. The Tax Compliance Certificate shall, among other things, reaffirm as of its date the continuing accuracy, completeness and correctness of the tax-related representations herein contained, set forth the reasonable expectations of the City regarding the amount and use of all the proceeds of the Series 2014A Note and the facts and estimates on which those expectations are based, and contain such other and further representations and covenants on the part of the City as Bond Counsel or TB&T shall request to evidence the tax-exempt status of the Series 2014A Note and the commitment of the City to maintain the same. The City hereby agrees to perform any such covenants contained in the Tax Compliance Certificate.

(g) The City will make such informational reports as may be required under the Code, and in particular Section 149(e) thereof, with respect to the issuance of the Series 2014A Note.

(h) The Series 2014A Note is designated as "qualified tax-exempt obligations" for the purposes of paragraph (3) of subsection (b) of Section 265 of the Code and, in connection therewith and after due investigation and consideration the City 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 City (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 City and by its subordinate entities, if any, during the current calendar year will not exceed \$10,000,000.

Section 11. Other Documents. The City hereby authorizes Bond Counsel to prepare such other and further documents, certifications, assignments and instruments as TB&T may require or as may be necessary or appropriate to consummate the transactions contemplated in this ordinance, including without limitation any certificates or reports referred to herein. The Mayor and City Clerk are hereby authorized and directed to execute and deliver any and all such additional documents or certificates.

Section 12. 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 Series 2014A Note will be used to reimburse itself for expenditures paid prior to the date of issuance of the Series 2014A Note. All capitalized terms used in this Section and not otherwise defined in this ordinance 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 Series 2014A Note as described in the recitals to this ordinance. The maximum amount of the expenditures incurred prior to the issuance of the Series 2014A Note which will be reimbursed by the proceeds of the Series 2014A Note is \$500,000.

Once the Series 2014A Note 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 Series 2014A Note; 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 Series 2014A Note 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 Series 2014A Note 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 Series 2014A Note is issued.

The proceeds of the Series 2014A Note 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 Series 2014A Note or for other obligations.

## **ARTICLE B.**

### **WARRANT ANTICIPATION NOTE, SERIES 2014B**

Section 1. Findings and Determinations. The Council has ascertained and found and does hereby declare as follows:

(a) The Council hereby finds and determines that it is necessary and advisable for the City to undertake the Utilities Projects for the improvement of the City's water, electric and sewer systems.

(b) The Council hereby finds and determines that in order to obtain funds to accomplish the foregoing purpose it is necessary and advisable for the City to issue the Series 2014B Note in accordance with the terms of this ordinance.

Section 2. Authorization and Description of the Series 2014B Note. Pursuant to the applicable provisions of the Constitution and laws of the State of Alabama, including particularly Section 11-47-2 of the Code of Alabama of 1975, as amended, and for the purposes of financing various municipal projects and paying the costs of issuance of the Series 2014B Note, the borrowing by the City from First National, through draws of an amount up to \$2,000,000 in principal, and the issuance by the City of the Series 2014B Note, bearing interest at the rate of 1.6%, to evidence such borrowing are hereby authorized. The Series 2014B Note will be in substantially the form attached hereto as Exhibit B, the terms of which are hereby incorporated in this ordinance as if set forth herein.

Section 3. Execution of Note. The Series 2014B Note shall be executed on behalf of the City by its Mayor and its City Clerk. The corporate seal of the City shall be impressed on the Series 2014B Note, and the signature of the City Clerk of the City on the Series 2014B Note shall constitute attestation thereof. The Series 2014B Note shall be registered by the City Clerk in the records maintained by him as claims against the City. Said officers are hereby directed so to execute, attest and register the Series 2014B Note and to cause the seal to be impressed on the Series 2014B Note.

Section 4. Note Constitutes General Obligation. The indebtedness evidenced and ordered paid by the Series 2014B Note is and shall be a general obligation of the City, to the payment of the principal of and premium, if any, and interest on which the full faith and credit of the City are hereby irrevocably pledged.

Section 5. Provisions Constitute Contract. The provisions of this ordinance shall constitute a contract between the City and each owner of the Series 2014B Note.

Section 6. Severability. The provisions of this ordinance are hereby declared to be severable. In the event any court of competent jurisdiction should hold any provision hereof to be invalid or unenforceable, such holding shall not invalidate or render unenforceable any other provisions of this ordinance.

Section 7. Closing of Issuance of Note. The City Clerk is authorized and directed to make the necessary arrangements with Bond Counsel and First National to establish the date, location, procedure and conditions for the delivery of the Series 2014B Note to First National, and to take all steps necessary to effect due execution and delivery of the Series 2014B Note under the terms of this ordinance.

Section 8. Registration; Transfer and Exchange of Series 2014B Note. The Series 2014B Note shall be registered as to both principal and interest in the name of the registered owner of the Series 2014B Note on the books to be kept for that purpose by the City Clerk, who is hereby designated as Registrar. The City covenants and agrees to cause to be kept and maintained proper registry books for recording accurately all registrations of the Series 2014B Note and to cause to be made accurate notations of such registration on the reverse of the Series 2014B Note, authenticated in each instance by the signature of the Clerk. No transfer of the Series 2014B Note 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 Registrar. No charge shall be

made to any registered owner for the privilege of registration and transfer hereinabove granted, but any registered owner requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto.

Section 9. Replacement of Mutilated, Lost, Stolen or Destroyed Note. In the event the Series 2014B Note is mutilated, lost, stolen or destroyed, the City may execute and deliver a new promissory note of like tenor as that mutilated, lost, stolen or destroyed; provided that (a) in the case of mutilation, the mutilated Series 2014B Note is first surrendered to the Registrar, and (b) in the case of loss, theft, or destruction, there is first furnished to the City and the Registrar evidence satisfactory to each of them of such loss, theft or destruction, together with indemnity satisfactory to each of them. The City and Registrar may charge the named payee with the expense of issuing any such new promissory note.

Section 10. Representations and Covenants Concerning Federal Tax-Exempt Status of Series 2014B Note.

(a) The City warrants that the interest on the Series 2014B Note is and will continue to be excludable from the gross income of the owners thereof for federal income tax purposes. The City will continually comply with all requirements imposed by the Internal Revenue Code of 1986, as amended (the "Code") as conditions to the exclusion from gross income for federal income tax purposes of the interest on the Series 2014B Note.

(b) The City will not apply or permit the proceeds of the Series 2014B Note to be applied in a manner that would cause it to be deemed a "private activity bond" within the meaning of Section 141 of the Code. There are and will be no leases from the City to any person or any other arrangement, express or implied, that would result, in the aggregate, in (i) the use of more than five percent (5%) of the proceeds of the Series 2014B Note for any "private business use", within the meaning of Section 141(b) of the Code; or (ii) the payment of debt service on more than 5% of the proceeds of the Series 2014B Note being directly or indirectly (A) secured by any interest in property used or to be used for any such "private business use" or in payments in respect of such property or (B) derived from payments (whether or not to the City) in respect of property or borrowed money used or to be used for any such "private business use".

(c) The City will not use (directly or indirectly) any of the proceeds of the Series 2014B Note to make or finance loans to persons other than governmental units, as provided in Section 141(c) of the Code.

(d) Except to the extent permitted under Section 149(b)(3) of the Code, (i) payment of principal of or interest on the Series 2014B Note is not directly, indirectly or otherwise guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), and (ii) none of the proceeds of the Series 2014B Note will be used to make loans the payment of principal or interest with respect to which is to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

(e) The City covenants that it will restrict the use of the proceeds of the Series 2014B Note in such manner and to such extent, if any, and take or refrain from taking such other

actions, all as may be necessary, after taking into account reasonable expectations at the time of the delivery of and payment for the Series 2014B Note, so that the Series 2014B Note will not constitute an "arbitrage bond" within the meaning of Section 148 of the Code or a "hedge bond" within the meaning of Section 149(g) of the Code.

(f) The Mayor and the City Clerk shall give an appropriate certificate of the City (the "Tax Compliance Certificate") for inclusion in the transcript of proceedings for the Series 2014B Note, to be made as of the date of delivery of and payment for the Series 2014B Note. The Tax Compliance Certificate shall, among other things, reaffirm as of its date the continuing accuracy, completeness and correctness of the tax-related representations herein contained, set forth the reasonable expectations of the City regarding the amount and use of all the proceeds of the Series 2014B Note and the facts and estimates on which those expectations are based, and contain such other and further representations and covenants on the part of the City as Bond Counsel or First National shall request to evidence the tax-exempt status of the Series 2014B Note and the commitment of the City to maintain the same. The City hereby agrees to perform any such covenants contained in the Tax Compliance Certificate.

(g) The City will make such informational reports as may be required under the Code, and in particular Section 149(e) thereof, with respect to the issuance of the Series 2014B Note.

(h) The Series 2014B Note is designated as "qualified tax-exempt obligations" for the purposes of paragraph (3) of subsection (b) of Section 265 of the Code and, in connection therewith and after due investigation and consideration the City 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 City (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 City and by its subordinate entities, if any, during the current calendar year will not exceed \$10,000,000.

Section 11. Other Documents. The City hereby authorizes Bond Counsel to prepare such other and further documents, certifications, assignments and instruments as First National may require or as may be necessary or appropriate to consummate the transactions contemplated in this ordinance, including without limitation any certificates or reports referred to herein. The Mayor and City Clerk are hereby authorized and directed to execute and deliver any and all such additional documents or certificates.

Effective Date. This ordinance shall become effective upon its approval as provided by law.

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ADOPTED this 25<sup>th</sup> day of March, 2014.

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John H. Witherington  
Council President

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

APPROVED this the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

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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 an ordinance adopted by the City Council of the City of Troy, at a regular meeting held March 25, 2014, and that such ordinance 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 \_\_\_\_ day of \_\_\_\_\_, 2014.

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Alton E. Starling, Clerk/Treasurer

**EXHIBIT A**

**TROY BANK AND TRUST COMPANY  
WARRANT ANTICIPATION NOTE**

**UNITED STATES OF AMERICA  
STATE OF ALABAMA  
CITY OF TROY  
WARRANT ANTICIPATION NOTE  
SERIES 2014A**

**Maturity Date: June 27, 2015**

**Up to \$4,000,000**

The City of Troy, Alabama, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of Alabama (the "City"), for value received, hereby acknowledges itself indebted and directs and orders the payment to Troy Bank and Trust Company (the "Holder"), or its registered assigns noted hereon and on the registration books of the City maintained for that purpose at the City's principal office in Troy, Alabama, the aggregate principal sum of

**FOUR MILLION DOLLARS**

or such lesser amount as shall have been advanced hereunder as hereinafter provided, on or before June 27, 2015, together with interest on the principal sum advanced from the date of each advance, at the rate of 1.75% per annum. Accrued interest on this Note shall be paid in quarterly payments commencing June 27, 2014 and continuing on the 27<sup>th</sup> day of each September, December, March, and June until this Note is paid in full. 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.

Interest on this Note shall be calculated on an Actual/365 basis.

From and after the date of this Note, to and including the Maturity Date set forth above, the Holder will, upon the terms and subject to the conditions of this Note, make advances to the City in such amounts as may be requested by the City for the purpose of financing the costs of acquiring, constructing and equipping various improvements and renovations to the City's infrastructure, up to a one time maximum aggregate amount not to exceed the maximum principal amount hereof. No proceeds of this Note may be used toward the filing of bankruptcy. Each future advance to the City under this Note shall be made upon the request of designated agents of the City and the concurrence of the Holder's President or Senior Loan Officer. The Holder may not refuse to make an advance hereunder unless (a) such advance would cause the total amount of the advances hereunder to exceed the maximum principal amount hereof, (b) such advance is requested after the Maturity Date hereof, or (c) the City has defaulted on this Note or violated any term hereof.

Both the principal of and interest on this Note are payable in lawful money of the United States of America, at par and without discount, exchange, deduction, or charge therefor to the then registered owner hereof at the address shown on the registration books of the City (except for the final payment of such principal and interest which shall be made only upon the surrender of this Note to the City for cancellation); provided, however, that so long as this Note shall be

registered in the name of Troy Bank and Trust Company, any payment of principal or interest with respect to this Note shall be made by check mailed to Troy Bank and Trust Company, P.O. Box 967, Troy, Alabama 36081, or by wire transfer, automated clearinghouse, authorized bank account debit, or bank draft. Payment of principal of and interest on this Note shall be deemed timely made if mailed or paid by wire transfer, automated clearinghouse, authorized bank account debit, or bank draft to the registered owner on the applicable payment date with respect to which such payment is made or, if such payment date is not a business day, then on the first business day following the payment date.

The City may prepay this Note in whole or in part without prepayment penalty, but only upon payment of all interest accrued to the date of such prepayment.

This Note is duly authorized and issued by the City pursuant to the Constitution and laws of the State of Alabama, including, particularly, Section 11-47-2 of the Code of Alabama 1975, as amended, and an ordinance of the City Council of the City duly adopted on March 25, 2014 for the lawful purposes of providing funds to pay for capital improvements to the City's infrastructure.

The indebtedness evidenced and ordered paid by this Note is a general obligation of the City, to the payment of the principal of and premium, if any, and interest on which the full faith and credit of the City have been irrevocably pledged.

This Note is registered as to principal and interest in the name of the owner hereof on the registration books of the City maintained for that purpose at its principal office. Upon presentation hereof at such office, this Note 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. The City Clerk is the Registrar and execution of the Registration Certificate by the City Clerk as Registrar hereon is essential to the validity hereof.

It is hereby recited, certified, and declared that the obligation evidenced by this Note will be lawfully due without condition, abatement, or offset of any description and that all conditions, acts, and things required by the Constitution and laws of the State of Alabama to exist, be performed or happen precedent to and in the issuance of this Note and the adoption of the resolution authorizing its issuance exist, have been performed, and have happened in time, form, and manner as so required.

*[Signatures on following page]*

IN WITNESS WHEREOF, The City of Troy, Alabama, acting by and through its governing body, has caused this Note to be executed in its name and on its behalf by its Mayor, to be attested to by its City Clerk, and its official seal to be affixed this 27<sup>th</sup> day of March, 2014.

**CITY OF TROY, ALABAMA**

(SEAL)

By: \_\_\_\_\_  
Jason A. Reeves  
Mayor

ATTEST:

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

Approved and Accepted this 27<sup>th</sup> day of March, 2014:

**TROY BANK AND TRUST COMPANY**

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

## **REGISTRATION CERTIFICATE**

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

The within Note has been registered in the name of the last owner named below on the registration books of the City of Troy, Alabama maintained for that purpose at its principal office by the City Clerk, as the Registrar, and the principal of and interest on this Note shall be payable to such registered owner only at the address shown below or at such other address as such registered owner may direct in writing, and this Note may thereafter be transferred only upon an assignment duly executed by such registered owner, such transfer to be made on such books and endorsed hereon:

<b>Date of Registration</b>	<b>Registered Owner</b>	<b>Signature of Registrar</b>
March 27, 2014	Troy Bank and Trust Company 1000 Hwy 231 South P.O. Box 967 Troy, Alabama 36081	<hr/> Alton Starling City Clerk

**EXHIBIT B**

**FIRST NATIONAL BANK  
WARRANT ANTICIPATION NOTE**



**UNITED STATES OF AMERICA  
STATE OF ALABAMA  
CITY OF TROY  
WARRANT ANTICIPATION NOTE  
SERIES 2014B**

**Maturity Date: June 27, 2015**

**Up to \$2,000,000**

The City of Troy, Alabama, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of Alabama (the "City"), for value received, hereby acknowledges itself indebted and directs and orders the payment to The First National Bank of Brundidge (the "Holder"), or its registered assigns noted hereon and on the registration books of the City maintained for that purpose at the City's principal office in Troy, Alabama, the aggregate principal sum of

**TWO MILLION DOLLARS**

or such lesser amount as shall have been advanced hereunder as hereinafter provided, on or before June 27, 2015, together with interest on the principal sum advanced from the date of each advance, at the rate of 1.6% per annum. Accrued interest on this Note shall be paid in quarterly payments commencing June 27, 2014 and continuing on the 27<sup>th</sup> day of each September, December, March, and June until this Note is paid in full. If any payment required hereunder is not made within 10 days of the due date, the City shall pay the Holder a late charge of 5.00% of the past due amount, with a minimum late charge of \$10 and maximum late charge of \$100 with respect to any single late payment. All installments of the principal of and the interest on this Note shall bear interest after their respective due dates until paid at the rate of 1.00% per annum above the then effective interest rate on this Note.

Interest on this Note shall be calculated on an Actual/365 basis.

From and after the date of this Note, to and including the Maturity Date set forth above, the Holder will, upon the terms and subject to the conditions of this Note, make advances to the City in such amounts as may be requested by the City for the purpose of financing the costs of acquiring, constructing and equipping improvements to the metering systems used by the City's water, electric and sewer systems, up to a one time maximum aggregate amount not to exceed the maximum principal amount hereof. No proceeds of this Note may be used toward the filing of bankruptcy. Each future advance to the City under this Note shall be made upon the request of designated agents of the City and the concurrence of the Holder's President or Senior Loan Officer. The Holder may not refuse to make an advance hereunder unless (a) such advance would cause the total amount of the advances hereunder to exceed the maximum principal amount hereof, (b) such advance is requested after the Maturity Date hereof, or (c) the City has defaulted on this Note or violated any term hereof.

Both the principal of and interest on this Note are payable in lawful money of the United States of America, at par and without discount, exchange, deduction, or charge therefor to the then registered owner hereof at the address shown on the registration books of the City (except

for the final payment of such principal and interest which shall be made only upon the surrender of this Note to the City for cancellation); provided, however, that so long as this Note shall be registered in the name of The First National Bank of Brundidge, any payment of principal or interest with respect to this Note shall be made by check mailed to The First National Bank of Brundidge, P.O. Drawer 775, Brundidge, Alabama 36010-0775, or by wire transfer, automated clearinghouse, authorized bank account debit, or bank draft. Payment of principal of and interest on this Note shall be deemed timely made if mailed or paid by wire transfer, automated clearinghouse, authorized bank account debit, or bank draft to the registered owner on the applicable payment date with respect to which such payment is made or, if such payment date is not a business day, then on the first business day following the payment date.

The City may prepay this Note in whole or in part without prepayment penalty, but only upon payment of all interest accrued to the date of such prepayment.

This Note is duly authorized and issued by the City pursuant to the Constitution and laws of the State of Alabama, including, particularly, Section 11-47-2 of the Code of Alabama 1975, as amended, and an ordinance of the City Council of the City duly adopted on March 25, 2014 for the lawful purposes of providing funds to pay for improvements to the City's water, electric and sewer systems.

The indebtedness evidenced and ordered paid by this Note is a general obligation of the City, to the payment of the principal of and premium, if any, and interest on which the full faith and credit of the City have been irrevocably pledged.

This Note is registered as to principal and interest in the name of the owner hereof on the registration books of the City maintained for that purpose at its principal office. Upon presentation hereof at such office, this Note 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. The City Clerk is the Registrar and execution of the Registration Certificate by the City Clerk as Registrar hereon is essential to the validity hereof.

It is hereby recited, certified, and declared that the obligation evidenced by this Note will be lawfully due without condition, abatement, or offset of any description and that all conditions, acts, and things required by the Constitution and laws of the State of Alabama to exist, be performed or happen precedent to and in the issuance of this Note and the adoption of the resolution authorizing its issuance exist, have been performed, and have happened in time, form, and manner as so required.

*[Signatures on following page]*

IN WITNESS WHEREOF, The City of Troy, Alabama, acting by and through its governing body, has caused this Note to be executed in its name and on its behalf by its Mayor, to be attested to by its City Clerk, and its official seal to be affixed this 27<sup>th</sup> day of March, 2014.

**CITY OF TROY, ALABAMA**

(SEAL)

By: \_\_\_\_\_  
Jason A. Reeves  
Mayor

ATTEST:

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

Approved and Accepted this 27<sup>th</sup> day of March, 2014:

**THE FIRST NATIONAL BANK OF BRUNDIDGE**

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

## **REGISTRATION CERTIFICATE**

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

The within Note has been registered in the name of the last owner named below on the registration books of the City of Troy, Alabama maintained for that purpose at its principal office by the City Clerk, as the Registrar, and the principal of and interest on this Note shall be payable to such registered owner only at the address shown below or at such other address as such registered owner may direct in writing, and this Note may thereafter be transferred only upon an assignment duly executed by such registered owner, such transfer to be made on such books and endorsed hereon:

<b>Date of Registration</b>	<b>Registered Owner</b>	<b>Signature of Registrar</b>
March 27, 2014	The First National Bank of Brundidge 137 South Main Street P.O. Drawer 775 Brundidge, AL 36010-0775	<hr/> Alton Starling City Clerk