

GENERAL OBLIGATION WARRANT
SERIES 2014-CB

Centennial Bank Loan No.: 2757528844

U.S. \$1,200,000.00

Loan Date: March 7, 2014

CITY OF FOLEY,
an Alabama municipal corporation
P.O. Box 1750
Foley, AL 36536
(Hereinafter referred to as "Borrower")

CENTENNIAL BANK,
an Arkansas state chartered bank
P.O. Box 4649
Gulf Shores, AL 36547
(Hereinafter together with its successors
and/or assigns referred to as "Lender")

Borrower, for value received, hereby acknowledges itself indebted to, and does hereby order and direct the Treasurer of the Borrower (or any successor to the functions thereof) to pay, solely from the Warrant Fund hereinafter referenced, to Lender or order, the principal sum of **ONE MILLION TWO HUNDRED THOUSAND and 00/100 U.S. DOLLARS (\$1,200,000.00)** or so much thereof as may have been disbursed to Borrower with interest, on the unpaid principal balance at the rate and on the terms provided in this General Obligation Warrant, including all renewals, extensions, substitutions or modifications. (The principal, together with all accrued interest thereon and any advances, fees, additions, or other charges added thereto are collectively referred to as the "Indebtedness".)

1. **Loan Agreement.** This General Obligation Warrant ("Warrant") is executed pursuant to that certain Loan Agreement between Lender and Borrower of even date herewith, as modified from time to time (the "Loan Agreement"). The term "Loan Documents" as used in this Warrant refers to the loan documents executed in connection with or related to the loan evidenced by this Warrant and described in the Loan Agreement. The term "Lender" includes any persons or entities who may hold or acquire a full or partial interest in this loan including, but not limited to, any participants or transferors.

2. **Purpose.** Borrower shall use the proceeds of the loan evidenced by this Warrant for payment of costs related to the McKenzie Village Public Infrastructure and as described in the Loan Agreement. This loan is for commercial purposes. This is a closed-end multiple advance loan with a maximum available credit limit of \$1,200,000.00.

3. **Advances.** Borrower may request advances of funds ("Advances") from Lender. The aggregate Advances outstanding at any time shall not exceed the maximum available credit limit of \$1,200,000.00. If the aggregate Advances outstanding at any time exceed such limit, then the Borrower shall immediately pay such excess. The Lender may, without prior notice to the Borrower, charge any of the Borrower's accounts under the control of the Lender in order to effect such payment. Advances made under this Warrant shall be due and payable at maturity.

4. **Interest and Fee Computation.** The rate of interest on the disbursed funds shall be Three and Six Tenths Percent (3.60%). Interest on all principal amounts and fees outstanding from time to time hereunder shall be calculated on the basis of a 360-day year applied to the actual number of days upon which principal is outstanding, by multiplying the percent of the principal amount and the applicable rate set forth herein by the actual number of days elapsed, and dividing by 360.

5. **Repayment Terms.** This Warrant shall be payable as follows:

(a) Consecutive installments of interest shall be payable monthly on the disbursed outstanding principal balance. The first interest installment shall be due and payable April 7, 2014, and continuing on the 7th day of each succeeding calendar month occurring thereafter until, and including, March 7, 2015; and

(b) Seventy-One (71) consecutive monthly installments in the amount of Eighteen Thousand Five Hundred Eighty-Three and 46/100ths Dollars U.S. (\$18,583.46) each shall become due and payable on the Indebtedness. The principal and interest installments shall be calculated on the entire outstanding Indebtedness using a ten (10) year amortization. The first principal and interest installment shall be due and payable, or accrued, on April 7, 2015 and continuing on the same day of each consecutive month thereafter; and

(c) One (1) final balloon payment ending with the entire balance of the Indebtedness, all due and payable in full on or before March 7, 2021, which date shall be the "Maturity Date".

6. Application of Payments and Late Fees. All payments received by Lender shall be applied First, to accrued interest; Second, to any expenses, late fees or other charges and additions thereto; and Third to the balance of principal. In the event the Lender has not received the full amount of any payment within ten (10) calendar days after the date it is due, the Borrower shall pay to the Lender a late charge equal to five percent (5%) of any overdue payment.

7. Credit Rating. Borrower agrees to maintain a bond rating of "BBB" by Standard & Poor's, or "BAA" by Moody's bond rating services. A bond rating below these minimums would constitute an Event of Default.

8. Prepayment. Borrower shall have the right to prepay the Indebtedness evidenced by this Warrant in full or in part, at any time during the term of this Warrant, without premium or penalty.

9. Events of Default. The occurrence of any one or more of the following events, circumstances, or conditions shall constitute a default hereunder ("Event of Default"):

(a) Failure of the Borrower to pay to the Lender promptly when the same shall become due (whether at scheduled maturity, upon mandatory payment, upon acceleration or otherwise) any portion of the Indebtedness evidenced by this Warrant, including, but not limited to, any installment of principal, interest or fees due under this Warrant; or

(b) The Borrower shall fail to perform or observe any term, covenant or agreement (other than for the payment of money) contained in this Warrant on its part to be performed or observed if such failure shall remain unremedied for thirty (30) days after written notice thereof shall have been given to the Borrower by the Lender; or

(c) The filing of any petition under the Bankruptcy Code or any similar federal or state statute by the Borrower and such filing is not discharged within sixty (60) days after filing; or

(d) The appointment of a receiver for, the making of a general assignment for the benefit of creditors by, or the insolvency of the Borrower and any of same is not discharged within sixty (60) days after the occurrence thereof; or

(e) The reasonable determination by the Lender that any material warranty, representation, certificate, or statement of the Borrower (whether contained in this Warrant or not) pertaining to or in connection with the Indebtedness is not true or is misleading in any material respect; or

(f) The occurrence of any material adverse change in the financial condition, property or operations of the Borrower; or

(g) The breach of any term or covenant of the Loan Agreement or Loan Documents; or

(h) Reduction in credit rating as provided in Paragraph 7.

10. Remedies Upon Default. If an Event of Default occurs under this Warrant or any Loan Documents, Lender may at any time thereafter, take the following actions (provided that Borrower shall have five (5) days following written notice from Lender to cure or attempt to cure any failure to timely make any payment and shall have thirty (30) days following written notice from Lender to cure or attempt to cure any failure to timely or properly perform any other covenant before the Lender shall take any of the following actions):

(a) Refuse to advance additional funds to Borrower. If Lender refuses to advance additional funds to Borrower, pursuant to this paragraph, all rights, duties and obligations hereunder, other than Lender's obligation to advance funds to Borrower, shall continue in full force and effect until the full and final payment and performance of the Indebtedness.

(b) Reduce any claim to judgment by any available legal procedure.

(c) Accelerate the Indebtedness evidenced by this Warrant and/or any warrant(s) or other obligation(s) which may be taken in renewal, extension, substitution, or modification of all or any part of the Indebtedness evidenced thereby and all other obligations of the Borrower to the Lender, howsoever created and existing, shall immediately become due and payable without demand upon or notice to the Borrower, and the Lender shall be entitled to exercise the other remedies as provided by law or in equity.

(d) The rights of the Lender under this paragraph are in addition to any other rights and remedies which the Lender may have upon the occurrence and continuation of an Event of Default as set forth in the Loan Agreement and Loan Documents and by Alabama law.

11. Waiver. The Borrower hereby waives presentment for payment, demand, notice of dishonor and protest and agrees that none of the terms or provisions hereof may be waived, altered, modified or amended except as the Lender may consent thereto in writing.

12. Attorneys' Fees and Collection Costs. The Borrower hereby agrees to pay all out-of-pocket costs and expenses, including attorneys' fees, reasonably incurred by the Lender to enforce the collection of the indebtedness evidenced by this Warrant or in enforcing any of the rights, powers, remedies, and privileges of the Lender hereunder. As used in this Warrant, the term, "attorneys' fees", shall mean reasonable charges and any out-of-pocket expenses for legal services rendered to or on behalf of the Lender in connection with the collection of the indebtedness evidenced by this Warrant at any time whether prior to the commencement of judicial proceedings and/or thereafter at the trial and/or appellate level and/or in pre- and post-judgment or bankruptcy proceedings.

13. Place of Payment. The indebtedness of this Warrant shall be payable in lawful currency of the United States of America to the Lender at 2201 West 1st Street, Gulf Shores, AL 36542 or at such other place or to such other person as may be designated in writing by the Lender, in immediately available (same day) funds without deduction for or on account of any present or future taxes levied or imposed on this Warrant, the proceeds hereof, or on the Borrower or Lender hereof by any government, or any instrumentality, authority or political subdivision thereof. The Borrower agrees, upon the request of the Lender, to pay all such taxes (other than taxes on or measured by net income of the Lender hereof) in addition to the indebtedness evidenced by this Warrant.

14. Default Rate. To the extent permitted by law, any amount of principal and/or interest evidenced by this Warrant which is not paid on the day when such payment is scheduled to be made, regardless of whether or not the Lender has accelerated payment of any or all sums outstanding under this Warrant, shall bear interest from the day when due until said amount is paid in full, payable on demand, at the rate of five percent (5%) per annum ("Default Rate"); not to exceed, however, the maximum lending rate permitted by Federal or Alabama law whichever is higher or unlimited. In the event any such payment of interest in excess of such maximum lending rate is received by the Lender, then such excess shall constitute and be designated as a payment on principal hereunder or, if such amount is in excess of the principal then due, such excess shall be refunded to the Borrower.

15. Usury. It is the intent of Lender to comply with applicable usury law. Neither Borrower nor any guarantors, endorsers or other parties now or hereafter becoming liable for payment of this Warrant shall ever be obligated or required to pay interest on this Warrant at a rate in excess of the maximum interest rate allowed by law, and the provisions of this paragraph shall control over all other provisions of this Warrant and the Loan Agreement. Lender expressly disavows any intention to charge or collect excessive unearned interest or finance charges in the event the maturity of this Warrant is accelerated. If the maturity of this Warrant shall be accelerated for any reason or if the principal of this Warrant is paid prior to the end of the term of this Warrant, and as a result thereof the interest received for the actual period of existence of the loan evidenced by this Warrant exceeds the applicable maximum lawful rate, the holder of this Warrant shall credit the amount of such excess against the principal balance of this Warrant then outstanding; provided, however, that if the principal hereof has been paid in full, such excess shall be refunded to Borrower.

16. Choice of Law. This Warrant shall be deemed to have been made under and shall be governed by the laws of the State of Alabama in all respects [except as to interest rates and other terms of lending which are, by virtue of a federal preemption or, at the election of the Lender, may be governed by the laws of the United States of America], including matters of construction, validity and performance.

17. Jurisdiction. The Borrower hereby irrevocably submits to the jurisdiction of any state court having a situs in Baldwin County, State of Alabama, in any action or proceeding involving or in connection with this Warrant. The Borrower irrevocably agrees that all claims in respect of such actions or proceedings may be heard and determined in such Alabama court. The Borrower irrevocably waives the defense of inconvenient forum to the maintenance of such action or proceeding. The Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction(s) by suit on the judgment or in any other manner provided by law. Anything herein to the contrary notwithstanding, the Lender may bring any legal action or proceeding involving this Warrant in any other appropriate jurisdiction.

18. Miscellaneous Provisions.

(a) Assignment or Transfer. This Warrant and the other Loan Documents shall inure to the benefit-of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. This Warrant may be transferred by the Lender only upon written direction of the Lender or his legal representative, addressed to the Borrower, and presentation of this Warrant to the Borrower accompanied by a

written instrument of transfer, duly executed by the Lender or his attorney duly authorized in writing. Upon presentation of this Warrant to the Borrower for transfer, the Borrower shall execute and deliver, in exchange for this Warrant, a new warrant or warrants of like tenor hereof, registered in the name of the transferee in an aggregate principal amount equal to the unpaid or unredeemed portion of the principal of this Warrant. No charge shall be made for the privilege of transfer, but the Lender, or any successor, requesting any such transfer shall pay any tax or other governmental charge required to be paid with respect thereto. In addition, nothing in this Warrant or any of the other Loan Documents shall prohibit Lender from pledging or assigning this Warrant or any of the other Loan Documents or any interest therein to any Federal Reserve Bank. Borrower shall not assign its rights and interest hereunder without the prior written consent of Lender, and any attempt by Borrower to assign without Lender's prior written consent is null and void. Any assignment shall not release Borrower from the obligation to repay the Indebtedness.

(b) Warrant a General Obligation; Warrant Fund

(i) The Indebtedness evidenced by this Warrant is a general obligation of the Borrower, and the full faith, credit and taxing power of the Borrower are hereby sacredly and irrevocably pledged to the punctual payment of the Indebtedness.

(ii) The Borrower does hereby establish a special fund designated the "Series 2014-CB Warrant Fund" (the "Warrant Fund") for the payment of the Indebtedness on this Warrant and does hereby covenant and agree to pay or cause to be paid into the Warrant Fund sums sufficient to provide for the due and punctual payment of the Indebtedness on this Warrant when and as the same becomes due and payable.

(c) Severability. If any provision of this Warrant or of the other Loan Documents shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Warrant or other such document.

(d) Notices. Any notices to Borrower shall be sufficiently given, if in writing and mailed or delivered to the Borrower's address shown above or such other address as provided hereunder. In the event that Borrower changes Borrower's address at any time prior to the date the Indebtedness is paid in full, Borrower agrees to promptly give written notice of said change of address by registered or certified mail, return receipt requested, all charges prepaid.

(e) Plural; Captions. All references in the Loan Documents to borrower, guarantors, persons, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual, person or entity. The captions contained in the Loan Documents are inserted for convenience only and shall not affect the meaning or interpretation of the Loan Documents.

(f) Advances. Lender may, in its sole discretion, make other advances which shall be deemed to be advances under this Warrant, even though the stated principal amount of this Warrant may be exceeded as a result thereof.

(g) Posting of Payments. All payments received during normal banking hours after 2:00 p.m. local time at the office of Lender first shown above shall be deemed received at the opening of the next banking day.

(h) Fees and Taxes. Borrower shall promptly pay all documentary, intangible recordation and/or similar taxes on this transaction whether assessed at closing or arising from time to time.

(i) JURY TRIAL WAIVER. THE PARTIES KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE, TO THE EXTENT PERMITTED BY LAW, THE RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THE LOAN DOCUMENTS, AS DEFINED IN THE LOAN AGREEMENT, EXECUTED AND DELIVERED BY THE BORROWER TO THE LENDER IN CONJUNCTION WITH THIS WARRANT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF EITHER PARTY OR ANY STOCKHOLDER, MEMBER, DIRECTOR, OFFICER, EMPLOYEE, AGENT, ATTORNEY OR INDEPENDENT CONTRACTOR OF EITHER. THE PARTIES HAVE RECEIVED THE BENEFIT OF LEGAL COUNSEL IN CONNECTION WITH THIS JURY TRIAL WAIVER AND AGREE THAT LENDER MAY FILE A COPY OF THIS WARRANT WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY, AND BARGAINED-FOR AGREEMENT OF BORROWER IRREVOCABLY TO WAIVE, TO THE EXTENT PERMITTED BY LAW, BORROWER'S RIGHT TO TRIAL BY JURY, AND THAT ANY DISPUTE OR CONTROVERSY WHATSOEVER BETWEEN BORROWER AND LENDER SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE LOAN TO BORROWER.

(j) General Estoppel

(i) By acquisition and acceptance of this Warrant the Lender shall have agreed that (a) no covenant or agreement contained in this Warrant or in the Loan Documents shall be deemed to be a covenant or agreement of any officer, agent, employee, or member of the governing body of the Borrower in the individual capacity thereof, and (b) none of such parties or persons nor any officer executing this Warrant shall be liable personally on this Warrant or be subject to any personal liability or accountability by reason of the issuance of this Warrant.

(ii) It is hereby recited, certified and declared that the Indebtedness evidenced and ordered paid by this Warrant is lawfully due without condition, abatement or offset of any description, that this Warrant has been registered in the manner provided by law, that all acts, conditions and things required by the Constitution and laws of the State of Alabama to happen, exist and be performed precedent to and in the execution, registration and issuance of this Warrant, and the adoption of the Loan Documents, have happened, do exist and have been performed as so required, and that the principal amount of this Warrant and all other indebtedness of the Borrower are within every debt and other limit prescribed by the Constitution and laws of the State of Alabama.

(k) Final Agreement. This Warrant and the other Loan Documents represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

BORROWER:

CITY OF FOLEY,
an Alabama municipal corporation,

By: _____

John E. Konlar, Mayor

ATTEST:



By: _____

Vickey Southern, City Clerk

Registration Certificate

It is hereby certified that this Warrant and the interest thereon have been registered by the undersigned as a claim against the City of Foley, Alabama and the Warrant Fund herein referenced.

Treasurer of the City of Foley, Alabama

LOAN AGREEMENT
(Centennial Bank Loan No.: 2757528844)

THIS LOAN AGREEMENT ("Agreement") is made and entered into this 7th day of March, 2014, by and between CITY OF FOLEY, an Alabama municipal corporation (hereinafter called "Borrower"), and CENTENNIAL BANK, an Arkansas state chartered bank (hereinafter together with its successors and/or assigns called "Lender").

PRELIMINARY STATEMENT

The Borrower has applied to the Lender for a "Loan" (defined below) up to an aggregate principal amount of ONE MILLION TWO HUNDRED THOUSAND and 00/100 U.S. DOLLARS (\$1,200,000.00). The proceeds of the Loan are to be used by the Borrower to pay for costs related to the McKenzie Village Public Infrastructure. The Lender is willing to make "Advances" (defined below) to the Borrower, upon the terms and subject to the conditions hereinafter set forth. Borrower has the authority to enter into this Agreement and execute the General Obligation Warrant and other Loan Documents pursuant to Ala. Code §11-47-2 (1975).

ARTICLE I
The Loan

1.0 Loan. Subject to the terms and conditions hereof, and in reliance on the representations and warranties contained herein, the Lender hereby establishes a closed-end multiple advance loan in favor of the Borrower in the principal amount of ONE MILLION TWO HUNDRED THOUSAND and 00/100 U.S. DOLLARS (\$1,200,000.00) (the "Loan").

1.1 Warrant. The Loan shall be evidenced by a General Obligation Warrant of even date herewith executed by the Borrower (the "Warrant"). The Warrant shall evidence a closed-end multiple advance loan with a maximum available credit limit of ONE MILLION TWO HUNDRED THOUSAND and 00/100 U.S. DOLLARS (\$1,200,000.00). During the term of the Warrant, interest shall be paid on the Warrant at a fixed interest rate, as defined in the Warrant, subject to adjustments as set forth in the Warrant. (The principal, together with all accrued interest thereon and any advances, fees, additions, or other charges added thereto are collectively referred to as the "Indebtedness".)

1.2 Advances. Borrower may request advances of funds ("Advances") from Lender. The aggregate Advances outstanding at any time shall not exceed the Loan amount. If the aggregate Advances outstanding at any time exceed such limit, then the Borrower shall immediately pay such excess. The Lender may, without prior notice to the Borrower, charge any of the Borrower's accounts under the control of the Lender in order to effect such payment. Advances made under this Agreement shall be due and payable at maturity.

1.3 Requests for Advances. Each Advance shall be made on the Banking Day on which the Lender receives notice from the Borrower, if such notice is received prior to 12:00 P.M. CST time on such Banking Day, and otherwise on the next Banking Day. ("Banking Day" shall mean any day which the Lender is open to conduct commercial banking business at its office located in Gulf Shores, Alabama.) The Lender may rely upon any telephone request which it believes is made by an officer or representative of Borrower. The Borrower agrees to indemnify and hold the Lender harmless for any action, including the making of Advances hereunder, or loss or expense, taken or incurred by the Lender in good faith reliance upon such telephone request.

1.4 Method of Advances. In order to facilitate the Advances, the Borrower shall maintain an account with the Lender (the "Operating Account") and unless otherwise agreed upon between the Lender and the Borrower, every Advance shall be made by transferring funds to the Operating Account. All requests for Advances are subject to approval by an officer of Lender before disbursement.

1.5 Repayment of Principal and Interest. The Warrant shall be payable as follows:

(a) Consecutive installments of interest shall be payable monthly on the disbursed outstanding principal balance. The first interest installment shall be due and payable April 7, 2014, and continuing on the 7th day of each succeeding calendar month occurring thereafter, until, and including, March 7, 2015; and

(b) Seventy-One (71) consecutive monthly installments in the amount of Eighteen Thousand Five Hundred Eighty-Three and 46/100ths Dollars U.S. (\$18,583.46) each shall become due and payable on the Indebtedness. The principal and interest installments shall be calculated on the entire outstanding Indebtedness using a ten (10) year amortization. The first principal and interest installment shall be due and payable, or accrued, on April 7, 2015 and continuing on the same day of each consecutive month thereafter; and

(c) One (1) final balloon payment ending with the entire balance of the indebtedness, all due and payable in full on or before March 7, 2021, which date shall be the "Maturity Date".

1.6 Loan Documents Defined. The term "Loan Documents" as used herein shall mean all of the following (hereinafter defined):

- (a) Loan Agreement;
- (b) General Obligation Warrant; and
- (c) All other related Loan documents that the Lender may reasonably require.

ARTICLE 2

Representations and Warranties of Borrower

The Borrower makes the following representations and warranties to Lender:

2.0 Organization, Corporate Powers, etc. (a) the Borrower is duly organized, validly existing and in good standing under the laws of the State of Alabama; and (b) the Borrower has the power and authority to execute and perform this Agreement, to borrow hereunder and to execute and deliver the Loan Documents pursuant to Ala. Code § 11-47-2.

2.1 Authorization of Borrowing, etc. The execution, delivery and performance of this Agreement, the borrowing hereunder and the execution and delivery of the Warrant and the Loan Documents have been duly authorized by the City Counsel in Resolution 14-0049-RES. No consent of any other party, authority, or citizens of the City of Foley is required in connection with the execution delivery and performance of the Loan Documents.

2.2 Validity. The Loan Documents, when executed and delivered, will constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with its respective terms.

2.3 Financial Condition. The Borrower has heretofore furnished to the Lender financial statements (the "Financial Statements"). The Financial Statements were prepared in accordance with GAAP, consistently applied throughout the periods involved, are correct and complete, and accurately present the financial condition of the Borrower and the result of their operations for the periods then ended and each balance sheet therein contained shows all known liabilities, direct or indirect, fixed or contingent, of the Borrower, as of the respective date thereof.

2.4 Pending Litigation. There are no actions, suits or proceedings pending before any court, board, commission or other administrative agency (or to the knowledge of Borrower threatened) affecting the validity or enforceability of the Loan Documents.

2.5 Adverse Change. There has been no material adverse change in the business, properties or condition (financial or otherwise) of the Borrower since the application for this Loan.

2.6 Brokerage Fees. Lender shall not be liable in any respect for broker's fees or charges in connection with the Loan, and in addition, Borrower shall indemnify and save Lender harmless from any and all liability and claims with respect thereto.

2.7 Truth of Statements Contained. All statements and recitations by the Borrower contained herein or in the Loan Document are true and correct.

2.8 Documents and Signatures Genuine. All documents and signatures signed by Borrower or other persons in connection with this Agreement and the Loan Documents are genuine and in all respects what they purport to be.

2.9 Representations and Warranties for Each Advance. At the time of each Advance, the representations and warranties set forth in this Article 2 shall be true and correct on and as of such time with the same effect as though such representations and warranties had been made on and as of such time, except to the extent that such representations and warranties expressly relate to an earlier date.

ARTICLE 3

Affirmative Covenants

Borrower hereby covenants and agrees with Lender that, until full and final payment of the Loan herein has occurred, it will:

3.0 Additional Advice. The Borrower will promptly advise the Lender of any change which constitutes or, after notice or lapse of time or both, would constitute an Event of Default as defined in Article 4 of this Agreement.

3.1 Payment of the Lender's Expense. The Borrower will bear and be responsible for paying all reasonable expenses incurred by the Lender in connection with the preparation, execution or enforcement of this Agreement (whether or not the Loan is consummated) and the making and collection of the Loan, including, without limitation, the reasonable fees and disbursements of special counsel and appraisers employed by the Lender in any pre-trial, trial, appellate or bankruptcy proceeding, whether or not a lawsuit is commenced.

3.2 Loan Commitment Fee. Borrower shall pay Lender a Commitment Fee of \$600.00, which shall be paid upon the execution and acceptance of this Loan Agreement. The Commitment Fee shall be deemed earned and non-refundable by the Lender and payable by the Borrower upon the closing of the Loan. The Commitment Fee is paid to the Lender as compensation for entering into this Loan Agreement and reserving money to fund the Loan, regardless of whether the Loan is funded, and is not paid as compensation for the Loan or any other purposes. Borrower acknowledges, by acceptance and execution of this Loan Agreement that the Commitment Fee is reasonable and has been earned by the Lender.

3.3 Change of Circumstances. Promptly notify Lender of any change in fact or circumstances represented or warranted by Borrower in the Loan Documents furnished to Lender in connection with this Agreement.

3.4 Credit Rating. Maintain a bond rating of "BBB" by Standard & Poor's, or "BAA" by Moody's bond rating services. A bond rating below these minimums would constitute an Event of Default.

ARTICLE 4 Events of Default

Each of the following events shall constitute an Event of Default.

4.0 Nonpayment of Principal or Interest. Failure of the Borrower to pay to the Lender promptly when the same shall become due (whether at scheduled maturity, upon mandatory payment, upon acceleration or otherwise) any portion of the Indebtedness evidenced by the Warrant, including, but not limited to, any installment of principal, interest or fees due under the Warrant; or

4.1 Breach of Covenant. The Borrower shall fail to perform or observe any term, covenant or agreement (other than for the payment of money) contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for thirty (30) days after written notice thereof shall have been given to the Borrower by the Lender; or

4.2 Bankruptcy of Borrower. The filing of any petition under the Bankruptcy Code or any similar federal or state statute by the Borrower and such filing is not discharged within sixty (60) days after filing; or

4.3 Appointment of Receiver. The appointment of a receiver for, the making of a general assignment for the benefit of creditors by, or the insolvency of the Borrower and any of same is not discharged within sixty (60) days after the occurrence thereof; or

4.4 Breach of Warranty. The reasonable determination by the Lender that any material warranty, representation, certificate, or statement of the Borrower (whether contained in this Agreement or not) pertaining to or in connection with the Indebtedness is not true or is misleading in any material respect; or

4.5 Financial Condition. The occurrence of any material adverse change in the financial condition, property or operations of the Borrower; or

4.6 Breach of Loan Documents. The breach of any term or covenant of the Warrant or Loan Documents; or

4.7 Credit Rating. Reduction in credit rating as provided in Section 3.4 above.

ARTICLE 5 Remedies of Lender

Upon the occurrence of any one or more of the Events of Default set out in Article 4 hereof, Lender shall at its option be entitled, in addition to and not in lieu of the remedies provided for in the Loan Documents, to proceed to exercise any of the following remedies:

5.0 Default Constitutes Default Under Loan Documents. Borrower agrees that the occurrence of

such Event of Default under any Loan Document shall constitute a default under each of the Loan Documents, thereby entitling Lender (i) to exercise without demand, notice, protest or presentment which are hereby waived, any of the various remedies therein provided, including the acceleration of the Indebtedness evidenced by the Warrant; and (ii) cumulatively to exercise all other rights, options and privileges provided by law or in equity.

5.1 Actions. Lender may, at its option:

(a) Refuse to advance additional funds to Borrower. If Lender refuses to advance additional funds to Borrower, pursuant to this subsection, all rights, duties and obligations hereunder, other than Lender's obligation to advance funds to Borrower, shall continue in full force and effect until the full and final payment and performance of the Indebtedness.

(b) Reduce any claim to judgment by any available legal procedure.

(c) Accelerate the Indebtedness evidenced by the Warrant and/or any warrant(s) or other obligation(s) which may be taken in renewal, extension, substitution, or modification of all or any part of the Indebtedness evidenced thereby and all other obligations of the Borrower to the Lender, howsoever created and existing, shall immediately become due and payable without demand upon or notice to the Borrower, and the Lender shall be entitled to exercise the other remedies as provided by law or in equity.

(d) The rights of the Lender under this Article are in addition to any other rights and remedies which the Lender may have upon the occurrence and continuation of an Event of Default as set forth in the Warrant and Loan Documents and by Alabama law.

5.2 Partial Payment Not Waiver of Default. The acceptance by Lender at any time and from time to time of partial payment on the Loan shall not be deemed to be a waiver of any default then existing. No waiver by Lender of any default shall be deemed to be a waiver of any other then existing or subsequent default, nor shall any such waiver by Lender be deemed to be a continuing waiver. No delay or omission by Lender in exercising any right or power under the Loan Documents shall impair any such right or power or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such right or power preclude other or further exercise thereof, or the exercise of any other right or power of Lender under the Loan Documents.

5.3 Remedies of Lender Cumulative. All rights and all remedies available to Lender under the Loan Documents shall be cumulative and in addition to all other rights and remedies granted to Lender at law or in equity, and may be exercised from time to time, and as often as may be deemed expedient by Lender, whether or not the Indebtedness be due and payable and whether or not Lender shall have instituted any suit for collection, or other action in connection with this Agreement or the Loan Documents.

5.4 Expenditures. Any sums spent by Lender pursuant to the exercise of any remedy provided in Article 5 shall be part of the Loan.

ARTICLE 6
General Conditions

The following conditions shall be applicable throughout the term of this Agreement:

6.0 Indemnification. It is agreed that Lender has not made Borrower its agent and their relationship is merely one between a lender and a borrower. In the event the Lender shall be named as a party to any lawsuit brought at any time against the Borrower, with respect to or arising from the Loan or this Agreement, then, regardless of the merits of such lawsuit, the Borrower shall, at Lender's option, defend the Lender, and the Borrower shall, to the extent permitted by law, indemnify and hold harmless the Lender and its directors, officers, agents and employees from and against any suits, demands, claims, damages and expenses, including legal fees and costs incurred in any trial, appellate or bankruptcy proceeding growing out of or related to any such lawsuit, unless such suits, claims or damages are caused by the gross negligence or willful misconduct of the Lender.

6.1 Prepayment. Prepayment in full or in part is permitted without penalty to the Borrower at any time, without premium or penalty.

6.2 Late Charge. Upon the failure of Borrower to make when due any payment within the applicable grace period including but not limited to interest payments required under any of the Loan Documents, Lender may assess Borrower a "late charge" equal to five percent (5%) of any overdue payment.

6.3 Assignment. Borrower may not assign this Agreement or its rights or obligations thereunder without the prior written consent of the Lender.

6.4 Successors and Assigns Included in Parties. Whenever in this Agreement one of the parties hereto is named or referred to, the heirs, legal representatives, successors and assigns of such parties shall be included and all covenants and agreements contained in this Agreement by or on behalf of the Borrower or by or on behalf of the Lender shall bind and inure to the benefit of their respective heirs, legal representative, successors and assigns, whether so expressed or not; however, Borrower shall not assign any of its rights, duties or obligations without the express written consent of Lender.

6.5 Headings. The headings of the sections, paragraphs and subdivisions of this Agreement are for the convenience of reference only, are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof.

6.6 Invalid Provisions to Affect No Others. If fulfillment of any provision hereof or any transaction related hereto at the time performance of such provision shall be due and shall involve transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision herein contained operates or would prospectively operate to invalidate this Agreement in whole or in part, then such clause or provision only shall be held for naught, as though not herein contained, and the remainder of this Agreement shall remain operative and in full and force and effect.

6.7 Approvals and Consents. Any approval by Lender specified herein shall be subject to the sole discretion of Lender unless specified otherwise. Any consent provided for herein must be in writing, unless specified otherwise.

6.8 Number and Gender. Whenever the singular or plural number, masculine or feminine or neuter gender is used herein, it shall equally include the other.

6.9 Amendments. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

6.10 Notices. All notices hereunder shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when deposited in the U.S. Mail addressed hereinafter:

If to Borrower: City of Foley
P.O. Box 1750
Foley, AL 36536
Attn: John E. Koniar, Mayor

If to Lender: Centennial Bank
P.O. Box 4649
Gulf Shores, AL 36547
Attn: Lyndsay P. Job

or at such other address as any of the parties hereto may hereafter designate by written notice as provided for hereinabove.

6.11 Survival of Representations, Warranties and Agreements. All representations, warranties, agreements and provisions herein contained on the part of the Borrower shall survive the making of the Loan and the execution of Borrower's Warrant and shall be effective as long as any interest on or principal of the Loan remains unpaid.

6.12 Exemption from Truth in Lending and Fair Debt Collection Practices Acts. The Borrower understands and agrees that the extension of credit by the Lender to the Borrower represented by the Loan is exempt from the provisions of the Federal Consumers Credit Protection Act ("Truth in Lending Act") and Regulation "Z" of the Board of Governors of the Federal Reserve System of the United States of America, and the Fair Debt Collection Practices Act because the Borrower is a person fully excluded therefrom and/or because the Loan is only for business or commercial purposes of the Borrower, and the Borrower acknowledges that the proceeds of the Loan are not being used for personal, family, household or agricultural purposes.

6.13 Jurisdiction. Borrower hereby irrevocably submits to the jurisdiction of any state court having a situs in Baldwin County, State of Alabama, in any action or proceeding involving or in connection with this Agreement. Borrower irrevocably agrees that all claims in respect of such actions or proceedings may be heard and determined in such Alabama state court. Borrower irrevocably waives the defense of inconvenient forum to the maintenance of such action or proceeding. Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction(s) by suit on the judgment or in any other manner provided by law.

6.14 Litigation. If litigation arises out of this Loan and Lender is the prevailing party, Lender shall be entitled to recover from Borrower its costs and expenses, including without limitation reasonable attorney's fees.

6.15 Conflict. In the event of any conflict or ambiguity between the terms of this Agreement and any other Loan Documents, the terms of this Agreement shall prevail and shall be controlling.

6.16 Governing Law. This Agreement shall be governed, interpreted, construed and regulated exclusively by the laws of the State of Alabama without application of any conflict of laws principles.

6.17 Entire Agreement. Except for the Loan Documents, this instrument embodies the entire agreement between the parties and except for the Loan Documents, supersedes all prior agreements and understandings, if any, relating to the subject matter hereof, and may be amended or supplemented only by an instrument in writing executed jointly by Borrower and Lender.

6.18 Time. Time shall be of the essence with respect to all dates and periods of time set forth herein.

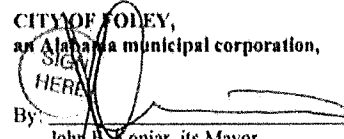
6.19 Counterparts. This Agreement may be executed in counterparts, and each such counterpart shall constitute an original and all such counterparts shall constitute one and the same instrument.


6.20 JURY TRIAL WAIVER. THE PARTIES KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE, TO THE EXTENT PERMITTED BY LAW, THE RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THE LOAN DOCUMENTS, AS DEFINED IN THIS LOAN AGREEMENT, EXECUTED AND DELIVERED BY THE BORROWER TO THE LENDER IN CONJUNCTION WITH THE WARRANT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF EITHER PARTY OR ANY STOCKHOLDER, MEMBER, DIRECTOR, OFFICER, EMPLOYEE, AGENT, ATTORNEY OR INDEPENDENT CONTRACTOR OF EITHER. THE PARTIES HAVE RECEIVED THE BENEFIT OF LEGAL COUNSEL IN CONNECTION WITH THIS JURY TRIAL WAIVER AND AGREE THAT LENDER MAY FILE A COPY OF THIS LOAN AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY, AND BARGAINED-FOR AGREEMENT OF BORROWER IRREVOCABLY TO WAIVE, TO THE EXTENT PERMITTED BY LAW, BORROWER'S RIGHT TO TRIAL BY JURY, AND THAT ANY DISPUTE OR CONTROVERSY WHATSOEVER BETWEEN BORROWER, AND LENDER SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE LOAN TO BORROWER.

The parties hereto have executed or caused this Loan Agreement to be executed this 7th day of March, 2014.

BORROWER:

CITY OF FOLEY,
an Alabama municipal corporation,

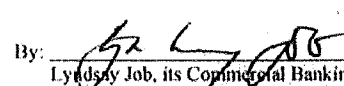
By: 
John R. Koniar, its Mayor

By: 
Vickey Southern, City Clerk

[Seal: City of Foley]

LENDER:

CENTENNIAL BANK,
an Arkansas state chartered bank,

By: 
Lyndsey Job, its Commercial Banking Manager

AGREEMENT TO AMEND OR COMPLY
(Centennial Bank Loan No.: 2757528844)

THIS AGREEMENT TO AMEND OR COMPLY ("Agreement") is made as of the 7th day of March, 2014 by CITY OF FOLEY, an Alabama municipal corporation (hereinafter called "Borrower"), and CENTENNIAL BANK, an Arkansas state chartered bank (hereinafter together with its successors and/or assigns called "Lender"), in favor of Lender.

RECITALS:

A. Borrower is indebted to Lender in the amount of \$1,200,000.00 (the "Loan") as evidenced by Borrower's General Obligation Warrant (the "Warrant") and the Loan Agreement ("Loan Agreement") of even date herewith. The Warrant, the Loan Agreement, and the other loan documents, certificates, instruments and agreements executed by Borrower in connection with or to otherwise evidence or secure the Loan are hereinafter collectively referred to as the "Loan Documents".

NOW THEREFORE, in consideration of and as an inducement to Lender to make the Loan, Borrower, intending to be legally bound, hereby covenants and agrees as follows:

1. **Further Documentation.** In the event any further documentation or information is deemed necessary or appropriate by Lender in the exercise of its rights under the Loan Documents to correct mistakes in the Loan Documents, materials relating to the funding of the Loan, Borrower shall provide, or cause to be provided to Lender, at Borrower's cost and expense, such documentation or information. Borrower shall execute and deliver to Lender such documentation, including but not limited to any amendments, corrections, deletions or additions to the Loan Documents as is required by Lender, provided, however, that Borrower shall not be required to do anything that has the effect of imposing greater personal liability under the Loan Documents than the amount stated in the Warrant.

2. **Specific Post Closing Matters.** Attached hereto as Exhibit "A" is a list of specific requirement that must be met within the time set forth in said Exhibit. If said matters are not met or complied with within said time period(s), the same shall constitute a default under the Warrant and Loan Documents. The undersigned acknowledges that the Loan Documents are being executed at this time and the Loan closed and funds disbursed in connection therewith without all the Loan requirements being met and that the execution of the Loan Documents shall not constitute any admission by the Lender that all of the Loan requirements have been met.

3. **Event of Default.** In the event Borrower is requested to: (a) furnish any documentation or information; (b) execute and deliver any documentation; (c) correct or amend any documents previously executed; or (d) perform any acts, as provided herein, and Borrower fails to do so, then such failure by Borrower shall be, at the sole option of Lender, an event of default under the Loan Documents and Lender shall have the right, in its sole and absolute option, to demand payment in full of the Warrant, and pursue such remedies as are available to Lender under Loan Documents.

4. **Survival.** This agreement shall survive closing of the Loan.

5. **Notices.** All notices given under this Agreement shall be in writing to the other party at the address and in the manner set forth in the Loan Documents.

6. **Governing Law; Recourse.** This Agreement shall be governed by and construed in accordance with the laws of Alabama and applicable federal law, and shall be binding on Borrower and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns. This Agreement is being executed in connection with the making of the Loan pursuant to the terms of the Warrant. Borrower's liability hereunder shall be limited to the same extent provided in the Warrant and the Loan Documents.

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the day and year first written above.

BORROWER:

CITY OF FOLEY,
an Alabama municipal corporation,

SIGN
HERE
By: 
John E. Konlar, Mayor

ATTEST:

SIGN
HERE
By: 
Vicki Southern, City Clerk

EXHIBIT "A"

None.

STATE OF ALABAMA)

COUNTY OF BALDWIN)

I, Paige Shoemaker, a Notary Public in and for said County in said State, hereby certify that JOHN E. KONIAR, whose name as Mayor, respectfully, of the CITY OF FOLEY, an Alabama municipal corporation organized under the laws of the state of Alabama, is signed to the foregoing Agreement and who is known to me, acknowledged before me on this day that, being informed of the contents of the Agreement, he, as such officer and with full authority, executed the same voluntarily for and as the act of said municipal corporation.

Given under my hand this the 7th day of March, 2014.

Paige Shoemaker
Notary Public (Seal)

My Commission Expires: 4-18-15

NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: Apr 18, 2015
BONDED THROUGH NOTARY PUBLIC UNDERWRITERS

STATE OF ALABAMA)

COUNTY OF BALDWIN)

I, Paige Shoemaker, a Notary Public in and for said County in said State, hereby certify that VICKY SOUTHERN, whose name as City Clerk, respectfully, of the CITY OF FOLEY, an Alabama municipal corporation organized under the laws of the state of Alabama, is signed to the foregoing Agreement and who is known to me, acknowledged before me on this day that, being informed of the contents of the Agreement, she, as such officer and with full authority, executed the same voluntarily for and as the act of said municipal corporation.

Given under my hand this the 7th day of March, 2014.

Paige Shoemaker
Notary Public (Seal)

My Commission Expires: 4-18-15

NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: Apr 18, 2015
BONDED THROUGH NOTARY PUBLIC UNDERWRITERS

STATE OF ALABAMA)

COUNTY OF BALDWIN)

I, Paige Shoemaker, a Notary Public in and for said County in said State, hereby certify that LYNDAY P. JOB, whose name as Commercial Banking Manager of CENTENNIAL BANK, an Arkansas state chartered bank, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said bank.

Given under my hand this the 7th day of March, 2014.

Paige Shoemaker
Notary Public (Seal)

My Commission Expires: 4-18-15

NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: Apr 18, 2015
BONDED THROUGH NOTARY PUBLIC UNDERWRITERS