

ORDINANCE NO. 347

AN ORDINANCE TO AUTHORIZE THE ISSUANCE OF ONE \$5,490,000 WATER, ELECTRIC AND SEWER REVENUE WARRANT, SERIES 2014-CWSRF-DL

BE IT ORDAINED by the City Council of the City of Troy, Alabama, a municipal corporation under the laws of the State of Alabama (the "City"), as follows:

ARTICLE I

DEFINITIONS AND USE OF PHRASES

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:

"**ADEM**" means the Alabama Department of Environmental Management, an agency of the State of Alabama created pursuant to Chapter 22A of Title 22 of the Code of Alabama, 1975.

"**Additional Prior Lien Obligations**" means any warrants or other obligations issued under Article III of the City Indenture on parity with the Prior Lien Obligations and satisfying the conditions set forth in Section 7.2(b) hereof.

"**Additional Subordinate Lien Obligations**" means those obligations of the City satisfying the requirements of Section 8.1 hereof to be payable from Net Systems Revenues on parity with the Series 2009-CWSRF/ARRA-DL Warrant and the Series 2009-DWSRF/ARRA-DL Warrant.

"**Allowable Costs**" shall have the meaning given to such term in the Special Loan Conditions Agreement.

"**Authority**" means the Alabama Water Pollution Control Authority, a public corporation under the laws of the State of Alabama.

"**Authority Loan**" means the loan made to the City by the Authority, the repayment of which is evidenced by the Series 2014-CWSRF-DL Warrant.

"**Authority Trustee**" means The Bank of New York Mellon Trust Company, N.A., as successor trustee to J.P. Morgan Trust Company, N.A. under the Master Authority Trust Indenture.

"**Authority Trustee Prime Rate**" means the rate of interest established (whether or not charged) from time to time by the Authority Trustee as its general reference rate of interest, after taking into account such factors as the Authority Trustee may from time to time deem appropriate in its sole discretion (it being understood, however, that the Authority Trustee may

from time to time make various loans at rates of interest having no relationship to such general reference rate of interest).

"Bank" means The Bank of New York Mellon Trust Company, N.A., in its capacity as registrar, transfer agent and paying agent with respect to the Series 2014-CWSRF-DL Warrant.

"City" means the City of Troy, Alabama, a municipal corporation under the laws of the State of Alabama.

"City Indenture" means the Trust Indenture dated as of June 1, 1995, between the City and the Trustee, under and pursuant to which the Series 2011 Warrants were heretofore issued.

"Council" means the governing body of the City as from time to time constituted.

"Holder" means the person in whose name the Series 2014-CWSRF-DL Warrant is registered.

"Independent Auditor" means a certified public accountant (or firm thereof) licensed to practice public accounting in the State of Alabama and who is not regularly employed full time by the City.

"Interest Payment Date" means, with respect to the Series 2014-CWSRF-DL Warrant, each February 15 and August 15, commencing February 15, 2017.

"Loan Amount" has the meaning given in the Special Loan Conditions Agreement.

"Master Authority Trust Indenture" means the Master Direct Loan Trust Indenture from the Authority to the Authority Trustee, dated as of January 1, 2004.

"Mayor" means the Mayor of the City.

"Net Systems Revenues" shall mean the gross revenues derived from the operation of the Systems during a fiscal year of the City less the amounts to be transferred into the Warrant Fund, Operating Fund, Reserve Fund, and Rebate Fund pursuant to Article V of the City Indenture for the benefit of obligations issued and secured thereunder.

"Ordinance" means an ordinance adopted by the Council.

"Prior Lien Obligations" means the Series 2011 Warrants and any Additional Prior Lien Obligations hereafter issued under the provisions of Article III of the City Indenture and in compliance with Section 7.2(b) hereof.

"Project" means the improvements to the City's sanitary sewer treatment and disposal system to be acquired, constructed, equipped or installed with proceeds of the Authority Loan in accordance with the provisions of the Special Conditions Agreement.

"Project Fund" shall have the meaning given to such term in the Master Authority Trust Indenture.

"Project Funds" means the amount deposited into the Project Fund for disbursement to or on behalf of the City for payment of the costs of the Project.

"Redemption Date" means the date fixed for redemption of any principal installments of the Series 2014-CWSRF-DL Warrant in a Resolution adopted pursuant to the provisions of Section 3.1 hereof.

"Redemption Price" means the price at which the Series 2014-CWSRF-DL Warrant or principal installments thereof called for redemption and prepayment may be redeemed on the Redemption Date.

"Series 2009-CWSRF/ARRA-DL Warrant" means the City's \$1,620,000 initial principal amount of Subordinated Water, Electric and Sewer Revenue Warrant, Series 2009-CWSRF/ARRA-DL, dated November 1, 2009, \$1,445,000 of which is presently outstanding.

"Series 2009-DWSRF/ARRA-DL Warrant" means the City's \$205,000 initial principal amount of Subordinated Water, Electric and Sewer Revenue Warrant, Series 2009-DWSRF/ARRA-DL, dated September 15, 2009, \$185,000 of which is presently outstanding.

"Series 2011 Warrants" means the City's \$17,870,000 initial aggregate principal amount of Water, Electric and Sewer Revenue Warrants, Series 2011, dated March 1, 2011, and presently outstanding in the aggregate principal amount of \$16,495,000.

"Series 2014-CWSRF-DL Warrant" means the City's Subordinated Water, Electric and Sewer Revenue Warrant, Series 2014-CWSRF-DL, dated July 1, 2014, and authorized to be issued hereunder.

"Special Loan Conditions Agreement" means the Special Authority Loan Conditions Agreement among the City, the Authority and ADEM, dated July 1, 2014.

"Systems" shall mean, together, the City's water works plant and distribution system, electric transmission system, and sanitary sewage disposal and treatment system.

"Trustee" means Troy Bank and Trust Company, as trustee under the City Indenture (as successor to First Alabama Bank).

"Uncommitted Funds" shall have the meaning given to such term in the recitals hereof.

"United States Securities" means any securities that are direct obligations of the United States of America and any securities with respect to which payment of the principal thereof and the interest thereon is unconditionally guaranteed by the United States of America.

Section 1.2 Use of Words and Phrases. The following words and phrases, where used in this Ordinance, shall be given the following and respective interpretations:

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

The definitions set forth in Section 1.1 hereof shall be deemed applicable whether the words defined are herein used in the singular or plural.

Any pronoun or pronouns used herein in any fashion shall be deemed to include both singular and plural and to cover all genders.

ARTICLE II

FINDINGS

Section 2.1 Findings. The Council does hereby find and declare that the following facts are true and correct:

(a) The City has determined to make capital improvements to its sanitary sewer treatment and disposal system, the estimated costs of the said improvements being in excess of \$5,250,000. The City has heretofore filed an application with ADEM for the purpose of obtaining a loan (herein called the "Authority Loan") from the Authority to provide funds to pay a portion of the costs of the Project.

(b) The award of the Authority Loan to the City will be of substantial economic benefit to the City and to its customers by reducing the amount of interest that would be payable by the City if the funds were provided from sources other than from the Authority Loan.

(c) The current Capitalization Grant Agreement requires, among other things, that all projects funded in whole or part with funds from the Authority ("Authority Funds"), including the Project, be constructed in accordance with certain provisions of the Davis-Bacon Act of 1931, P.L. No. 403.

(d) The Authority has informed the City that, as a condition to the making of the Authority Loan, the City must agree to spend or commit to binding construction contracts for Allowable Costs respecting the Project by no later than _____, 2015, and the City has represented to the Authority that the City will spend or commit to binding construction contracts for Allowable Costs respecting the Project by not later than _____, 2015, the portion of the Authority Loan deposited into the Project Fund.

(e) The City understands that under the Special Loan Conditions Agreement the Authority may at any time on or after _____, 2015, reduce the Authority Loan by the amount of that portion of the Loan Amount on deposit in the Project Fund not committed to binding construction contracts (any such uncommitted amount of Authority Funds herein called the "Uncommitted Portion"), and withdraw any such uncommitted amount from the Project Fund, all as more particularly set forth in the Special Loan Conditions Agreement.

(f) The City deems it necessary, desirable and in the public interest that the City obtain the Authority Loan for the purpose of providing funds to finance the costs of the Project, paying capitalized interest, and paying a portion of the costs of obtaining the Authority Loan. In order to accept the Authority Loan and to evidence the obligation of the City to repay the Authority Loan, the City deems it necessary, desirable and in the public interest that the Series 2014-CWSRF-DL Warrant hereinafter authorized be issued.

(g) As of the date of issuance of the Series 2014-CWSRF-DL Warrant, the City will have no bonds, warrants or other indebtedness of any kind whatsoever payable from or secured by (in whole or part) Net Systems Revenues other than the Prior Lien Obligations, the Series 2009-DWSRF/ARRA-DL Warrant and the Series 2009-CWSRF/ARRA-DL Warrant.

(h) The pledge of Net Systems Revenues in favor of the Series 2014-CWSRF-DL Warrant shall be on parity of lien with the Series 2009-DWSRF/ARRA-DL Warrant and the Series 2009-CWSRF/ARRA-DL Warrant and any Additional Subordinate Lien Obligations hereafter issued in accordance with the provisions of Section 8.1 hereof, and shall be subject and subordinate to the pledge of the Net Systems Revenues made by the City in favor of the Prior Lien Obligations.

(i) The City is not in default under the City Indenture nor under any resolution or ordinance authorizing any outstanding indebtedness of the City and no such default is imminent.

ARTICLE III

ACCEPTANCE OF AUTHORITY LOAN AND ISSUANCE OF SERIES 2014-CWSRF-DL WARRANT

Section 3.1 (a) Authority Loan Made and Accepted. In consideration of the mutual promises and agreements made in the Special Loan Conditions Agreement, in this Ordinance and in the Series 2014-CWSRF-DL Warrant, and subject to the terms and conditions of each thereof, the City, by the delivery of the Series 2014-CWSRF-DL Warrant, accepts the Authority Loan that the Authority has, upon delivery to it of the Series 2014-CWSRF-DL Warrant, made available to the City in the Loan Amount in the manner and to the extent specified in the Special Loan Conditions Agreement.

(b) Authorization and Description of the Series 2014-CWSRF-DL Warrant. Pursuant to the applicable provisions of Section 11-47-2 et seq. of the Code of Alabama 1975, as amended, and for the purpose of evidencing repayment of the Authority Loan made to the City by the Authority, there is hereby authorized to be issued by the City one Subordinated Water, Electric and Sewer Revenue Warrant, Series 2014-CWSRF-DL, in the principal amount of \$5,490,000, subject to the right of the Authority, as set out in the Special Loan Conditions

Agreement, to reduce the amount of the Authority Loan evidenced by the Series 2014-CWSRF-DL Warrant and to provide, in such case, a revised amortization schedule setting forth the remaining amounts of principal owed under the Series 2014-CWSRF-DL Warrant following any such reduction. The Series 2014-CWSRF-DL Warrant shall be dated July 1, 2014, and shall be issued as one fully registered Warrant in the form prescribed in Section 3.4 hereof. The principal of the Series 2014-CWSRF-DL Warrant shall mature and become payable on February 15 in the following years and in the following installments (subject to adjustment as provided in the Special Loan Conditions Agreement):

Year of Maturity	Principal Amount Maturing
2017	\$215,000
2018	220,000
2019	225,000
2020	230,000
2021	240,000
2022	245,000
2023	250,000
2024	255,000
2025	260,000
2026	270,000
2027	275,000
2028	280,000
2029	290,000
2030	295,000
2031	305,000
2032	310,000
2033	320,000
2034	325,000
2035	335,000
2036	345,000

The Series 2014-CWSRF-DL Warrant shall be initially issued and registered in the name of the Authority.

(c) **Interest Rate and Method of Payment of Principal and Interest.** The principal installments of the Series 2014-CWSRF-DL Warrant shall bear interest from July 1, 2014, until their respective due dates at the per annum rate of interest of (i) 1.70% from July 1, 2014, through and including December 1, 2016, and (ii) for all other periods, at 2.45%, computed on the basis of a 360-day year comprising twelve (12) consecutive thirty (30) day months; provided, however, that interest shall not be charged on \$10,000 of the principal amount of the Series 2014-CWSRF-DL Warrant during the period from July 1, 2014, through and including December 1, 2016, as reflected in the amortization schedule set forth in Appendix C to the

Special Loan Conditions Agreement. Such interest shall be payable on February 15, 2017, and semiannually on each February 15 and August 15 thereafter until and at the respective maturities of principal installments of the Series 2014-CWSRF-DL Warrant. Interest accruing on the Series 2014-CWSRF-DL Warrant from July 1, 2014, through and including December 1, 2016 (less the sum of \$10,000, on which no interest shall accrue during the said period as aforesaid), is included in the principal amount of the Series 2014-CWSRF-DL Warrant as the "Capitalized Interest Amount," as such term is defined in the Special Loan Conditions Agreement. Payment of the principal of and interest on the Series 2014-CWSRF-DL Warrant shall be payable in lawful money of the United States of America by check or draft mailed by the Bank to the holder of the Series 2014-CWSRF-DL Warrant at the address shown on the registry books of the Bank pertaining to the Series 2014-CWSRF-DL Warrant; provided, that so long as the Authority is the registered Holder of the Series 2014-CWSRF-DL Warrant, payment of the principal of and interest on the Series 2014-CWSRF-DL Warrant shall be made by the Bank in accordance with instructions given the Bank by the Authority.

(d) **Interest Rate and Loan Amount after Maturity.** Each installment of principal of and interest on the Series 2014-CWSRF-DL Warrant shall bear interest after its due date until paid at a per annum rate of interest equal to 2% above the Authority Trustee Prime Rate.

(e) **Redemption Provisions.** The principal installments of the Series 2014-CWSRF-DL Warrant having a stated maturity on February 15, 2025, and thereafter, may be redeemed and paid prior to their respective maturities, at the option of the City, as a whole or in part (but if in part, in the inverse order of installments of principal), on February 15, 2024, and on any date thereafter, at and for a redemption price with respect to each principal installment of the Series 2014-CWSRF-DL Warrant redeemed equal to the principal prepaid plus accrued interest thereon to the Redemption Date. Any such redemption or prepayment of the Series 2014-CWSRF-DL Warrant shall be effected in the following manner:

(1) **Call.** The Council shall by Resolution call for redemption and prepayment of the Series 2014-CWSRF-DL Warrant (or principal portions thereof) on the stated date when it is by its terms subject to redemption, and shall recite in said Resolution that the City is not in default with respect to payment of the principal of or interest on the Series 2014-CWSRF-DL Warrant.

(2) **Notice.** The Bank shall forward by United States Registered Mail or United States Certified Mail to the Holder of the Series 2014-CWSRF-DL Warrant a notice stating the following: (I) that the Series 2014-CWSRF-DL Warrant (or principal installments thereof) has been called for redemption and will become due and payable at the Redemption Price, on a specified Redemption Date, and (II) that all interest on the Series 2014-CWSRF-DL Warrant will cease after the Redemption Date. Such notice shall be so mailed not less than forty-five (45) days nor more than ninety (90) days prior to the Redemption Date. The Holder of the Series 2014-CWSRF-DL Warrant may waive the requirements of this subsection.

(3) **Payment of Redemption Price.** Not later than forty-five (45) days prior to the Redemption Date, the City shall make available at the Bank the

total Redemption Price of the Series 2014-CWSRF-DL Warrant or principal installments thereof so called for redemption and shall further provide to the holder of the Series 2014-CWSRF-DL Warrant a certified copy of the Resolution required in subsection (a) of this section.

Upon compliance by the City with the foregoing requirements on its part contained in this subsection, and if the City is not on the Redemption Date in default with respect to the payment of the principal of or interest on the Series 2014-CWSRF-DL Warrant, the Series 2014-CWSRF-DL Warrant (or principal portions thereof) called for redemption shall become due and payable at the Redemption Price on the Redemption Date specified in such notice, anything herein or in the Series 2014-CWSRF-DL Warrant to the contrary notwithstanding, and the Holder thereof shall then and there surrender the Series 2014-CWSRF-DL Warrant for redemption; provided however, that in the event that less than all of the outstanding principal of the Series 2014-CWSRF-DL Warrant is to be redeemed, the registered Holder thereof shall surrender the Series 2014-CWSRF-DL Warrant that is to be prepaid in part to the Bank in exchange, without expense to the Holder, for a new Series 2014-CWSRF-DL Warrant of like tenor, except in a principal amount, equal to the unredeemed portion of the Series 2014-CWSRF-DL Warrant. All future interest on the Series 2014-CWSRF-DL Warrant (or principal portions thereof) so called for redemption shall cease to accrue after the Redemption Date. Out of the moneys so deposited with it, the Bank shall make provision for payment of the Series 2014-CWSRF-DL Warrant (or principal portions thereof) so called for redemption at the Redemption Price and on the Redemption Date.

Section 3.2 Source of Payment of Series 2014-CWSRF-DL Warrant; Pledge of Net Systems Revenues; Acknowledgment of Prior Pledge. (a) The principal of and the interest on the Series 2014-CWSRF-DL Warrant shall be payable solely from the Net Systems Revenues. The City hereby pledges so much as may be necessary of the Net Systems Revenues for payment of the principal of and interest on the Series 2014-CWSRF-DL Warrant. Such pledge is on parity of lien with the Series 2009-DWSRF/ARRA-DL Warrant and the Series 2009-CWSRF/ARRA-DL Warrant, and any Additional Subordinate Lien Obligations hereafter issued in accordance with Section 8.1 hereof, and shall be subject and subordinate to the pledge of the Net Systems Revenues made by the City in favor of the Prior Lien Obligations.

(b) Neither the Series 2014-CWSRF-DL Warrant nor any of the agreements herein contained shall constitute a general indebtedness or general obligation of the City within the meaning of any state constitutional or statutory provision or limitation. The full faith and credit of the City are not pledged for payment of the Series 2014-CWSRF-DL Warrant, and the Series 2014-CWSRF-DL Warrant shall not be a general obligation of the City. Neither this Ordinance nor the Series 2014-CWSRF-DL Warrant shall be deemed to impose upon the City any obligation to pay the principal of or the interest on the Series 2014-CWSRF-DL Warrant, or any other sum, except from the Net Systems Revenues remaining after payment of the Prior Lien Obligations. None of the agreements, representations or warranties made or implied in this Ordinance, or in the issuance of the Series 2014-CWSRF-DL Warrant, shall ever impose any personal or pecuniary liability or charge upon the City, whether before or after any breach by the City of any such agreement, representation or warranty, except with respect to the Net Systems Revenues remaining after payment of the Prior Lien Obligations. Nothing contained in this

section shall, however, relieve the City from the performance of the several agreements and representations on its part herein contained.

(c) The amounts at any time on deposit in the 2014-CWSRF-DL Warrant Fund (hereinafter defined) are hereby irrevocably pledged for payment of the principal of and the interest on the Series 2014-CWSRF-DL Warrant.

Section 3.3 2014-CWSRF-DL Warrant Fund. (a) **Payments Therein and Use and Continuance Thereof.** There is hereby created a special fund to be designated the "2014-CWSRF-DL Warrant Fund" (the "2014-CWSRF-DL Warrant Fund") for the purpose of providing for the payment of the principal of and interest on the Series 2014-CWSRF-DL Warrant, which special fund shall be maintained until the principal of and interest on the Series 2014-CWSRF-DL Warrant has been paid in full. The City shall make deposits into the 2014-CWSRF-DL Warrant Fund as follows:

(i) on or before the last day of each month, commencing February 2016 and continuing through and including November 2016, the City shall transfer revenues of the Systems into the 2014-CWSRF-DL Warrant Fund, pursuant to Section 503 of the City Indenture, in an amount equal to one-twelfth (1/12) of the principal coming due on the Series 2014-CWSRF-DL Warrant on February 15, 2017;

(ii) on or before the last day of both December 2016 and January 2017, the City shall transfer revenues of the Systems into the 2014-CWSRF-DL Warrant Fund, pursuant to Section 503 of the City Indenture, in an amount equal to (A) one-half (1/2) of the interest coming due on the Series 2014-CWSRF-DL Warrant on February 15, 2017, plus (B) one-twelfth (1/12) of the principal coming due on the Series 2014-CWSRF-DL Warrant on February 15, 2017; and

(iii) on or before the last day of each month, commencing February 2017 and continuing until the payment in full of the Series 2014-CWSRF-DL Warrant, the City shall transfer revenues of the Systems into the 2014-CWSRF-DL Warrant Fund, pursuant to Section 503 of the City Indenture, in an amount equal to (A) one-sixth (1/6) of the interest coming due on the Series 2014-CWSRF-DL Warrant on the next February 15 or August 15, plus (B) one-twelfth (1/12) of the principal coming due on the Series 2014-CWSRF-DL Warrant on the next February 15.

In the event that the moneys paid or transferred into the 2014-CWSRF-DL Warrant Fund with respect to any February 15 or August 15 shall be less than the amount required by the provisions of this section to be paid therein with respect to such February 15 or August 15, then on or before the last day of the next succeeding month and on or before the last day of each month thereafter until such time as the payments into the 2014-CWSRF-DL Warrant Fund are current, the City will pay into the 2014-CWSRF-DL Warrant Fund, solely out of Net Systems Revenues and in addition to the payments provided for in subparagraphs (i) through (iii) of this section, the amount of such deficiency.

(b) **Use of Moneys in 2014-CWSRF-DL Warrant Fund.** All moneys paid into the 2014-CWSRF-DL Warrant Fund shall be used only for payment of the principal of and the

interest on the Series 2014-CWSRF-DL Warrant; provided, that if at the final maturity of the Series 2014-CWSRF-DL Warrant there shall be in the 2014-CWSRF-DL Warrant Fund moneys in excess of what shall be required to pay in full the principal of and the interest on the Series 2014-CWSRF-DL Warrant, then any such excess shall thereupon be returned to the City.

(c) **Appointment of the Bank.** The City hereby appoints the Bank as registrar and paying agent with respect to the Series 2014-CWSRF-DL Warrant. The Authority shall have no liability for payment of any charges or fees of the Bank in acting in such capacity, it being understood that all such charges or fees shall be the sole responsibility of the City. Subject to the provisions of any separate agreement with the Bank, the City shall pay to the Bank from time to time reasonable compensation for all services rendered by it under this Ordinance, including its services as registrar and paying agent for the Series 2014-CWSRF-DL Warrant, and also all its reasonable expenses, charges, counsel fees, costs, and expenses and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its duties hereunder. If the Bank is required by a governmental agency or court proceeding initiated by a third party to undertake efforts beyond that which is set forth herein but related thereto (other than due to the Bank's negligence or willful misconduct), the Bank shall notify the City of the same in writing and the City shall promptly pay the Bank for such extraordinary fees, costs and expenses (including reasonable attorney's fees, costs, and expenses) reasonably and necessarily incurred in connection therewith.

(d) **Trust Nature of and Security for the 2014-CWSRF-DL Warrant Fund.** The 2014-CWSRF-DL Warrant Fund shall be and at all times remain public funds impressed with a trust for the purpose for which the 2014-CWSRF-DL Warrant Fund is herein created. Each depository for any part of the 2014-CWSRF-DL Warrant Fund shall at all times keep the moneys on deposit with it in the 2014-CWSRF-DL Warrant Fund continuously secured for the benefit of the City and the Holder of the Series 2014-CWSRF-DL Warrant either:

(1) by holding on deposit as collateral security United States Securities or other marketable securities eligible as security for the deposit of trust funds under regulations of the Board of Governors of the Federal Reserve System, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the 2014-CWSRF-DL Warrant Fund, or

(2) if the furnishing of security in the manner provided in the foregoing clause (1) of this sentence is not permitted by the then applicable law and regulations, then in such other manner as may be required or permitted by the applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of public funds;

provided, however, that it shall not be necessary for any such depository so to secure any portion of the moneys on deposit in 2014-CWSRF-DL Warrant Fund that may be insured by the Federal Deposit Insurance Corporation (or by any agency of the United States of America that may succeed to its functions).

Section 3.4 Form of Series 2014-CWSRF-DL Warrant. The Series 2014-CWSRF-DL 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:

\$5,490,000 [Form of Series 2014-CWSRF-DL Warrant] \$5,490,000

UNITED STATES OF AMERICA

STATE OF ALABAMA

**CITY OF TROY, ALABAMA
SUBORDINATED WATER, ELECTRIC
AND SEWER REVENUE WARRANT
SERIES 2014-CWSRF-DL**

The City Treasurer of the **CITY OF TROY, ALABAMA**, a municipal corporation under the laws of Alabama (the "City"), is hereby ordered and directed to pay to **ALABAMA WATER POLLUTION CONTROL AUTHORITY**, or registered assigns, solely out of the revenues hereinafter referred to, the aggregate principal sum of

FIVE MILLION FOUR HUNDRED NINETY THOUSAND DOLLARS

in principal installments on February 15 in the following respective years and principal amounts:

Year of Maturity	Principal Amount Maturing
2017	\$215,000
2018	220,000
2019	225,000
2020	230,000
2021	240,000
2022	245,000
2023	250,000
2024	255,000
2025	260,000
2026	270,000
2027	275,000
2028	280,000
2029	290,000
2030	295,000
2031	305,000
2032	310,000

2033	320,000
2034	325,000
2035	335,000
2036	345,000

with interest on the then unpaid principal balance hereof from July 1, 2014, at the rate of (i) 1.70% per annum from July 1, 2014, through and including December 1, 2016, and (ii) for all other periods, at 2.45%, which rates shall be computed on the basis of a 360-day year consisting of twelve (12) consecutive thirty (30) day months; provided, however, that interest shall not be charged on \$10,000 of the principal amount of the Series 2014-CWSRF-DL Warrant during the period from July 1, 2014, through and including December 1, 2016, as reflected in the amortization schedule set forth in Appendix C to the Special Loan Conditions Agreement hereinafter described. Such interest shall be payable on February 15, 2017 and semiannually on each February 15 and August 15 thereafter until and at the respective maturities of principal installments of the Series 2014-CWSRF-DL Warrant. Interest accruing on the Series 2014-CWSRF-DL Warrant from July 1, 2014, through and including December 1, 2016 (less the sum of \$10,000, on which no interest shall accrue during the said period as aforesaid), is included in the principal amount of the Series 2014-CWSRF-DL Warrant as the "Capitalized Interest Amount," as such term is defined in the Special Loan Conditions Agreement.

Interest on this warrant is payable by check or draft mailed by The Bank of New York Mellon Trust Company, N.A. (the "Bank"), to the then registered holder hereof at the address shown on the registry books of the Bank pertaining to the Series 2014-CWSRF-DL Warrant; provided, that so long as the Alabama Water Pollution Control Authority (the "Authority") is the registered holder of this warrant, the payments of principal of and interest on this warrant shall be made by the Bank in accordance with instructions given the Bank by the Authority. Interest on this warrant shall be deemed timely made if mailed to the then registered holder on the interest payment date with respect to which such payment is made or, if such interest payment date is not a business day, then on the first business day following such interest payment date. The Authorizing Ordinance (hereinafter defined) provides that all payments by the City or the Bank to the person in whose name this warrant is registered shall to the extent thereof fully discharge and satisfy all liability for the same. Any transferee of this warrant takes it subject to all payments of principal and interest in fact made with respect hereto.

This Warrant is issued only as a single fully registered warrant and pursuant to the applicable provisions of the constitution and laws of Alabama, including particularly Section 11-47-2 of the Code of Alabama 1975, as amended, and an ordinance (the "Authorizing Ordinance") duly adopted by the City Council of the City. The covenants and representations herein contained or contained in the Authorizing Ordinance do not and shall never constitute a personal or pecuniary liability or charge against the general credit of the City.

This warrant is designated "Subordinated Water, Electric and Sewer Revenue Warrant, Series 2014-CWSRF-DL," is authorized to be issued in the aggregate principal amount of \$5,490,000, and is payable solely out of the Net Systems Revenues (as defined in the Authorizing Ordinance). The City hereby pledges so much of the Net Systems Revenues as shall be necessary to pay the principal of and interest on this warrant. The said pledge is subject to the prior and senior pledge of Net Systems Revenues heretofore or hereafter made by the City for all

Prior Lien Obligations (as defined in the Authorizing Ordinance), on a parity of lien with the pledge of Net Systems Revenues for the City's Subordinated Water, Electric and Sewer Revenue Warrant, Series 2009-DWSRF/ARRA-DL, dated September 15, 2009, and Subordinated Water, Electric and Sewer Revenue Warrant, Series 2009-CWSRF/ARRA-DL, dated November 1, 2009, and any Additional Subordinate Lien Obligations (as defined in the Authorizing Ordinance) hereafter issued in accordance with the provisions of Section 8.1 of the Authorizing Ordinance, and senior to any pledge of Net Systems Revenues made by the City for any indebtedness, other than Additional Prior Lien Obligations and Additional Subordinate Lien Obligations, hereafter issued.

Those of the principal installments hereof having stated maturities on February 15, 2025, and thereafter, may be redeemed and paid prior to their respective maturities, at the option of the City, as a whole or in part (but if in part, in the inverse order of installments of principal), on February 15, 2024, and on any date thereafter, at and for a redemption price with respect to each principal installment of this warrant redeemed equal to the principal prepaid plus accrued interest thereon to the Redemption Date, after not less than forty-five (45) nor more than ninety (90) days prior notice by United States Registered Mail or Certified Mail to the registered owner of this warrant, at and for a redemption price equal to the principal so prepaid plus accrued interest to the date of prepayment.

In the event less than all the outstanding principal hereof is to be redeemed, the registered Holder hereof shall surrender this Series 2014-CWSRF-DL Warrant to the Bank in exchange for a new Series 2014-CWSRF-DL Warrant of like tenor herewith except in a principal amount equal to the unredeemed portion of this warrant. Upon the giving of notice of redemption in accordance with the provisions of the Authorizing Ordinance, this warrant (or principal installments thereof) so called for redemption and prepayment shall become due and payable on the date specified in such notice, anything herein or in the Authorizing Ordinance to the contrary notwithstanding, and the Holder hereof shall then and there surrender for prepayment, and all future interest on the Series 2014-CWSRF-DL Warrant (or principal installments thereof) so called for prepayment shall cease to accrue after the date specified in such notice, whether or not the Series 2014-CWSRF-DL Warrant is so presented.

Reference is hereby made to the provisions of the Special Loan Conditions Agreement referred to in the Authorizing Ordinance wherein the Authority reserved the right, subject to conditions set out in the said agreement, to withdraw amounts from the Project Fund (as such term is defined in the Authorizing Ordinance) and reduce the principal amount of the Authority Loan evidenced hereby and to provide, in such case, a revised amortization schedule in accordance with the Special Loan Conditions Agreement respecting the amount of principal owed hereunder following any such withdraw or reduction, and this warrant shall be deemed amended to reflect such revised principal amortization schedule without further action by the City; and, further, if requested by the Authority, upon any such reduction of the loan by the Authority as aforesaid the City shall provide to the Authority (at the sole cost and expense of the City) a replacement Series 2014-CWSRF-DL Warrant reflecting said revised amortization schedule.

This warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the Bank (the registrar and transfer agent of the City)

and only upon surrender of this warrant to the Bank for cancellation, and upon any such transfer a new Series 2014-CWSRF-DL Warrant of like tenor hereof will be issued to the transferee in exchange therefor, all as more particularly described in the Authorizing Ordinance. Each holder, by receiving or accepting this warrant, shall consent and agree and shall be estopped to deny that, insofar as the City and the Bank are concerned, this warrant may be transferred only in accordance with the provisions of the Authorizing Ordinance.

The Bank shall not be required to transfer or exchange this warrant during the period of fifteen (15) days next preceding any February 15 or August 15; and in the event that this warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Bank shall not be required to register or transfer this warrant during the period of forty-five (45) days next preceding the date fixed for such redemption and prepayment.

Execution by the Bank of its registration certificate hereon is essential to the validity hereof.

It is hereby certified that all conditions, actions and things required by the Constitution and laws of the State of Alabama to exist, be performed and happen precedent to or in the issuance of this warrant exist, have been performed and have happened in due and legal form.

IN WITNESS WHEREOF, the City has caused this warrant to be executed in its name and behalf by the Mayor of the City, has caused its corporate seal to be hereunto affixed and attested by its City Clerk, both of said officers being hereunto duly authorized, and has caused this warrant to be dated July 1, 2014.

CITY OF TROY, ALABAMA

By: _____
Mayor

[SEAL]

ATTEST:

By: _____
City Clerk

Form of Registration Certificate

This Series 2014-CWSRF-DL Warrant was registered in the name of the above-registered owner this _____ day of _____, 2014.

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.**

By: _____
Its Authorized Officer

Form of Assignment

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto the within warrant and hereby irrevocably constitute(s) and appoints _____ attorney, with full power of substitution in the premises, to transfer this warrant on the books of the within-mentioned Bank.

DATED this ____ day of _____, _____.

NOTE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within warrant in every particular, without alteration, enlargement or change whatsoever.

Signature guaranteed:

(Bank, Trust Company, or Firm) *

By _____
(Authorized Officer)

Its Medallion Number: _____

*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

ARTICLE IV

EXECUTION OF THE SERIES 2014-CWSRF-DL WARRANT

Section 4.1 Execution of 2014-CWSRF-DL Warrant. The Series 2014-CWSRF-DL Warrant shall be executed by the Mayor and the seal of the City shall be affixed thereto and attested by the City Clerk. Signatures on the Series 2014-CWSRF-DL Warrant by persons who were officers of the City at the time such signatures were written or printed shall continue effective although such persons cease to be such officers prior to the delivery of the Series 2014-CWSRF-DL Warrant.

Section 4.2 Registration and Transfer. (a) **Registration Certificate on Series 2014-CWSRF-DL Warrant.** A registration certificate, in substantially the form appearing in the form of the Series 2014-CWSRF-DL Warrant set forth in Article III hereof, duly executed by the manual signature of the Bank, shall be endorsed on the Series 2014-CWSRF-DL Warrant and shall be essential to its validity.

(b) **Registration and Transfer of Series 2014-CWSRF-DL Warrant.** The Series 2014-CWSRF-DL Warrant shall be registered as to both principal and interest, and shall be transferable only on the registry books of the Bank. The Bank shall be the registrar and transfer agent of the City and shall keep at its office proper registry and transfer books in which it will note the registration and transfer of such Series 2014-CWSRF-DL Warrant presented for such purpose, all in the manner and to the extent hereinafter specified.

No transfer of the Series 2014-CWSRF-DL Warrant shall be valid hereunder except upon presentation and surrender of such Series 2014-CWSRF-DL Warrant at the office of the Bank with written power to transfer signed by the registered owner thereof in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the Bank, whereupon the City shall execute, and the Bank shall register and deliver to the transferee, a new Series 2014-CWSRF-DL Warrant, registered in the name of such transferee and of like tenor as that presented for transfer. The person in whose name the Series 2014-CWSRF-DL Warrant is registered on the books of the Bank shall be the sole person to whom or on whose order payments on account of the principal thereof and of the interest (and premium, if any) thereon may be made. Each Holder of the Series 2014-CWSRF-DL Warrant, by receiving or accepting such Series 2014-CWSRF-DL Warrant, shall consent and agree and shall be estopped to deny that, insofar as the City and the Bank are concerned, the Series 2014-CWSRF-DL Warrant may be transferred only in accordance with the provisions of this Authorizing Ordinance.

The Bank shall not be required to register or transfer the Series 2014-CWSRF-DL Warrant during the period of fifteen (15) days next preceding any Interest Payment Date with respect thereto; and if the Series 2014-CWSRF-DL Warrant is duly called for redemption (in whole or in part), the Bank shall not be required to register or transfer the Series 2014-CWSRF-DL Warrant (or partial portion thereof) during the period of forty-five (45) days next preceding any Redemption Date.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES OF WARRANTHOLDERS

Section 5.1 Events of Default Defined. Any of the following shall constitute default hereunder by the City:

- (a) Failure by the City to pay the principal of or the interest on the Series 2014-CWSRF-DL Warrant when such principal and interest respectively become due and payable, whether by maturity or otherwise;
- (b) A default by the City under the City Indenture;
- (c) A default by the City under the Special Loan Conditions Agreement;
- (d) A determination by a court having jurisdiction that the City is insolvent or bankrupt, or appointment by a court having jurisdiction of a receiver for the City or for all or a substantial part of the assets of the City, or the approval by a court of competent jurisdiction of any petition for reorganization of the City or rearrangement or readjustment of its obligations under any provisions of the bankruptcy laws of the United States; or
- (e) Any representation or statement made by the City herein, in the Special Loan Conditions Agreement, or in connection with the Application (as defined in the Special Loan Conditions Agreement) shall be or become untrue, incorrect or misleading in any respect.

Section 5.2 Remedies on Default. Upon any default by the City in any one of the ways defined in Section 5.1 hereof, the Holder of the Series 2014-CWSRF-DL Warrant shall have the following rights and remedies:

- (a) **Acceleration.** The Holder of the Series 2014-CWSRF-DL Warrant may, by written notice to the City, declare all principal of the Series 2014-CWSRF-DL Warrant forthwith due and payable, and thereupon it shall so be, anything herein or therein to the contrary notwithstanding. If, however, the City shall make good that default and every other default hereunder (except the principal so declared payable), with interest on all overdue payments of principal and interest, then the holder of the Series 2014-CWSRF-DL Warrant, by written notice to the City, may waive such default and its consequences, but no such waiver shall affect any subsequent default or right relative thereto.
- (b) **Suits at Law or in Equity.** The holder of the Series 2014-CWSRF-DL Warrant is empowered (i) to sue on such warrant, (ii) by mandamus, suit or other proceeding, to enforce all agreements of the City herein contained, (iii) by action or suit in equity, to require the City to account as if it were the trustee of an express trust for the Holder of the Series 2014-CWSRF-DL Warrant,

and (iv) by action or suit in equity, to enjoin any act or things which may be unlawful or a violation of the rights of the Holder of the Series 2014-CWSRF-DL Warrant.

Section 5.3 Delay No Waiver. No delay or omission by the Holder of the Series 2014-CWSRF-DL Warrant to exercise any available right, power or remedy hereunder shall impair or be construed a waiver thereof or an acquiescence in the circumstances giving rise thereto; every right, power or remedy given herein to the Holder of the Series 2014-CWSRF-DL Warrant may be exercised from time to time and as often as deemed expedient.

ARTICLE VI

AGREEMENTS RESPECTING CONSTRUCTION AND ACQUISITION OF PROJECT AND SALE OF SERIES 2014-CWSRF-DL WARRANT

Section 6.1 Construction and Acquisition of the Project. (a) The City will commence and complete such construction and acquisition of the Project, including the acquisition of such real estate (or easements or other interests therein) as may be necessary therefor, as soon as may be practicable, delays incident to strikes, riots, acts of God and the public enemy and similar acts beyond the reasonable control of the City only excepted. Anything in the foregoing to the contrary notwithstanding, the City hereby covenants and agrees to cause all Authority Funds deposited into the Project Fund to be spent or committed to binding construction contracts for Allowable Costs respecting the Project by _____, 2015.

(b) The City understands that in the event the Authority, pursuant to the terms of the Special Loan Conditions Agreement, identifies any Unobligated Project Fund Amount (as such term is defined in the Special Loan Conditions Agreement) and determines to withdraw the same from the Project Fund and reduce the Authority Loan by such amount, the Authority shall have the right to submit a revised amortization schedule respecting payments of principal on the Series 2014-CWSRF-DL Warrant following such withdrawal and reduction, and the City hereby agrees the Series 2014-CWSRF-DL Warrant shall be deemed to have been revised and amended in accordance with said revised principal amortization schedule without further action by the City or the Council. Anything in the foregoing to the contrary notwithstanding, if requested by the Authority the City shall deliver a replacement Series 2014-CWSRF-DL Warrant reflecting any such revised principal amortization schedule at the cost and expense of the City.

Section 6.2 Application of Authority Loan Proceeds. The entire proceeds derived from the Authority Loan (the repayment of which such loan shall be evidenced by the Series 2014-CWSRF-DL Warrant) shall be held by the Authority Trustee and applied in accordance with the provisions of the Master Authority Trust Indenture and the Special Loan Conditions Agreement.

Section 6.3 Sale of Series 2014-CWSRF-DL Warrant. The Series 2014-CWSRF-DL Warrant is hereby sold and awarded to the Authority at and for a purchase price equal to \$5,490,000 (the par amount of the Series 2014-CWSRF-DL Warrant). The Bank is hereby directed to authenticate the Series 2014-CWSRF-DL Warrant and to deliver same to the

Authority. The Series 2014-CWSRF-DL Warrant shall be issued in the form provided in this Ordinance, with any such changes as the Mayor shall approve.

Section 6.4 Authorization of Special Authority Loan Conditions Agreement. The Mayor is hereby authorized and directed to execute and deliver, in the name and behalf of the City, the Special Authority Loan Conditions Agreement in substantially the form marked Exhibit A to this Ordinance and made a part hereof as if set out in full herein, and the City Clerk is hereby authorized and directed to affix the seal of the City to the said Special Authority Loan Conditions Agreement and to attest the same.

Section 6.5 Additional Documents Authorized. Each of the Mayor and City Clerk is hereby authorized and directed to execute such other documents or certificates as may be necessary or desirable in order to carry out the transactions contemplated by this Ordinance. The City Clerk of the City is hereby authorized to attest any such other documents or certificates necessary or desirable to carry out the transactions contemplated by this Ordinance and is authorized to affix the seal of the City to any such documents or certificates.

ARTICLE VII

CERTAIN REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE CITY

Section 7.1 To Maintain Adequate Rates; City Indenture Covenants. The City will make and maintain such rates and charges for water service supplied from the Systems and will make collections from the users thereof so that revenues from the Systems available for debt service will at all times be sufficient to make timely payment of the debt service on all indebtedness of the City, including, without limitation, the Series 2014-CWSRF-DL Warrant.

Section 7.2 To Respect Priority of Pledge; Certain Covenants of City Respecting Issuance of Additional Prior Lien Obligations under the City Indenture. (a) The pledge herein made of the Net Systems Revenues for the Series 2014-CWSRF-DL Warrant shall be prior and superior to any pledge or agreement hereafter made of the Net Systems Revenues for the benefit of any securities hereafter issued or any contract hereafter made by the City not constituting Additional Prior Lien Obligations, and shall be on parity with any pledge or agreement hereafter made of the Net Systems Revenues for the benefit of Additional Subordinate Lien Obligations.

(b) The City hereby covenants and agrees that, although the lien on the Net Systems Revenues in favor of the Series 2014-CWSRF-DL Warrant is subordinate and subject to the lien on such revenues for Prior Lien Obligations, in order to induce the Authority to make the Authority Loan the City has agreed that, when issuing Additional Prior Lien Obligations pursuant to Article III of the City Indenture, the Series 2014-CWSRF-DL Warrant shall be treated as "Additional Parity Debt" under the City Indenture and taken into account for purposes of determining whether the coverage test set forth in Section 301 of the City Indenture is satisfied.

(c) Notwithstanding any other provision hereof, the City agrees that until such time as the Series 2014-CWSRF-DL Warrant has been paid in full, it will not issue any debt secured by the revenues of the Systems unless the City makes a finding and determination that the Net Systems Revenues will, immediately following the issuance of such debt, be sufficient to make timely payment of all principal and interest on the Warrant.

Section 7.3 No Conflicting Transactions; No Other Indebtedness. (a) The City represents and warrants that (i) the Series 2014-CWSRF-DL Warrant is a valid and binding special obligation of the City payable out of the Net Systems Revenues, and (ii) the provisions of the Series 2014-CWSRF-DL Warrant and this Ordinance will not result in any breach of, or constitute a default under, any mortgage, deed of trust, security agreement, resolution, bank loan, credit agreement or other instrument to which the City is a party or by which it is bound.

(b) The City hereby represents and warrants that, as of the date of issuance of the Series 2014-CWSRF-DL Warrant, the City will have no bonds, warrants or other indebtedness of any kind whatsoever payable from or secured by (in whole or part) revenues of the Systems, other than the Prior Lien Obligations, the Series 2009-DWSRF/ARRA-DL Warrant, the Series 2009-CWSRF/ARRA-DL Warrant, and the Series 2014-CWSRF-DL Warrant.

Section 7.4 Upon the Event of Satisfaction of the City Indenture. If, prior to the payment in full of the Series 2014-CWSRF-DL Warrant, the City Indenture shall become void and be discharged pursuant to the provisions of the City Indenture, the City agrees that it shall provide written notice of the same to the Authority and that the City shall not, without the prior written consent of the Authority, thereafter issue any warrants or other obligations payable out of the revenues derived from the operation of the Systems unless the Series 2014-CWSRF-DL Warrant shall be secured by a pledge of the revenues derived from the operation of the Systems prior to any warrants or other obligations which may be issued by the City subsequent to the satisfaction of the City Indenture. In the event of any such satisfaction of the City Indenture, the Authority may require that the City enter into an agreement supplemental hereto confirming the continuation of the covenants contained herein with respect to the Series 2014-CWSRF-DL Warrant.

Section 7.5 To Furnish Authority With Reports. The City agrees to furnish to the Authority, within 180 days after the close of its fiscal year, the audited financial statements of the City for such fiscal year.

ARTICLE VIII

ADDITIONAL SUBORDINATE LIEN OBLIGATIONS

Section 8.1 Issuance of Additional Subordinate Lien Obligations. (a) While the City is not in default in payment of the principal of or the interest on the Series 2014-CWSRF-DL Warrant and all other indebtedness of the City, it may, subject to the provisions of Section 3.2 hereof, at any time and from time to time issue Additional Subordinate Lien Obligations for any purpose for which the City may issue its warrants; provided, the City shall have satisfied the conditions set forth in subsection (b) of this Section 8.1. The Additional Subordinate Lien

Obligations may be in such denomination or denominations, shall bear interest at such rate or rates, shall mature in such amounts and at such times, and may contain such other provisions as the City shall determine.

(b) Prior to the issuance of any Additional Subordinate Lien Obligations, the City will either:

(i) obtain the written consent of the Authority to the issuance of such Additional Subordinate Lien Obligations, or

(ii) not less than twenty (20) days prior to the issuance of any such Additional Subordinate Lien Obligations, furnish to the Authority a certificate of an Independent Auditor certifying that the Net Systems Revenues for the fiscal year of the City next preceding that during which the Additional Subordinate Lien Obligations are to be issued was not less than 120% of the sum of the maximum annual debt service requirement payable on (A) all indebtedness of the City (whether issued as "Additional Parity Debt" under Article III of the City Indenture, as Additional Subordinate Lien Obligations hereunder, or otherwise), plus (B) the Additional Subordinate Lien Obligations then proposed to be issued.

Section 8.2 Confirmation of Pledge. The City hereby recognizes and confirms that the pledge of Net Systems Revenues made hereunder in favor of the Series 2014-CWSRF-DL Warrant is (i) subject to the prior and superior pledge thereof made for the benefit of all Prior Lien Obligations, (ii) on parity with any pledge thereof made for the Series 2009-DWSRF/ARRA-DL Warrant, the Series 2009-CWSRF/ARRA-DL Warrant, and any Additional Subordinate Lien Obligations hereafter issued, and (iii) prior and superior to any pledge thereof made for any and all other warrants, notes or other obligations hereafter issued by the City.

Section 8.3 Issuance of Subordinate Obligations. Without in any way limiting the foregoing, nothing contained in this Article VIII shall be construed as a limitation on the ability of the City to issue bonds, warrants, notes or other obligations payable from revenues of the Systems subject and subordinate in all respects to the pledge of Net Systems Revenues as contained in this Ordinance.

ARTICLE IX

PROVISIONS RESPECTING INSURANCE; CERTAIN PROVISIONS RESPECTING THE BANK

Section 9.1 Insurance on the Systems. The City will at all times carry the insurance on the Systems required to be carried by the City Indenture.

Section 9.2 Application of Insurance Proceeds. The City agrees that proceeds of any insurance will be applied in accordance with the City Indenture.

Section 9.3 Certain Provisions Respecting the Bank. The Bank agrees to perform such trusts only upon and subject to the following expressed terms and conditions:

(a) The Bank may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trusts hereof and duties hereunder.

(b) The Bank may consult with counsel, and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(c) The Bank shall be protected in acting and relying upon any notice, order, requisition, request, consent, certificate, order, opinion (including an opinion of independent counsel), affidavit, letter, telegram or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons.

(d) None of the provisions in this Ordinance shall require the Bank to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

Section 9.4 Indemnification of Bank. To the maximum extent permitted under Alabama law, the City hereby agrees to indemnify and hold harmless the Bank and its officers, directors, agents and employees from and against any and all costs, claims, liabilities, losses or damages whatsoever (including reasonable costs and fees of counsel, auditors or other experts), asserted or arising out of or in connection with the acceptance or administration of the trusts established pursuant to this Ordinance, except costs, claims, liabilities, losses or damages resulting from the negligence or willful misconduct of the Bank, including the reasonable costs and expenses (including the reasonable fees and expenses of its counsel) of defending itself against any such claim or liability in connection with its exercise or performance of any of its duties hereunder and of enforcing this indemnification provision. The indemnifications set forth herein shall survive the termination of this Ordinance and/or the resignation or removal of the Bank.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 10.1 Provisions Constitute Contract. The provisions of this Ordinance shall constitute a contract between the City and the Holder of the Series 2014-CWSRF-DL Warrant.

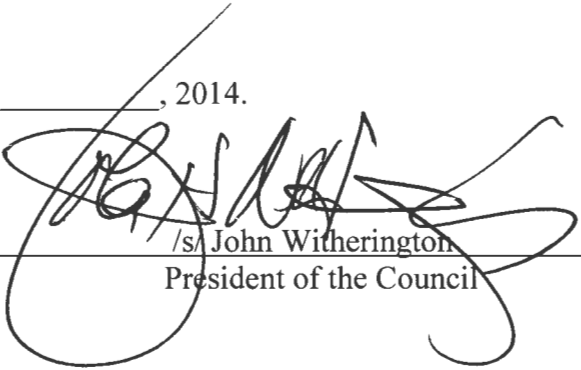
Section 10.2 Severability. The provisions of this Ordinance are hereby declared to be severable. In the event any court of competent jurisdiction should hold any provision hereof to be invalid or unenforceable, such holding shall not invalidate or render unenforceable any other provision of this Ordinance.

Section 10.3 Replacement of Mutilated, Lost, Stolen or Destroyed Series 2014-CWSRF-DL Warrant. In the event the Series 2014-CWSRF-DL Warrant is mutilated, lost, stolen or destroyed, the City may execute and deliver a new Series 2014-CWSRF-DL Warrant of like tenor as that mutilated, lost, stolen or destroyed; provided that (a) in the case of any such mutilated Series 2014-CWSRF-DL Warrant, such 2014-CWSRF-DL Warrant is first surrendered to the City and the Bank, and (b) in the case of any such lost, stolen or destroyed Series 2014-CWSRF-DL Warrant, there is first furnished to the City and the Bank evidence of such loss, theft or destruction satisfactory to each of them, together with indemnity satisfactory to each of them. The City may charge the Holder with the expense of issuing any such new Series 2014-CWSRF-DL Warrant.

Section 10.4 Provisions for Payment at Par. Each trustee at which the Series 2014-CWSRF-DL Warrant shall at any time be payable, by acceptance of its duties as paying agent therefor, shall be construed to have agreed thereby with the Holder of the Series 2014-CWSRF-DL Warrant that it will make, out of the funds supplied to it for that purpose, all remittances of principal and interest on the Series 2014-CWSRF-DL Warrant in bankable funds at par without any deduction for exchange or other costs, fees or expenses.

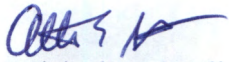
Section 10.5 Disclaimer of General Liability. It is hereby expressly made a condition of this Ordinance that any agreements or representations herein contained or contained in the Series 2014-CWSRF-DL Warrant do not and shall never constitute a personal or pecuniary liability or charge against the general credit of the City, and in the event of a breach of any such agreement or representation no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the City shall arise therefrom. Nothing contained in this section, however, shall relieve the City from the observance and performance of the several covenants, representations and agreements on its part herein contained.

ADOPTED this ____ day of _____, 2014.



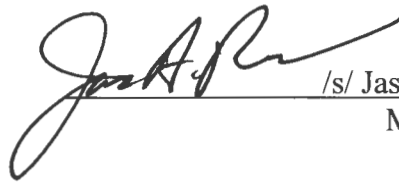
/s/ John Witherington
President of the Council

Attest:



/s/ Alton Starling
City Clerk

APPROVED this 12th day of August, 2014.



/s/ Jason Reeves
Mayor

Exhibit A

Form of Special Loan Conditions Agreement

SPECIAL AUTHORITY LOAN CONDITIONS AGREEMENT
(Series 2014-CWSRF-DL)

among

CITY OF TROY, ALABAMA

and

ALABAMA WATER POLLUTION CONTROL AUTHORITY

and

**ALABAMA DEPARTMENT OF
ENVIRONMENTAL MANAGEMENT**

Dated as of July 1, 2014

SPECIAL AUTHORITY LOAN CONDITIONS AGREEMENT among **ALABAMA WATER POLLUTION CONTROL AUTHORITY**, a public corporation under the laws of Alabama (the "Authority"), **ALABAMA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT**, an agency of the State of Alabama created pursuant to Chapter 22A of Title 22 of the Code of Alabama 1975 ("ADEM"), and the **CITY OF TROY, ALABAMA**, a municipal corporation under the laws of the State of Alabama (the "Loan Recipient").

RECITALS:

The parties hereto make the following recitals and representations as the basis for the undertakings herein contained:

(1) The State of Alabama has, pursuant to the provisions of Act No. 87-226 adopted at the 1987 Regular Session of the Legislature of Alabama (now codified as Title 22, Chapter 34 of the Code of Alabama 1975, as amended) (the "State Revolving Fund Act"), made provision for the creation of a Revolving Fund (the "State Revolving Fund") for the purpose of making loans to local governmental units in the State.

(2) The State Revolving Fund is to be administered jointly by the Authority and by ADEM. Contemporaneously with the execution and delivery of this Agreement, the Authority will make a loan to the Loan Recipient. The Loan Recipient has requested the loan in order to enable it to pay the costs of making certain improvements (the "Project") in connection with the sanitary sewer system (the "System") of the Loan Recipient.

(3) The Authority is, pursuant to guidelines adopted by the Environmental Protection Agency of the United States of America ("EPA") and regulations adopted by ADEM, pursuant to the provisions of the Clean Water Act of 1987, required to obtain from each Loan Recipient certain assurances with respect to the operation and construction of the Project.

(4) Contemporaneously with the execution and delivery of this Agreement, the Authority will make a loan to the Loan Recipient, and in evidence of its obligation to repay the same the Loan Recipient will, contemporaneously with the execution and delivery hereof, issue its \$5,490,000 Water, Electric and Sewer Revenue Warrant, Series 2014-CWSRF-DL.

(5) The parties hereto deem it necessary and desirable that this Agreement be entered into for the purpose of obtaining certain agreements from the Loan Recipient required to be obtained by the EPA and ADEM with respect to the design, operation and construction of the Project.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, it is hereby agreed among the parties hereto as follows:

ARTICLE I DEFINITIONS AND USE OF PHRASES

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 as used herein:

"**ADEM**" means Alabama Department of Environmental Management, an agency of the State of Alabama created pursuant to Chapter 22A of the Title 22 of the Code of Alabama 1975.

"**Allowable Costs**" means costs that are eligible to be paid with proceeds of the Authority Loan, as such costs are defined in the ADEM regulations.

"**Application**" shall have the meaning given to such term in Section 3.1 hereof.

"**Authority**" means the Alabama Water Pollution Control Authority, a public corporation under the laws of the State of Alabama.

"**Authority Indenture**" means the Master Authority Trust Indenture from the Authority to the Authority Trustee dated as of January 1, 2004.

"**Authority Loan**" means the loan made by the Authority to the Loan Recipient hereunder.

"**Authority Trustee**" means The Bank of New York Mellon Trust Company, N.A., in its capacity as trustee under the Authority Indenture, and any successor thereto.

"**Capitalized Interest Amount**" means the amount identified as "Capitalized Interest" Appendix A and totaling \$225,288.25, which amount represents capitalized interest on the Loan Amount, less that portion constituting the Loan Recipient Share of Finance Expenses, during the Capitalized Interest Period.

"**Capitalized Interest Period**" means the period commencing on the dated date of the Evidence of Indebtedness and continuing through and including the Estimated Final Completion Date.

"**Construction Amount**" means the amount of proceeds of the Authority Loan to be used for payment of Allowable Costs.

"Davis-Bacon Act" means the Davis-Bacon Act of 1931, P.L. No. 403.

"Disbursement" means any payment out of Project Funds to or on behalf of the Loan Recipient.

"Estimated Final Completion Date" means the date estimated for the completion of the Project as shown in Appendix A.

"Evidence of Indebtedness" means the \$5,490,000 Water, Electric and Sewer Revenue Warrant, Series 2014-CWSRF-DL, issued by the Loan Recipient and payable to the Authority.

"Loan Amount" means the sum of (i) the Construction Amount, (ii) the Capitalized Interest Amount, and (iii) the Loan Recipient Share of Finance Expenses.

"Loan Documents" means the proceedings taken by the Loan Recipient agreeing to the terms of the Authority Loan and evidencing the obligation of the Loan Recipient to repay the Authority Loan in accordance with its terms.

"Loan Recipient Interest Rate" means the per annum rate of interest of 2.45%, computed on the basis of a three hundred sixty (360) day year of twelve (12) consecutive thirty (30) day months; provided, such rate shall be at 1.70% (computed as aforesaid) during the Capitalized Interest Period.

"Loan Recipient Representative" means the official representative of the Loan Recipient designated by the Loan Recipient to ADEM.

"Loan Recipient Share of Finance Expenses" means the amount identified as "Loan Recipient Share of Finance Expenses" on Appendix A and totaling \$10,000.

"Project" means the acquisition, construction and equipping of sanitary sewer facilities described in Appendix A hereto.

"Project Fund" means the fund established by the Authority with the Authority Trustee into which moneys received hereunder will be deposited and from which the Authority Trustee will make Disbursements to or on behalf of the Loan Recipient.

"Project Funds" means the amount deposited into the Project Fund created in the Authority Indenture for Disbursement to or on behalf of the Loan Recipient.

"State Revolving Fund" means the State of Alabama Water Pollution Control Revolving Loan Fund created in the State Revolving Fund Act.

"State Revolving Fund Act" means Title 22, Chapter 34 of the Code of Alabama 1975, as amended.

"System" means the sanitary sewer system of the Loan Recipient, including all additional improvements thereto and replacements thereof hereafter made.

Section 1.2 Use of Words and Phrases. The following words and phrases, where used in this Agreement, shall be given the following and respective interpretations:

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

The definitions set forth in Section 1.1 hereof shall be deemed applicable whether the words defined are herein used in the singular or the plural.

Wherever used herein any pronoun or pronouns shall be deemed to include both singular and plural and to cover all genders.

ARTICLE II LOAN AND USE OF PROCEEDS

Section 2.1 Making of Loan; Use of Project Fund Moneys. (a) The execution and delivery of this Agreement by the Authority shall constitute the making of the loan to the Loan Recipient, and the execution and delivery of this Agreement and the Loan Documents by the Loan Recipient shall constitute the incurring of indebtedness, subject to the terms and conditions hereof and the terms and conditions of the Loan Documents and Authority Indenture. The Authority represents that it has deposited the Loan Amount (other than the Capitalized Interest Amount and the Loan Recipient Share of Finance Expenses) into the Project Fund, which such amount was made available to the Loan Recipient by the Authority for the purpose of constructing the Project. The Loan Recipient Share of Finance Expenses shall be retained by the Authority and used to pay the Authority's legal costs in the making of the Loan to the Loan Recipient. Investment earnings received as a result of the investment of all funds held under the Authority Indenture (including, without limitation, all amounts held in the Project Fund) shall be retained by the Authority and shall not be available to the Loan Recipient, nor shall any such interest earnings form a part of the funds in the account or subaccount from which such investment earnings were earned. The Loan Recipient understands that it shall be responsible for payment of any expenses incurred by it in obtaining the Authority Loan, including, without limitation, any expenses incurred by the Authority in obtaining legal representation in connection with the transactions herein contemplated (e.g., counsel to deliver the opinion set forth in Appendix D hereto).

(b) The Loan Recipient has heretofore represented to the Authority that the Loan Recipient will spend and/or commit the Loan Amount to binding construction contracts for Allowable Costs within one year from the closing of the Authority Loan made hereunder, which such representation the Loan Recipient understands was material to the Authority in determining to make the Authority Loan. The Loan Recipient understands and acknowledges that, in order to enable the Authority to properly administer the State Revolving Fund loan program and comply

with certain requirements imposed on the Authority respecting the use of funds made available from the current Capitalization Grant Agreement with the EPA, the Authority may withdraw from the Project Fund whatever portion of the Loan Amount that the Authority has determined has not been expended or committed to binding construction projects for Allowable Costs by or at any time after _____, 2015, and make the amounts so withdrawn available to other borrowers in the State that the Authority believes will be able to commit the portion of the Loan Amount so withdrawn to binding construction contracts for Allowable Costs within an acceptable time period.

(c) The Loan Recipient shall use the Project Funds only to pay Allowable Costs of the Project. The Loan Recipient understands that the Project is generally described in Appendix A and more specifically in the Project files of ADEM. Except to the extent otherwise approved in writing by ADEM, only the Allowable Costs of the Project in Appendix A shall be funded with proceeds on deposit in the Project Fund created in the Authority Indenture. Disbursement of moneys on deposit in the Project Fund shall be made only for payment of costs of construction called for in plans and specifications examined and concurred with by ADEM, for payment of the Capitalized Interest Amount, and for certain expenses incurred by the Authority in connection with the Project, all as set forth in Appendix A.

(d) The Loan Recipient understands and agrees the Estimated Final Completion Date of the Project is set forth in Appendix A. The Loan Recipient further understands and agrees that repayment of the Authority Loan has been determined based upon the Estimated Final Completion Date and the representation of the Loan Recipient that the Loan Amount will be spent or otherwise committed to binding construction contracts for Allowable Costs by _____, 2015, and that an amortization schedule shown on Appendix C hereto, based upon the Estimated Final Completion Date and the representations of the Loan Recipient regarding its use of the Loan Amount, has been furnished to the Loan Recipient. The Loan Recipient understands and agrees that any delay in the completion of the Project beyond the date set forth in Appendix A shall not result in any extension of the dates on which the payments are to be made with respect to the Authority Loan as set forth in the amortization schedule, and that the obligation of the Loan Recipient to repay the amounts withdrawn from the Project Fund for the Project, together with interest thereon at the Loan Recipient Interest Rate, as provided in the Loan Documents, shall be absolute and unconditional.

(e) The Loan Recipient understands that the amount of the Authority Loan made by the Authority and accepted by the Loan Recipient is based upon the estimated cost of the Project. In the event the actual cost of the Project exceeds the amount of the Authority Loan (as such Authority Loan may be reduced pursuant to Section 2.2 hereof), the Authority shall be under no obligation to provide any additional funds to the Loan Recipient, it being the sole responsibility of the Loan Recipient to provide funds sufficient to complete construction of the Project.

Section 2.2 Reduction of Authority Loan.

(a) The Loan Recipient hereby understands, acknowledges and agrees that if, for whatever reason (including, without limitation, acts of God or other acts, conditions or circumstances beyond the control or influence of the Loan Recipient), the Loan Amount has not been expended or committed to binding construction contracts for Allowable Costs by _____, 2015, the Authority shall have the unconditional right on _____, 2015, and on any date thereafter to withdraw all or a portion of the amount that has not been spent and/or committed to binding construction contracts for Allowable Costs and make the amount so withdrawn available to other eligible borrowers in the State. In order to enable the Authority to administer its rights set forth in this Section 2.2, the Loan Recipient shall, by _____, 2015, certify to the Authority the amount, if any, then on deposit in the Project Fund that is committed to binding construction contracts for Allowable Costs, together with copies of such construction contracts or other agreements, documents, certificates, instruments and materials as the Authority in its sole discretion shall determine to be reasonably necessary to enable the Authority to verify the same. The Loan Recipient further agrees to provide such information at any time after _____, 2015, if requested by the Authority. At any time on or after _____, 2015, the Authority shall have the full and unconditional right to determine (the date of any such determination herein called the "Determination Date"), based upon the information provided by the Loan Recipient and such other information as the Authority may deem necessary or advisable, whether and to what extent any unspent portions of the Loan Amount have not been committed to binding construction contracts for Allowable Costs. The Authority shall have the full and unconditional right to reduce from the Loan Amount any Project Funds the Authority has identified as not having been committed to binding construction contracts for Allowable Costs as of the Determination Date (the "Unobligated Project Fund Amount"), and withdraw the same from the Project Fund. Following the said withdrawal from the Project Fund, the Authority shall notify the Loan Recipient of the same and submit to the Loan Recipient a revised amortization schedule (a "Revised Amortization Schedule") in substitution of the amortization schedule shown on Appendix C hereto. The Loan Recipient understands and agrees that it shall in all events be required to repay an amount equal to the Loan Recipient Share of Finance Expenses.

By way of example of the foregoing, assume the initial Loan Amount is \$100,000. If, as of _____, 2015, the amount on deposit in the Project Fund totals \$60,000, and of that amount the Authority determines the Loan Recipient has executed binding construction contracts for the expenditure of \$10,000 for Allowable Costs, the Unobligated Project Fund Amount shall equal \$50,000. Accordingly, the Authority shall have the right to withdraw (or cause the Authority Trustee to withdraw) \$50,000 from the Project Fund. Upon such withdrawal, the Authority Loan shall be reduced to \$50,000, and the Authority shall provide the Loan Recipient with a Revised Amortization Schedule.

(b) The Loan Recipient understands, acknowledges and agrees that the Authority shall have no obligation whatsoever to make any amounts available to the Loan Recipient, whether by grant, loan or otherwise, to offset any Unobligated Project Fund Amount withdrawn from the Project Fund as described in subparagraph (a) above, it being the sole

responsibility of the Loan Recipient to provide funds sufficient to complete construction of the Project. The Authority and its directors, employees, agents, and counsel shall not be liable or otherwise responsible to the Loan Recipient or any other person for computations, determinations or findings made with respect to the identification by the Authority of any Unobligated Project Fund Amount.

(c) Each installment of principal of the Authority Loan shall bear interest from its due date until paid at the per annum rate of interest equal to 2% above the Authority Trustee Bank Prime Rate, such interest to be computed daily. As used in the preceding sentence, "Authority Trustee Bank Prime Rate" means the rate of interest established (whether or not charged) from time to time by the Authority Trustee as its general reference rate of interest, after taking into account such factors as the Authority Trustee may from time to time deem appropriate in its sole discretion (it being understood, however, that the Authority Trustee may from time to time make various loans at rates of interest having no relationship to such general reference rate of interest).

Section 2.3 Disbursements. (a) The Authority Trustee shall make disbursements to or on behalf of the Loan Recipient only against incurred Allowable Costs to the extent of the Project Funds as provided in this Agreement and in the Authority Indenture.

(b) For purposes of making requests for Disbursements, providing the information required in Section 2.2 hereof, and representing the Loan Recipient in all administrative matters pertaining to administration of this Agreement, the Loan Recipient shall designate a single officer or employee as the Loan Recipient Representative. The Loan Recipient Representative shall be designated in writing by the Loan Recipient before it may request Disbursements and shall be subject to approval by the Authority.

(c) Requests for Disbursements may be made only after the costs for which the draw is requested have been incurred. The Loan Recipient shall not request Disbursements against retainage until retainage is paid. Unless the Authority otherwise approves, when the Project budget indicates that the Authority Loan shall bear only a portion of certain itemized costs, any draw shall not exceed the same proportion of such costs requested for Disbursement.

(d) Requests for Disbursements shall be made on forms of or approved by the Authority and ADEM unless the Authority otherwise directs, and shall be accompanied by such invoices and other proofs as the Authority and ADEM may reasonably require.

(e) Disbursement requests shall be limited to one per month.

Section 2.4 Conditions Precedent to Disbursement of Loan Proceeds. In addition to any other conditions herein provided, the Authority's obligation hereunder to disburse the Project Funds to or on behalf of the Loan Recipient shall be subject to satisfaction of the following conditions:

(a) The Loan Recipient's representations and warranties contained herein, in the Application and in the Loan Documents shall remain true and correct;

(b) No Event of Default shall have occurred under this Agreement or the Loan Documents;

(c) The requirements of Article III hereof have been complied with;

(d) ADEM shall have examined and concurred with the Loan Recipient's plans and specifications for the submitted construction as being within the approved scope of the Project;

(e) For the initial Disbursement request, the Loan Recipient shall have submitted, to the satisfaction of ADEM, proof of compliance with all applicable construction bid procedures and requirements imposed by EPA or ADEM; and

(f) At the time of the execution and delivery by the Loan Recipient of this Agreement, the Loan Recipient shall furnish to the Authority an opinion of counsel in substantially the form attached hereto as Appendix D. The initial Disbursement request shall also be accompanied by an opinion addressed to the Authority from counsel for the Loan Recipient. The opinion shall state that the opinions expressed in the opinion of counsel submitted to the Authority by the Loan Recipient with this Agreement remain valid, including without limitation the advice that this Agreement is a legal, valid and binding obligation of the Loan Recipient, enforceable in accordance with its terms. Such opinion shall also address such other matters as may be requested by the Authority.

Section 2.5 Administrative Fee. ADEM has been designated as the agent of the Authority to service the Authority Loans. The Loan Recipient understands that a portion of the payments made with respect to the Authority Loan shall be paid to ADEM as administrative expenses of ADEM in connection with the administration of the State Revolving Fund.

ARTICLE III REPRESENTATIONS AND WARRANTIES

Section 3.1 Status of Loan Recipient. The Loan Recipient is a municipal corporation existing under the laws of the State of Alabama, authorized to acquire and construct the Project and to operate the Project and provide wastewater treatment services. The Loan Recipient warrants and represents that the representations contained in the application submitted to ADEM (the "Application") were, on the date of filing said Application and are, on the date

hereof, true and correct. The Loan Recipient is not in default in any of the Statement of Assurances contained in the Application.

Section 3.2 Pending Litigation. There are no actions, suits or proceedings, at law or in equity, in court or before any governmental or administrative agency, either pending or to the knowledge of the Loan Recipient threatened, which may impair the validity or enforceability of the Loan Documents or this Agreement or the Loan Recipient's ability to repay the Authority Loan or to construct and operate the Project.

Section 3.3 No Conflicting Transactions. Consummation of the transactions hereby contemplated and performance of this Agreement will not result in any breach of, or constitute a default under, any mortgage, deed of trust, indenture, security agreement, lease, bank loan or credit agreement, municipal charter, resolutions, articles of incorporation, ordinances, contracts or other instruments to which the Loan Recipient is a party by which it may be bound or affected.

Section 3.4 Ownership of Premises. The Loan Recipient owns in fee simple the real property on which the main operating facilities of the Project have been or will be controlled or located. The Loan Recipient further owns in fee simple or by sufficient easement, or prior to construction of the Project will acquire by negotiated purchase or by exercise of its power of eminent domain, the real property upon, across or under which the Loan Recipient has or will have its System and related facilities, including those to be a part of the Project and otherwise.

Section 3.5 Other Project Arrangements. The Loan Recipient has secured, or can and shall secure, the utility, access, governmental approvals and other arrangements reasonably to be considered necessary for the undertaking of the Project.

Section 3.6 No Construction Default. Neither the Loan Recipient nor its contractor, architect or engineer for the Project or any related project is in default under any agreement respecting the Project.

Section 3.7 No Default. There is no default on the part of the Loan Recipient under this Agreement or the Loan Documents, and no event has occurred and is continuing, which, with notice or the passage of time or either, would constitute a default under any part of this Agreement or the Loan Documents.

Section 3.8 Effect of Draw Request. Each request for and acceptance of Disbursement shall be an affirmation by the Loan Recipient that the representations and warranties of this Agreement remain true and correct as of the date of the request and acceptance and that no breach of other provisions hereof has occurred. Unless the Authority is notified to the contrary, such affirmations shall continue thereafter.

ARTICLE IV COVENANTS

Section 4.1 Commencement and Completion of Construction; Davis-Bacon Act.

(a) The Loan Recipient shall use its best efforts to commence and complete the Project or Projects and each activity or event forming a part thereof by the date or dates stated in Appendix A and to expend or otherwise commit to binding construction contracts for Allowable Costs the Loan Amount by _____, 2015.

(b) The Loan Recipient understands and acknowledges that federal regulations require the payment of not less than the prevailing wages under the Davis-Bacon Act to all laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part and through funds through the State Revolving Fund, including the Project. The Loan Recipient hereby covenants and agrees to comply with, and to cause all contractors and subcontractors to comply with (through the inclusion of appropriate terms and conditions in all contracts, subcontracts and lower tiered transactions), all applicable wage requirements of the Davis-Bacon Act in connection with the development and construction of the Project. General information respecting Davis-Bacon Act requirements and applicability may be obtained at <http://www.dol.gov/compliance/laws/comp-dbra.htm>, and are attached as Appendix E hereto is a copy of the "Requirements under the Consolidated and Further Continuing Appropriations Act , 2013 (P.L. 113-6) For Subrecipients That Are Governmental Entities", although the Loan Recipient hereby acknowledges and agrees that the Loan Recipient shall be fully responsible for ensuring its compliance, and compliance by all contractors, with applicable provisions of the Davis-Bacon Act in connection with development and construction of the Project. Without limiting the generality of the foregoing, the Loan Recipient shall cause the contract clauses set forth in Appendix E hereto applicable to governmental entities to be included in all contracts and subcontracts in excess of \$2,000 respecting construction of all or a portion of the Project (whether paid in whole or in part from the Authority Loan).

Section 4.2 Disbursements. The Loan Recipient shall cause the Project Funds to be disbursed for the purpose of paying the Allowable Costs of the Project and for no other purpose.

Section 4.3 Release of Responsibility. The Loan Recipient shall undertake the Project on its own responsibility and shall release and, to the maximum extent permitted under Alabama law, hold harmless the Authority, ADEM, the State and their officers, members and employees from any claim arising in connection with the design, construction or operation of the Project or any other aspect of the System including any matter due solely to their own negligence.

Section 4.4 Other Agreements. The Loan Recipient shall comply with all terms and conditions of any construction contracts, architectural or engineering agreements, trust indentures, security deeds, promissory notes, loan agreements, or the like affecting the Project,

the System and its operation. The Loan Recipient shall require its construction contractor to furnish both a performance bond and payment bond in the full amount of the construction contract to the extent permitted by State law. The requirement of such bonds shall be for the convenience of the Authority only and shall not be an undertaking by the Authority to the Loan Recipient or any third party.

Section 4.5 Accounting and Auditing. (a) **Accounting.** The Loan Recipient shall account for the Project and the System according to Generally Accepted Governmental Accounting Principles as defined by Statement 1, Government Accounting and Financial Reporting Principles, National Council on Governmental Accounting, 1979, as adopted by Governmental Accounting Standards Board, and revisions, updates or successors thereto.

(b) **Auditing.** The Loan Recipient shall comply with the provisions of the federal Single Audit Act and Office of Management and Budget Circular A-133. Audit Requirements must be conducted according to Generally Accepted Accounting Principles as defined by the Governmental Accounting Standards Board and revisions, updates or successors.

Section 4.6 Compliance with Governmental Authority. The Loan Recipient shall comply with all environmental laws, rules and other provisions of legal force and effect and all such other provisions which govern the construction or operation of the Project.

Section 4.7 Procurement Requirements. The Loan Recipient shall comply with all procurement requirements of Alabama law.

Section 4.8 Inspection. Each of the Authority and ADEM shall have for its own convenience and benefit, and without obligation to the Loan Recipient or any third party, the right to audit the books and records of the Loan Recipient as they may pertain to or affect the Project and this Agreement and to enter upon the premises to inspect the Project. The Loan Recipient shall cause its architects, engineers and contractors to cooperate during such inspections including making available working copies of plans and specifications and other materials.

Section 4.9 Consent to Changes. Without consent of the Authority and ADEM, the Loan Recipient shall make no modifications or changes to the Project, or allow to continue any defect, which would damage or reduce the value of the Project. The Loan Recipient shall not divide the Project into component projects in order to defeat the provisions of this Agreement. The Loan Recipient covenants that it shall remain the owner of the Project and agrees that it will not convey, transfer, or otherwise encumber the Project, during the term of this Agreement without the express prior written approval of the Authority and ADEM.

Section 4.10 Furnishing of Audited Financial Statements. The Loan Recipient will, not later than one hundred eighty (180) days following the close of each of its fiscal years, furnish to the Authority a copy of its most recent financial information prepared by the Loan Recipient and the most recent audit available prepared by the Independent Auditor of the Loan Recipient.

Section 4.11 The Evidence of Indebtedness. (a) The Loan Recipient agrees that the Evidence of Indebtedness shall not be subject to optional redemption or prepayment by the Loan Recipient until such time as is 10 years (or the latest date permitted by applicable State law if less than 10 years) from the date of issuance of the Evidence of Indebtedness.

(b) The Loan Recipient agrees that any Revised Amortization Schedule delivered by the Authority pursuant to Section 2.2 hereof shall reflect the repayment obligations of the Authority Loan, as may be reduced from time to time per Section 2.2 hereof, as evidenced by the Evidence of Indebtedness. Upon delivery by the Authority of any Revised Amortization Schedule, the Evidence of Indebtedness shall be amended and revised, immediately and without further action of the Loan Recipient, to reflect the scheduled payment of principal and interest on the Authority Loan as set forth in the Revised Amortization Schedule and, if requested by the Authority, shall execute and deliver, at the cost and expense of the Loan Recipient, a replacement Evidence of Indebtedness reflecting the same.

Section 4.12 Suspension and Debarment. Recipient shall fully comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons)." Recipient is responsible for ensuring that any lower tier covered transaction as described in Subpart B of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Covered Transactions," includes a term or condition requiring compliance with Subpart C. Recipient is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower tier covered transactions. Recipient acknowledges that failing to disclose the information as required at 2 CFR 180.335 may result in the delay or negation of this assistance agreement, or pursuance of legal remedies, including suspension and debarment. Recipient may access the Excluded Parties List System at www.epls.gov. This term and condition supersedes EPA Form 5700-49, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters." For purposes of this Section 4.12, the term "Recipient" means the Loan Recipient.

Section 4.13 Compliance with 2014 Appropriations Act. (a) The Loan Recipient agrees to comply with all federal requirements applicable to the Authority Loan (including those imposed by P.L. 113-76, Consolidated Appropriations Act (the "2014 Appropriations Act") and related SRF Policy Guidelines) which the Loan Recipient understands includes, among other things, requirements that all of the iron and steel products used in the Project are to be produced in the United States (the "Buy American Requirement") unless (i) the Loan Recipient has requested and obtained a waiver from the U.S. Environmental Protection Agency pertaining to the Project or (ii) the Authority has otherwise advised the Loan Recipient in writing that the Buy American Requirement is not applicable to the Project. The Loan Recipient agrees to cause all contractors and subcontractors to comply with (through the inclusion of appropriate terms and conditions in all contracts, subcontracts and lower tiered transactions, such terms and conditions to be in substantially the form set forth in Appendix F hereto) the Buy American Requirement in connection with the development and construction of the Project.

(b) The Loan Recipient also agrees to comply with all recordkeeping and reporting requirements under the Clean Water Act (codified generally under 33 U.S.C. §1251 et

seq.) (the "Clean Water Act"), including any reports required by a federal agency or the Authority such as performance indicators of program deliverables, information on costs and Project progress. The Loan Recipient understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities, and (ii) failure to comply with the Clean Water Act and this Agreement may be an Event of Default hereunder that results in a repayment of the Authority Loan in advance of the maturity of the Evidence of Indebtedness and/or other remedial actions.

ARTICLE V EVENTS OF DEFAULT

Section 5.1 Events of Default. The following occurrences shall constitute Events of Default hereunder:

- (a) the Loan Recipient fails to comply with any of the covenants, terms and conditions made in this Agreement or in the Application;
- (b) the Loan Recipient fails to pay any amount due on the Authority Loan at the time and in the manner provided in the Loan Documents;
- (c) the Loan Recipient defaults under any other Loan Document or Special Conditions Agreement entered into in connection with loans previously made to the Loan Recipient by the Authority;
- (d) any representation or statement made by the Loan Recipient in this Agreement or in connection with the Application or the Authority Loan shall be or become untrue, incorrect or misleading in any respect;
or
- (e) commencement of any legal or equitable action against the Loan Recipient which, if adversely determined, could reasonably be expected to impair substantially the ability of the Loan Recipient to perform each and every obligation under this Agreement.

ARTICLE VI REMEDIES

Section 6.1 Additional Remedies and Enforcement of Remedies. Upon the occurrence and continuance of any Event of Default, the Authority may, in addition to all remedies provided in the Loan Documents, proceed forthwith to protect and enforce its rights by such suits, actions or proceedings as the Authority shall deem expedient, including but not limited to:

(a) requiring the Loan Recipient to carry out its duties and obligations under the terms of this Agreement,

(b) prosecution of a civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority,

(c) enforcement of any other right of the Authority, and

(d) with respect to any Event of Default resulting from the failure of the Loan Recipient to comply with the applicable requirements of the Davis-Bacon Act in connection with the development or construction of the Project, accelerate the due date of all amounts loaned hereunder and terminate this Agreement.

Section 6.2 Remedies Not Exclusive. No remedy by the terms of this Agreement conferred upon or reserved to the Authority is intended to be exclusive of any other remedy (including the Loan Documents), but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or existing at law or in equity or by statute (including the State Revolving Fund Loan Act) on or after the date hereof.

Section 6.3 Termination of Proceedings. In case any proceeding taken by the Authority on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Authority, the Authority and the Loan Recipient shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Authority shall continue as if no such proceeding had been taken.

ARTICLE VII SPECIAL REVOLVING FUND PROVISIONS

Section 7.1 Cumulative Provisions. The provisions of this Article are cumulative of the other provisions of this Agreement, and they are not to be construed to ameliorate or weaken the other provisions of this Agreement in any way.

Section 7.2 Separate Accounts; Information; Audit. The Loan Recipient shall establish and maintain separate accounts on the Project financed hereunder and shall comply with the reasonable requests of the Authority, ADEM or the EPA, made upon reasonable notice, for information pertaining to the Loan Recipient's compliance with this Agreement, the provisions of Title VI of the Federal Clean Water Act, and regulations and guidance promulgated thereunder.

Section 7.3 Compliance. The Loan Recipient agrees:

(a) to comply with all applicable State and federal statutes and the rules, regulations and procedural guidelines established by the State and EPA

for the administration of the fund, including, without limitation, those set forth in Appendix B, and

(b) that no date reflected in this Agreement shall modify any compliance date established in an NPDES permit. It is the Loan Recipient's obligation to request any required modification of applicable permit terms or other enforceable requirements.

Section 7.4 Construction Inspection. The Loan Recipient agrees to provide and maintain competent and adequate engineering supervision and one hundred percent (100%) inspection of the Project to insure that the construction conforms with the approved plans and specifications.

Section 7.5 Standard Conditions. The Loan Recipient acknowledges and agrees to comply with the following Federal or State requirements:

(a) The Loan Recipient shall provide access to the Project whenever it is in preparation or progress. The Loan Recipient shall allow the EPA, the Comptroller General of the United States, ADEM and the Authority, or any authorized representative, to have access to any books, documents, plans, reports, papers, and other records of the contractor which are pertinent to the Project for the purpose of making audit, examination, excerpts, copies, and transcriptions.

(b) The Loan Recipient shall notify ADEM when construction of the Project is complete.

(c) The Loan Recipient shall comply with all of the provisions of Chapter 335-6-14 of the regulations of ADEM, copies of which have been provided to the Loan Recipient.

ARTICLE VIII GENERAL CONDITIONS

Section 8.1 No Waiver. No Disbursement shall waive any provision of this Agreement or the Authority Loan or preclude the Authority from declaring a default if the Loan Recipient is unable to satisfy or perform the provisions hereof.

Section 8.2 Satisfactory Proceedings. All proceedings taken in connection with transactions provided for in this Agreement shall be satisfactory to the Authority and ADEM.

Section 8.3 No Beneficiaries. All conditions to the obligation of the Authority to make Disbursements are imposed solely and exclusively for the benefit of the Authority, its

successors and assigns, and no other person shall have standing to require satisfaction of such conditions or to assume that the Authority will refuse to make disbursements in the absence of strict compliance. No person shall be deemed the beneficiary of any such conditions or any other provisions of this Agreement.

Section 8.4 Review and Inspection of Work. Any audit or review of plans and specifications and any inspection of the work shall be for the Authority's convenience only in order to determine that they are within the approved scope of the Project. No such review and inspection, approvals and disapprovals shall be an undertaking by the Authority of responsibility for design or construction.

Section 8.5 Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when presented personally or sent by registered or certified mail to the other parties hereto, with instruction to show to whom delivered and return receipt requested addressed as follows:

If to Alabama Department of Environmental Management:

General Services Branch
Alabama Department of Environmental Management
Post Office Box 301463
Montgomery, Alabama 36130-1463
Attention: Chief, General Services Branch

If to the Authority:

Alabama Water Pollution Control Authority
c/o Alabama Department of Environmental Management
Post Office Box 301463
Montgomery, Alabama 36130-1463
Attention: Vice-President

If to the Loan Recipient:

City of Troy, Alabama
Post Office Box 549
Troy, Alabama 36081
Attention: Mayor

Each party may notify the others by the same process of any change of such address. Loan requests and disbursements and other routine loan administration matters may be conducted by regular mail.

Section 8.6 No Joint Venture, Etc. Neither the Authority, ADEM or any other state agency or official is a partner, joint venturer, or in any other way a party to the Project or the operation of the System of the Loan Recipient. Neither the Authority, ADEM or any other state agency or official shall be in any way liable or responsible by reason of the provisions hereof, to the Loan Recipient or any third party, for the payment of any claims in connection therewith.

Section 8.7 Assignment. This Agreement may not be assigned by the Loan Recipient without the written consent of the Authority. The Authority may assign the Loan Documents and this Agreement, and any such holder and assignee of same shall succeed to and be possessed of the same rights as the Authority under both to the extent so transferred or assigned.

Section 8.8 Entire Agreement. This Agreement and the Loan Documents contain the entire terms of this Agreement and transaction and may not be changed, waived or discharged in whole or in part, except by written instrument executed by the party sought to be charged therewith.

Section 8.9 Continuity. This Agreement shall be binding upon the successors and assigns of each party and shall inure to their benefit.

Section 8.10 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Alabama.

Section 8.11 Appendices. The appendices attached to this Agreement, shall be a part hereof as if set forth in full herein.

Section 8.12 Time of Essence. Time is of the essence of this Agreement.

Section 8.13 Severability. If any provision of this Agreement, or any portion thereof, should be ruled void, invalid, unenforceable or contrary to public policy by any court of competent jurisdiction, any remaining provisions of this Agreement shall survive and be applied, and together with the void or unenforceable portion shall be construed or reformed to preserve as much of the original words, terms, purpose and intent as shall be permitted by law.

Section 8.14 Payment of Authority Loan Directly to Authority Trustee. The Loan Recipient shall make all payments due on the Authority Loan directly to the Authority Trustee.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in several counterparts, each of which shall be deemed an original but all of which shall be construed as one instrument, and have caused this Agreement to be dated as of July 1, 2014.

CITY OF TROY, ALABAMA

By _____

Its _____

ATTEST:

By _____

Its _____

[SEAL]

**ALABAMA WATER POLLUTION
CONTROL AUTHORITY**

By _____

Its _____

ATTEST:

By _____

Its _____

[SEAL]

**ALABAMA DEPARTMENT OF
ENVIRONMENTAL MANAGEMENT**

By _____

Its _____

ATTEST:

By _____

Its _____

[SEAL]

APPENDIX A

Loan Recipient: **City of Troy**
Post Office Box 549
Troy, Alabama 36081

Name and telephone # of contact: **James Flowers**
334-670-6031

SRF Project #: **CS010835-02**

SRF Trustee#: **703-0106-0**

Date of Commencement of Loan Payment: **February 15, 2017**
(THIS DATE WILL NOT BE EXTENDED OR CHANGED FOR ANY REASON)

Project Name: **City of Troy Sanitary Sewer Improvements**
Estimated Date of Completion: **December 1, 2016**

I. Loan Amount

a.	Project Fund:	\$5,254,711.75
b.	Capitalized Interest:	\$225,288.25
c.	Loan Recipient Share of Finance Expenses:	\$10,000.00
d.	Local Loan Expense:	\$0.00

Total Loan Amount: **\$5,490,000.00**

APPENDIX B

MBE/WBE Requirements

- I. The project objectives for utilization of Minority Business Enterprises/Women's Business Enterprises are as follows:

Commodities (Supplies)	4% MBE	11% WBE
Contractual (Services)	8% MBE	30% WBE
Equipment	5% MBE	20% WBE
Construction	2.5% MBE	3% WBE

- II. The Loan Recipient shall take the following six affirmative steps to assure that Minority Business/Women's Business Enterprises are used, when possible, as sources of supplies, construction, and:

1. Including qualified MBE/WBE's on solicitation lists,
 2. Assuring that MBE/WBE's are solicited whenever they are potential sources,
 3. Dividing total requirements, when economically feasible, into small tasks or quantities to permit maximum participation of MBE/WBE's,
 4. Using the services and assistance of:
 - a. the Office of Small and Minority Business Assistance in the Alabama
 - b. the Minority Business Development Centers, and
 - c. the Department of Transportation (State level) for WBE's.
 5. Establishing delivery schedules, where the requirements of the work permit, which will encourage participation of MBE/WBE's, and
 6. Requiring each contractor to take the affirmative steps of items 1 through 5 in procuring subcontractors. Documentation of efforts made to utilize MBE/WBE firms should be maintained by all applicants, consulting firms, and construction contractors.
- III. The Loan Recipient agrees to require all successful construction contract bidder(s) to submit to ADEM, with a copy to the Loan Recipient, within 10 days after bid opening, evidence of the preceding positive steps taken to utilize small, minority and women's business in the procurement of subcontracts.
- IV. The Loan Recipient shall not award contracts to any firm that has been debarred for noncompliance with the Federal Labor Standards, Title VI of the Civil Rights Act of 1964, as amended or Executive Order 11246 as amended (Equal Employment Opportunity), or Executive Order 11625 and 12138 (Minority and Women's Business Enterprises).
- V. The Loan Recipient shall require all prime construction contractors to certify that subcontracts have not and will not be awarded to any firm that has been debarred for noncompliance with the Federal Labor Standards, Title VI of the Civil Rights Act of 1964, as amended or Executive Order 11246 as amended (Equal Employment Opportunity), or Executive Order 11625 and 12138 Minority and Women's Business Enterprises).
- VI. The Loan Recipient agrees to comply with all the requirements the 41 CFR Part 60-4, which implements Executive Order 11246, as amended (Equal Employment Opportunity).
- VII. The Loan Recipient agrees to require all construction contractors and their subcontractors to comply with the Affirmative Action Equal Opportunity Clause, Goals and Timetables and the other requirements, if the amount of the contract-subcontract is in excess of \$10,000.
- VIII. The Loan Recipient shall require all contractors on the Project to comply with the Department of Labor's Safety and Health Regulations for construction promulgated under the Occupational Safety and Health Act of 1970 (PL91-956) and under Section 107 of the Contract Work Hours and Safety Standards Act (PL 91-54).
- IX. The Loan Recipient shall comply with all applicable provisions of the Uniform Relocation and Real Property Acquisition Act of 1970 (PL 91-646) in regard to acquisition of real property (including easements) for the Project covered by the Authority Loan and any resulting relocation of persons, business and farm operations.
- X. Submission to Federal Requirements: The Loan Recipient acknowledges and agrees that execution of this loan agreement will subject the Loan Recipient to provisions of federal law set out in part in Title VI of the Federal Water Pollution Control Act ("Title VI") and Federal regulations governing State Revolving Funds contained in 40 CFR Part 35, Subpart K. Loan Recipient agrees to comply with such federally imposed requirements, regardless whether expressly set out herein, and further agrees that they may be enforced against Loan Recipient by the Authority, ADEM or the EPA Administrator.

APPENDIX C

City of Troy Sanitary Sewer Improvements Borrowers Total Loan Cash Flow

Date	Principal	Interest	Payment
2-15-2017	\$215,000.00	\$28,021.88	\$243,021.88
8-15-2017	\$0.00	\$64,618.75	\$64,618.75
2-15-2018	\$220,000.00	\$64,618.75	\$284,618.75
8-15-2018	\$0.00	\$61,923.75	\$61,923.75
2-15-2019	\$225,000.00	\$61,923.75	\$286,923.75
8-15-2019	\$0.00	\$59,167.50	\$59,167.50
2-15-2020	\$230,000.00	\$59,167.50	\$289,167.50
8-15-2020	\$0.00	\$56,350.00	\$56,350.00
2-15-2021	\$240,000.00	\$56,350.00	\$296,350.00
8-15-2021	\$0.00	\$53,410.00	\$53,410.00
2-15-2022	\$245,000.00	\$53,410.00	\$298,410.00
8-15-2022	\$0.00	\$50,408.75	\$50,408.75
2-15-2023	\$250,000.00	\$50,408.75	\$300,408.75
8-15-2023	\$0.00	\$47,346.25	\$47,346.25
2-15-2024	\$255,000.00	\$47,346.25	\$302,346.25
8-15-2024	\$0.00	\$44,222.50	\$44,222.50
2-15-2025	\$260,000.00	\$44,222.50	\$304,222.50
8-15-2025	\$0.00	\$41,037.50	\$41,037.50
2-15-2026	\$270,000.00	\$41,037.50	\$311,037.50
8-15-2026	\$0.00	\$37,730.00	\$37,730.00
2-15-2027	\$275,000.00	\$37,730.00	\$312,730.00
8-15-2027	\$0.00	\$34,361.25	\$34,361.25
2-15-2028	\$280,000.00	\$34,361.25	\$314,361.25
8-15-2028	\$0.00	\$30,931.25	\$30,931.25
2-15-2029	\$290,000.00	\$30,931.25	\$320,931.25
8-15-2029	\$0.00	\$27,378.75	\$27,378.75
2-15-2030	\$295,000.00	\$27,378.75	\$322,378.75
8-15-2030	\$0.00	\$23,765.00	\$23,765.00
2-15-2031	\$305,000.00	\$23,765.00	\$328,765.00
8-15-2031	\$0.00	\$20,028.75	\$20,028.75
2-15-2032	\$310,000.00	\$20,028.75	\$330,028.75
8-15-2032	\$0.00	\$16,231.25	\$16,231.25
2-15-2033	\$320,000.00	\$16,231.25	\$336,231.25
8-15-2033	\$0.00	\$12,311.25	\$12,311.25
2-15-2034	\$325,000.00	\$12,311.25	\$337,311.25
8-15-2034	\$0.00	\$8,330.00	\$8,330.00
2-15-2035	\$335,000.00	\$8,330.00	\$343,330.00
8-15-2035	\$0.00	\$4,226.25	\$4,226.25
2-15-2036	\$345,000.00	\$4,226.25	\$349,226.25
Totals:	\$5,490,000.00	\$1,415,579.38	\$6,905,579.38

APPENDIX D

Alabama Water Pollution Control Authority
Montgomery, Alabama

Re: Loan from Alabama Water Pollution Control Authority

Dear Sir:

We have acted as counsel for the City of Troy (the "Loan Recipient") in connection with a loan made to the Loan Recipient by Alabama Water Pollution Control Authority (the "Authority") pursuant to the Special Authority Loan Conditions Agreement (the "Agreement") among the Authority, Alabama Department of Environmental Management ("ADEM") and the Loan Recipient, dated as of July 1, 2014, and the other documents and proceedings referred to in the Agreement. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Agreement.

We have examined (a) executed counterparts of the Agreement, (b) certified copies of certain authorizing proceedings of the Loan Recipient, (c) the Loan Documents, and (d) such other certificates, proceedings, proofs and documents as we have deemed necessary in connection with the opinions hereinafter set forth.

Based upon the foregoing and upon such investigation as we have deemed necessary we are of the opinion that:

(1) The Loan Recipient has corporate power and authority to enter into and perform the Agreement and to execute and deliver the Loan Documents and to issue the Evidence of Indebtedness. The execution, delivery and performance of the Agreement and the Loan Documents have been duly authorized by all requisite action, and the Agreement and the Loan Documents have been duly executed and delivered by the Loan Recipient.

(2) The Agreement, the Loan Documents and the Evidence of Indebtedness constitute legal, valid and binding obligations of the Loan Recipient and are enforceable against the Loan Recipient in accordance with their respective terms, except as may be limited by (i) bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights, and

(ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at equity or at law).

(3) No approval, authorization or other action by or filing with any governmental authority is required in connection with the execution and delivery of the Agreement or the Loan Documents by the Loan Recipient.

(4) Neither the execution or delivery of the Agreement or the Loan Documents by the Loan Recipient nor the performance and observance by it of the agreements and covenants on its part therein contained results or will result in a breach of, or constitute a violation of default under, any contract, agreement or other instrument to which the Loan Recipient is a party or by which it is bound, or constitutes or will constitute a breach or violation of any governmental order applicable to the Loan Recipient or any judgment, decree or court order by which the Loan Recipient is bound.

(5) The Loan Recipient has obtained all necessary licenses, franchises and other governmental permits and approvals necessary for the construction and operation of the Project.

(6) The best of our knowledge, information and belief, after reasonable inquiry, there is no litigation pending or threatened involving any matter referred to in the Agreement or in the Loan Documents.

Very truly yours,

Appendix E

I. Requirements under the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6) For Subrecipients That Are Governmental Entities:

The following terms and conditions specify how recipients will assist EPA in meeting its Davis-Bacon (DB) responsibilities when DB applies to EPA awards of financial assistance under the FY 2013 Continuing Resolution with respect to State recipients and subrecipients that are governmental entities. If a subrecipient has questions regarding when DB applies, obtaining the correct DB wage determinations, DB provisions, or compliance monitoring, it may contact the State recipient. If a State recipient needs guidance, the recipient may contact Cynthia Y. Edwards at Edwards.Cynthiay@epa.gov or at 404-562-9340 of EPA, Region 4 Grants and SRF Management Section, for guidance. The recipient or subrecipient may also obtain additional guidance from DOL's web site at <http://www.dol.gov/whd/>

1. Applicability of the Davis- Bacon (DB) prevailing wage requirements.

Under the FY 2013 Continuing Resolution, DB prevailing wage requirements apply to the construction, alteration, and repair of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund and to any construction project carried out in whole or in part by assistance made available by a drinking water treatment revolving loan fund. If a subrecipient encounters a unique situation at a site that presents uncertainties regarding DB applicability, the subrecipient must discuss the situation with the recipient State before authorizing work on that site.

2. Obtaining Wage Determinations.

(a) Subrecipients shall obtain the wage determination for the locality in which a covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage determinations shall be incorporated into solicitations and any subsequent contracts. Prime contracts must contain a provision requiring that subcontractors follow the wage determination incorporated into the prime contract.

- (i) While the solicitation remains open, the subrecipient shall monitor www.wdol.gov weekly to ensure that the wage determination contained in the solicitation remains current. The subrecipients shall amend the solicitation if DOL issues a modification more than 10 days prior to the closing date (i.e. bid opening) for the solicitation. If DOL modifies or supersedes the applicable wage determination less than 10 days prior to the closing date, the subrecipients may request a finding from the State recipient that there is not a reasonable time to notify interested contractors of the modification of the wage determination. The State recipient will provide a report of its findings to the subrecipient.
- (ii) If the subrecipient does not award the contract within 90 days of the closure of the solicitation, any modifications or supersedes DOL makes to the wage determination contained in the solicitation shall be effective unless the State recipient, at the request of the subrecipient, obtains an extension of the 90 day period from DOL pursuant to

29 CFR 1.6(c)(3)(iv). The subrecipient shall monitor www.wdol.gov on a weekly basis if it does not award the contract within 90 days of closure of the solicitation to ensure that wage determinations contained in the solicitation remain current.

(b) If the subrecipient carries out activity subject to DB by issuing a task order, work assignment or similar instrument to an existing contractor (ordering instrument) rather than by publishing a solicitation, the subrecipient shall insert the appropriate DOL wage determination from www.wdol.gov into the ordering instrument.

(c) Subrecipients shall review all subcontracts subject to DB entered into by prime contractors to verify that the prime contractor has required its subcontractors to include the applicable wage determinations.

(d) As provided in 29 CFR 1.6(f), DOL may issue a revised wage determination applicable to a subrecipient's contract after the award of a contract or the issuance of an ordering instrument if DOL determines that the subrecipient has failed to incorporate a wage determination or has used a wage determination that clearly does not apply to the contract or ordering instrument. If this occurs, the subrecipient shall either terminate the contract or ordering instrument and issue a revised solicitation or ordering instrument or incorporate DOL's wage determination retroactive to the beginning of the contract or ordering instrument by change order. The subrecipient's contractor must be compensated for any increases in wages resulting from the use of DOL's revised wage determination.

3. Contract and Subcontract provisions.

(a) The Recipient shall insure that the subrecipient(s) shall insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a treatment work under the CWSRF or a construction project under the DWSRF financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in § 5.1 or the FY 2013 Continuing Resolution, the following clauses:

(1) Minimum wages.

(i) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often

than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in § 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

Subrecipients may obtain wage determinations from the U.S. Department of Labor's web site, www.dol.gov.

(ii)(A) The subrecipient(s), on behalf of EPA, shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The State award official shall approve a request for an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met

- (1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and
- (2) The classification is utilized in the area by the construction industry, and
- (3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the subrecipient(s) agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), documentation of the action taken and the request, including the local wage determination shall be sent by the subrecipient (s) to the State award official. The State award official will transmit the request, to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210 and to the EPA DB Regional Coordinator, Dorothy Rayfield (rayfield.dorothy@epa.gov, 404-562-9278) concurrently. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification request within 30 days of receipt and so advise the State award official or will notify the State award official within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the subrecipient(s) do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the award official shall refer the request and the local wage determination, including the views of all interested parties and the recommendation of the State award official, to the Administrator for determination. The request shall be sent to the EPA DB Regional Coordinator concurrently. The

Administrator, or an authorized representative, will issue a determination within 30 days of receipt of the request and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii)(B) or (C) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

(2) Withholding. The subrecipient(s), shall upon written request of the EPA Award Official or an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the (Agency) may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

(3) Payrolls and basic records.

(i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that

the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly, for each week in which any contract work is performed, a copy of all payrolls to the subrecipient, that is, the entity that receives the sub-grant or loan from the State capitalization grant recipient. Such documentation shall be available on request of the State recipient or EPA. As to each payroll copy received, the subrecipient shall provide written confirmation in a form satisfactory to the State indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on the weekly payrolls. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the subrecipient(s) for transmission to the State or EPA if requested by EPA, the State, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the subrecipient(s).

(B) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under § 5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under § 5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph (a)(3)(ii)(B) of this section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the State, EPA or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency or State may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

(4) Apprentices and trainees

(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractors or subcontractors registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency

recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended and 29 CFR part 30.

(5) Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

(6) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as the EPA determines may be appropriate, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

(7) Contract termination; debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

(8) Compliance with Davis-Bacon and Related Act requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

(9) Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and Subrecipient(s), State, EPA, the U.S. Department of Labor, or the employees or their representatives.

(10) Certification of eligibility.

(i) By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

4. Contract Provision for Contracts in Excess of \$100,000.

(a) Contract Work Hours and Safety Standards Act. The subrecipient shall insert the following clauses set forth in paragraphs (a)(1), (2), (3), and (4) of this section in full in any contract in an amount in excess of \$100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by Item 3, above or 29 CFR 4.6. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.

(1) Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

(2) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (a)(1) of this section the contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic including watchmen and guards, employed in violation of the clause set forth in paragraph (a)(1) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (a)(1) of this section.

(3) Withholding for unpaid wages and liquidated damages. The subrecipient, upon written request of the EPA Award Official or an authorized representative of the Department of Labor,

shall withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (b)(2) of this section.

(4) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (a)(1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (a)(1) through (4) of this section.

(b) In addition to the clauses contained in Item 3, above, in any contract subject only to the Contract Work Hours and Safety Standards Act and not to any of the other statutes cited in 29 CFR 5.1, the Subrecipient shall insert a clause requiring that the contractor or subcontractor shall maintain payrolls and basic payroll records during the course of the work and shall preserve them for a period of three years from the completion of the contract for all laborers and mechanics, including guards and watchmen, working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Further, the Subrecipient shall insert in any such contract a clause providing that the records to be maintained under this paragraph shall be made available by the contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the (write the name of agency) and the Department of Labor, and the contractor or subcontractor will permit such representatives to interview employees during working hours on the job.

5. Compliance Verification

(a) The subrecipient shall periodically interview a sufficient number of employees entitled to DB prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(6), all interviews must be conducted in confidence. The subrecipient must use Standard Form 1445 (SF 1445) or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.

(b) The subrecipient shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. Subrecipients must conduct more frequent interviews if the initial interviews or other information indicated that there is a risk that the contractor or subcontractor is not complying with DB. Subrecipients shall immediately conduct interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence."

(c) The subrecipient shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The subrecipient shall establish and follow a spot check schedule based on its assessment

of the risks of noncompliance with DB posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract.

Subrecipients must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with DB . In addition, during the examinations the subrecipient shall verify evidence of fringe benefit plans and payments there under by contractors and subcontractors who claim credit for fringe benefit contributions.

(d) The subrecipient shall periodically review contractors and subcontractors use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S. Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item 5(b) and (c) above.

(e) Subrecipients must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact listed above and to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/whd/america2.htm>.

Appendix F

The Contractor acknowledges to and for the benefit of the City of Troy, Alabama ("Purchaser"), and the Alabama Water Pollution Control Authority (the "State Authority") that it understands the goods and services under this Agreement are being funded with monies made available by the Clean Water State Revolving Fund that have statutory requirements commonly known as "American Iron and Steel;" that requires all of the iron and steel products used in the project to be produced in the United States ("Buy American Requirement") including iron and steel products provided by the Contractor pursuant to this Agreement. The Contractor hereby represents and warrants to and for the benefit of the Purchaser and the State Authority that (a) the Contractor has reviewed and understands the Buy American Requirement, (b) all of the iron and steel products used in the project will be and/or have been produced in the United States in a manner that complies with the Buy American Requirement, unless a waiver of the requirement is approved, and (c) the Contractor will provide any further verified information, certification or assurance of compliance with this paragraph, or information necessary to support a waiver of the Buy American Requirement, as may be requested by the Purchaser or the State Authority. Notwithstanding any other provision of this Agreement, any failure to comply with this paragraph by the Contractor shall permit the Purchaser or State Authority to recover as damages against the Contractor any loss, expense, or cost (including without limitation attorney's fees) incurred by the Purchaser or State Authority resulting from any such failure (including without limitation any impairment or loss of funding, whether in whole or in part, from the State Authority or any damages owed to the State Authority by the Purchaser). While the Contractor has no direct contractual privity with the State Authority, as a lender to the Purchaser for the funding of its project, the Purchaser and the Contractor agree that the State Authority is a third-party beneficiary and neither this paragraph (nor any other provision of this Agreement necessary to give this paragraph force or effect) shall be amended or waived without the prior written consent of the State Authority.

Loan Recipient: **City of Troy**
P O BOX 549
Troy, Alabama, 36081

Name and telephone # of contact: **James Flowers**
334-670-6031

SRF Project #: **CS010835-02**

SRF Trustee#: **703-0106-0**

Date of Commencement of Loan Payment: **February 15, 2015**
(THIS DATE WILL NOT BE EXTENDED OR CHANGED FOR ANY REASON)

Project: **City of Troy Sanitary Sewer Improvements**

Estimated Date of Completion: **December 1, 2016**

a. Project Fund: **\$5,250,000.00**

b. Capitalized Interest: **\$0.00**

c. Loan Recipient Share of Finance Expenses: **\$10,000.00**

d. Local Loan Expense: **\$0.00**

Total Loan Amount: \$5,260,000.00

DL:EPA

**City of Troy Sanitary Sewer Improvements
Borrowers Total Loan Cash Flow**

Date	Principal	Interest	Payment
2-15-2015	\$0.00	\$64,435.00	\$64,435.00
8-15-2015	\$205,000.00	\$64,435.00	\$269,435.00
2-15-2016	\$0.00	\$61,923.75	\$61,923.75
8-15-2016	\$210,000.00	\$61,923.75	\$271,923.75
2-15-2017	\$0.00	\$59,351.25	\$59,351.25
8-15-2017	\$215,000.00	\$59,351.25	\$274,351.25
2-15-2018	\$0.00	\$56,717.50	\$56,717.50
8-15-2018	\$220,000.00	\$56,717.50	\$276,717.50
2-15-2019	\$0.00	\$54,022.50	\$54,022.50
8-15-2019	\$230,000.00	\$54,022.50	\$284,022.50
2-15-2020	\$0.00	\$51,205.00	\$51,205.00
8-15-2020	\$235,000.00	\$51,205.00	\$286,205.00
2-15-2021	\$0.00	\$48,326.25	\$48,326.25
8-15-2021	\$240,000.00	\$48,326.25	\$288,326.25
2-15-2022	\$0.00	\$45,386.25	\$45,386.25
8-15-2022	\$245,000.00	\$45,386.25	\$290,386.25
2-15-2023	\$0.00	\$42,385.00	\$42,385.00
8-15-2023	\$250,000.00	\$42,385.00	\$292,385.00
2-15-2024	\$0.00	\$39,322.50	\$39,322.50
8-15-2024	\$255,000.00	\$39,322.50	\$294,322.50
2-15-2025	\$0.00	\$36,198.75	\$36,198.75
8-15-2025	\$265,000.00	\$36,198.75	\$301,198.75
2-15-2026	\$0.00	\$32,952.50	\$32,952.50
8-15-2026	\$270,000.00	\$32,952.50	\$302,952.50
2-15-2027	\$0.00	\$29,645.00	\$29,645.00
8-15-2027	\$275,000.00	\$29,645.00	\$304,645.00
2-15-2028	\$0.00	\$26,276.25	\$26,276.25
8-15-2028	\$285,000.00	\$26,276.25	\$311,276.25
2-15-2029	\$0.00	\$22,785.00	\$22,785.00
8-15-2029	\$290,000.00	\$22,785.00	\$312,785.00
2-15-2030	\$0.00	\$19,232.50	\$19,232.50
8-15-2030	\$300,000.00	\$19,232.50	\$319,232.50
2-15-2031	\$0.00	\$15,557.50	\$15,557.50
8-15-2031	\$305,000.00	\$15,557.50	\$320,557.50
2-15-2032	\$0.00	\$11,821.25	\$11,821.25
8-15-2032	\$315,000.00	\$11,821.25	\$326,821.25
2-15-2033	\$0.00	\$7,962.50	\$7,962.50
8-15-2033	\$320,000.00	\$7,962.50	\$327,962.50
8-15-2034	\$330,000.00	\$4,042.50	\$334,042.50
Totals:	\$5,260,000.00	\$1,455,055.00	\$6,715,055.00

DL:EPA

CITY OF TROY
PO BOX 549
TROY, AL 36081

Daily-Montgomery, Montgomery County, AL

E-Verify#: DHS72179

PROOF OF PUBLICATION

State of Alabama

County of Montgomery:

Before the undersigned authority personally appeared Shalawn Williams who a personal representative of the *Montgomery Advertiser*, a daily newspaper published in Alabama; that the attached copy of advertisement, being a Legal in the matter

Ad Number: 1000553

ADVERTISEMENT FORBIDS

Was published in said newspaper in the issue(s) of:

7/30/2014

Affiant further says that the said *Montgomery Advertiser* is a newspaper published in said Montgomery County, Alabama, and that the said newspaper has heretofore been published in said Montgomery County, Alabama, and has been entered as second class matter at the Post Office in said Montgomery County, Alabama, for a period of one year next preceding the first publication of the attached advertisement; and affiant further says that she has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper.

Now due on said account is \$ 282.60

Sworn to and subscribed before me this 30 day of July, 2014
by Shalawn Williams who is personally known to me.

Shalawn Williams

Affiant

K. Wright

Notary Public

KAYE WRIGHT
Notary Public, Alabama State At Large
My Commission Expires July 3, 2016

**ADVERTISEMENT
FOR BIDS**

Sealed bids for the WALNUT CREEK WWTP IMPROVEMENTS will be received by the City of Troy at the Troy City Hall, located at 306 East Academy Street, Troy, Alabama 36081 until Tuesday, September 9, 2014 at 10:00 a.m. and at said time bids will be publicly opened and read aloud.

The work generally consists of process modifications including bar screen replacement, aeration modifications, UV disinfection, and all associated electrical and mechanical systems.

The CONTRACT DOCUMENTS AND PLANS may be examined at the Troy City Hall, at the office of Goodwyn, Mills and Cawood, Inc. in Andalusia, AL and Montgomery, AL; at the AEC/ISQFT Plan Room in Montgomery, AL; and in the McGraw-Hill Construction Network.

Copies of the CONTRACT DOCUMENTS AND PLANS may be obtained at the office of Goodwyn, Mills and Cawood, Inc. located at 2660 East Chase Lane, Suite 200, Montgomery, AL 36117 or P.O. Box 242128, Montgomery, AL 36117 upon payment of \$100.00 for each set. Said cost represents the cost of printing, reproduction, handling and distribution, therefore no refund will be granted. No partial sets, individual pages or drawing sheets will be provided.



The Owner reserves the right to waive any informalities, or to reject any or all bids, and to award the contract to the best and most responsible bidder. All bidders shall submit, upon request, a list of projects "successfully completed" in the last 3 years, having the same scope of work and approximate construction cost as specified in this project. All bidders must comply with requirements of the Contractor's Licensing Law of the State of Alabama and be certified for the type of work on which the proposal is submitted. Each bidder must deposit with his bid, security in the amount, form and subject to the conditions provided in the instructions to Bidders.

All Bidders bidding in amounts exceeding that established by the State Licensing Board for General Contractors must be licensed under the provisions of Title 34, Chapter 8, Code of Alabama, 1975, and must show evidence of license before bidding or bid will not be received or considered by the Engineer; the Bidder shall show such evidence by clearly displaying the license number on the outside of the sealed envelope in which the Proposal is delivered.

No bidder may withdraw his bid within 30 days after the opening thereof.

All bids should be submitted in the Contract Specifications Book as issued by the Engineer. All bids must be submitted in a sealed envelope bearing on the outside the name of the Bidder, Bidders license number, address and name of the project. Envelopes containing bids must be addressed as follows, and delivered to: Troy City Hall, 306 East Academy Street or P.O. Box 549, Troy, Alabama 36081: BID FOR WALNUT CREEK WWTP IMPROVEMENTS.

Goodwyn, Mills, and Cawood, Inc.
2660 East Chase Lane,
Suite 200
P.O. Box 242128
Montgomery, Alabama
36117
(334) 271-3200

Mont. Adv. 7/30/2014

1000553

Post-Publication Affidavit of Legal Notice

State of Alabama Pike County

Before me, a notary public in and for Pike County, Alabama, personally appeared Stacy Graning, who, by me duly sworn, deposes and says that:

"My name is Stacy Graning. I am the publisher of:
THE TROY MESSENGER

THE TROY MESSENGER published the attached legal notice(s)
in the issue(s) of:

July 31, 2014

The sum charged for publication was \$ 241.20. The sum charged by the Newspaper for said publication does not exceed the lowest classified rate paid by commercial customers for an advertisement of similar size and frequency in the same newspaper(s) in which the public notice(s) appeared.

There are no agreements between the Newspaper and the officer or attorney charged with the duty of placing the attached legal advertising notices whereby any advantage, gain or profit accrued to said officer or attorney."

Stacy Graning
AFFIANT

Sworn and subscribed this 31st day of

July 20 14

Jessica Stuff
Notary Public

JESSICA MEGHAN STUFF
Notary Public, AL State at Large
My Comm. Expires Dec. 4, 2017

"All our legal notices are now posted on
www.alabamalegals.com at no additional cost to you. This
is an added service of this newspaper and the Alabama
Press Association."

ADVERTISEMENT FOR BIDS

Sealed bids for the
WALNUT CREEK
WWTP IMPROVE-
MENTS will be re-
ceived by the City of
Troy at the Troy City

Hall, located at 306
East Academy Street,
Troy, Alabama 36081
until Tuesday,
September 9, 2014 at
10:00 a.m. and at said
time bids will be pub-
licly opened and read
aloud.

The work generally
consists of process
modifications includ-
ing bar screen re-
placement, aeration
modifications, UV dis-
infection, and all asso-
ciated electrical and
mechanical systems.

The CONTRACT
DOCUMENTS AND
PLANS may be ex-
amined at the Troy
City Hall; at the office
of Goodwyn, Mills and
Cawood, Inc. in An-
dalousia, AL and Mont-
gomery, AL; at the
AGC/ISQFT Plan
Room in Montgomery,
AL; and in the Mc-

Graw-Hill Construc-
tion Network®.

Copies of the CON-
TRACT DOCU-
MENTS AND PLANS
may be obtained at
the office of Goodwyn,
Mills and Cawood, Inc.
located at 2660 East
Chase Lane, Suite
200, Montgomery, AL
36117 or P. O. Box
242128, Montgomery,
AL 36117 upon pay-
ment of \$100.00 for
each set. Said cost
represents the cost of
printing, reproduction,
handling and distribu-
tion, therefore no re-
fund will be granted.
No partial sets, indi-
vidual pages or draw-
ing sheets will be
provided.

The Owner reserves
the right to waive any
informalities, or to re-
ject any or all bids,
and to award the con-
tract to the best and
most responsible bid-
der. All bidders shall
submit, upon request,
a list of projects "suc-
cessfully completed"

in the last 3 years,
having the same
scope of work and ap-
proximate construc-
tion cost as specified
in this project. All bid-
ders must comply with
requirements of the
Contractor's Licens-
ing Law of the State of
Alabama and be certi-
fied for the type of
work on which the pro-
posal is submitted. Each bidder must de-
posit with his bid, se-
curity in the amount,
form and subject to
the conditions
provided in the In-
structions to Bidders.

All Bidders bidding in
amounts exceeding
that established by the
State Licensing Board
for General Contract-
ors must be licensed
under the provisions of
Title 34, Chapter 8,
Code of Alabama,
1975, and must show
evidence of license
before bidding or bid
will not be received or
considered by the En-
gineer; the Bidder
shall show such evi-

ence by clearly dis-
playing the license
number on the out-
side of the sealed en-
velope in which the
Proposal is delivered.

No bidder may with-
draw his bid within 30
days after the open-
ing thereof.

All bids should be sub-
mitted in the Contract
Specifications Book as
issued by the Engi-
neer. All bids must be
submitted in a sealed
envelope bearing on
the outside the name
of the Bidder, Bidders
license number, ad-
dress and name of the
project. Envelopes
containing bids must
be addressed as fol-
lows, and delivered to:
Troy City Hall, 306
East Academy Street
or P. O. Box 549,
Troy, Alabama
36081: BID FOR
WALNUT CREEK
WWTP IMPROVE-
MENTS.

Goodwyn, Mills and
Cawood, Inc.

2660 East Chase
Lane, Suite 200
P. O. Box 242128
Montgomery, AL
36117
334-271-3200

Troy Messenger
203875
7/31/2014

Press Register

LEGAL AFFIDAVIT

Remit Payment to:
Alabama Media Group
P.O. Box 905924
Charlotte, NC 28290-5924

CITY OF TROY
ATTN: CITY CLERK
P.O. BOX 549
TROY, AL 36081

Name: CITY OF TROY
Account Number: 2037158
Ad Number: 0006124128

Sales Rep: Christine Bevins

Billing Inquiries Please Call: (251) 219-5433

Date	Position	Description	P.O. Number	Ad Size	Total Cost
07/30/2014	Legals Mobile	ADVERTISEMENT FOR BIDS Sealed bids for the walnut creek WALNUT CREEK WWTP IMPROVEMENTS will		1 x 73 L	171.25

Cynthia White being sworn, says that she is bookkeeper of Press Register which publishes a daily newspaper in the City and County of Mobile, State of Alabama: and attached notice appeared in the issue of

Press Register 07/30/2014

Sworn to and subscribed before me this 30th day of July 2014

NOTARY PUBLIC

FOR QUESTIONS CONCERNING THIS AFFIDAVIT,
PLEASE CALL CYNTHIA WHITE AT (251) 219-5405.
YOU CAN PLACE A LEGAL NOTICE BY EMAIL OR FAX:
LEGALS@ACSAL.COM OR FAX# (251) 219-5037

ADVERTISEMENT FOR BIDS
Sealed bids for the WALNUT CREEK WWTP IMPROVEMENTS will be received by the City of Troy at the Troy City Hall, located at 306 East Academy Street, Troy, Alabama 36081 until Tuesday, September 9, 2014 at 10:00 a.m. and at said time bids will be publicly opened and read aloud.

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No bidder may withdraw his bid within 30

days after the opening thereof. All bids should be submitted in the Contract Specifications Book as issued by the Engineer. All bids must be submitted in a sealed envelope bearing on the outside the name of the Bidder, Bidders license number, address and name of the project. Envelopes containing bids must be addressed as follows, and delivered to: Troy City Hall, 306 East Academy Street or P. O. Box 549, Troy, Alabama 36081: BID FOR WALNUT CREEK WWTP IMPROVEMENTS.

Goodwyn, Mills and Cawood, Inc.
2660 East Chase Lane, Suite 200
P. O. Box 242128
Montgomery, AL 36117
334-271-3200
PRESS REGISTER
JULY 30, 2014

Birmingham News

LEGAL AFFIDAVIT

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TROY, CITY OF
ATTN MAYOR
PO BOX 549
TROY, AL 36081

Name: TROY, CITY OF
Account Number: 2001646
Ad Number: 0006124050

Sales Rep: Nancy Bridgman

Billing Inquiries Please Call: (251) 219-5433

Date	Position	Description	P.O. Number	Ad Size	Total Cost
07/30/2014	Legals BN	ADVERTISEMENT FOR BIDS Sealed bids for the WALNUT CREEK WWTP IMPROVEMENTS	Adv for Bids	1 x 73 L	200.75

Cynthia White being sworn, says that she is bookkeeper of Birmingham News which publishes a daily newspaper in the City of Birmingham and County of Jefferson, State of Alabama: and attached notice appeared in the issue of

Birmingham News 07/30/2014

Sworn to and subscribed before me this 30th day of July 2014

NOTARY PUBLIC

FOR QUESTIONS CONCERNING THIS AFFIDAVIT,
PLEASE CALL CYNTHIA WHITE AT (251) 219-5405.
YOU CAN PLACE A LEGAL NOTICE BY EMAIL OR FAX:
LEGALS@AL.COM OR FAX# (205) 320-3550

ADVERTISEMENT FOR BIDS

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2660 East Chase Lane, Suite 200
P. O. Box 242128

Montgomery, AL 36117
334-271-3200

Bham News: July 30, 2014



GOODWYN | MILLS | CAWOOD

July 28, 2014

TROY MESSENGER

918 S. Brundidge Street
Troy, AL 36081

FAX: 334.566.4281

TEL: 334.566.4270

EMAIL: Jessica.stuff@troymessenger.com

Attn: Jessica / Legal Ad Department

Please find enclosed a copy of our Advertisement for Bids for the WALNUT CREEK WWTP IMPROVEMENTS for the City of Troy. We would like the advertisement to be placed in the LEGAL AD SECTION and run on the following dates:

Thursday, July 31, 2014

Please email or fax a copy of the advertisement to me before it is printed.

After publication, please send an original copy of the advertisement, an affidavit of publication and an invoice for payment to:

The Honorable Jason Reeves
Mayor
City of Troy
P. O. Box 549
Troy, AL 36081
TEL: (334) 566-0177

Please contact me if there are any questions.

Sincerely,

Pat Richardson
Contract Specialist

Enclosure

xc: Hon. Jason Reeves, City of Troy, AL
File CAND130030 BD

T:\Andalusia\CAND Proj\Troy, City of\475-46\130030 Troy WWTP Improvements\05 Bid Document - Const. Contracts\Newsppr1 adv.doc

GOODWYN, MILLS AND CAWOOD, INC.

2660 EastChase Lane, Suite 200

Montgomery, AL 36117

Tel 334.271.3200 Fax 334.272.1566

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ARCHITECTURE ENGINEERING ENVIRONMENTAL GEOTECHNICAL INTERIOR DESIGN LANDSCAPE PLANNING SURVEYING TRANSPORTATION



July 28, 2014

MONTGOMERY ADVERTISER

P. O. Box 1000
Montgomery, AL 36101

Tel: 334-261-1504

Fax: 334-261-1502

Attn: Ms. Shalawn Williams/Legal Ad Department

EMAIL: Mgm-legals@gannett.com

Please find enclosed a copy of our Advertisement for Bids for the WALNUT CREEK WWTP IMPROVEMENTS for the City of Troy. We would like the advertisement to be placed in the LEGAL AD SECTION and run on the following date:

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Pat Richardson
Contract Specialist

Enclosure

xc: Hon. Jason Reeves, City of Troy, AL
File CAND130030 BD

T:\ANDALUSIA\CAND PROJ\TROY, CITY OF\475-46\130030 TROY WWTP IMPROVEMENTS\05 BID DOCUMENT - CONST. CONTRACTS\NEWSPPR2.ADV.DOC



July 28, 2014

THE BIRMINGHAM NEWS

2200 4th Avenue North
Birmingham, AL 36203

FAX: (205) 325-3216

TEL: (205) 325-2222

Attn: Nancy Bridgman/Legal Ad Department
EMAIL: legals@al.com

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CONTRACTS\NEWSPPR3.ADV.DOCX

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Montgomery, AL 36117

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July 28, 2014

MOBILE REGISTER

FAX: (251) 219-5037

TEL: (251) 219-5010

Attn: Christine Bevins / Legal Ad Department

EMAIL: legals@press-register.com

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T:\ANDALUSIA\CAND PROJ\TROY, CITY OF\475-46\130030 TROY WWTP IMPROVEMENTS\05 BID DOCUMENT - CONST. CONTRACTS\NEWSPFR4.ADV.DOC

GOODWYN, MILLS AND CAWOOD, INC.

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Montgomery, AL 36117

Tel 334.271.3200 Fax 334.272.1566

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