

**AN ORDINANCE
AUTHORIZING THE ISSUANCE AND SALE OF
Up To \$350,000 GENERAL OBLIGATION WARRANT, SERIES 2016**

ORDINANCE NO. 2016-03

WHEREAS, the City has determined to resurface certain of its roads (the “Project”); and

WHEREAS, the City has determined to issue its up to \$350,000 General Obligation Warrant, Series 2016 (the “Warrant”) to provide funds to pay the costs of the Project.

NOW, THEREFORE, BE IT ORDAINED by the City Council (the “Council”) of the City of Brundidge, Alabama (the “City”), as follows:

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

(a) The Council hereby finds and determines that it is necessary and advisable for the City to undertake the Project and to pay the costs associated therewith.

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

Section 2. Authorization and Description of the Warrant. Pursuant to the applicable provisions of the Constitution and laws of the State of Alabama, including particularly Section 11-47-2 of the Code of Alabama of 1975, as amended, and for the purposes of paying the costs of the Project and paying the costs of issuance of the Warrant, there is hereby authorized to be issued by the City its up to \$350,000 in aggregate principal amount General Obligation Warrant, Series 2016. The Warrant shall consist of one warrant in substantially the form attached hereto as Exhibit A, the terms of which are hereby incorporated in this ordinance as if set forth herein. The Warrant shall have be dated its date of issuance, shall be issued in fully registered form, shall be transferrable as provided in the form thereof, and shall be sold to Troy Bank and Trust Company (the “Warrantholder”). Advances of principal of the Warrant may be made during a Draw Period beginning on the date of the Warrant and ending three months thereafter. Upon the expiration of the Draw Period, the Warrant shall convert to a fully amortizing term warrant having a term of five years from the date of expiration of the Draw Period.

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

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

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

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

Section 7. Sale of Warrant. The Warrant is hereby awarded and sold to the Warrantholder at a purchase price equal to the par amount thereof. The City Clerk is authorized and directed to make the necessary arrangements with Bond Counsel and the Warrantholder to establish the date, location, procedure and conditions for the delivery of the Warrant, and to take all steps necessary to effect due execution and delivery of the Warrant under the terms of this ordinance.

Section 8. Registration; Transfer and Exchange of Warrant. The Warrant shall be registered as to both principal and interest in the name of the registered owner thereof on the books to be kept for that purpose by the City Clerk, who is hereby designated as Registrar. The City covenants and agrees to cause to be kept and maintained proper registry books for recording accurately all registrations of the Warrant and to cause to be made accurate notations of such registration on the reverse of the Warrant, authenticated in each instance by the signature of the City Clerk. No transfer of the Warrant shall be valid unless made at the written request of the registered owner or his legal representative, and noted on the registration books by the Registrar. No charge shall be made to any registered owner for the privilege of registration and transfer hereinabove granted, but any registered owner requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto.

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

Section 10. Representations and Covenants Concerning Federal Tax-Exempt Status of the Warrant.

(a) The City warrants that the interest on the Warrant is and will continue to be excludable from the gross income of the owners thereof for federal income tax purposes. The

City will continually comply with all requirements imposed by the Internal Revenue Code of 1986, as amended (the "Code") as conditions to the exclusion from gross income for federal income tax purposes of the interest on the Warrant.

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

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

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

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

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

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

(h) The Warrant is designated as “qualified tax-exempt obligations” for the purposes of paragraph (3) of subsection (b) of Section 265 of the Code and, in connection therewith and after due investigation and consideration the City finds, determines, covenants and declares that the amount of tax-exempt obligations (other than private activity bonds) that have heretofore during the current calendar year been issued by the City (and its subordinate entities, if any) and the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds) that will be issued by the City and by its subordinate entities, if any, during the current calendar year will not exceed \$10,000,000.

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

Section 12. Effective Date. This Ordinance shall become effective upon its approval as provided by law.

ADOPTED this 16th day of August, 2016.



James T. Ramage, III
Mayor

ATTEST:


Britt Thomas
City Clerk/City Manager

EXHIBIT A

FORM OF SERIES 2016 WARRANT

(Attached)

**UNITED STATES OF AMERICA
STATE OF ALABAMA
CITY OF BRUNDIDGE
GENERAL OBLIGATION WARRANT
SERIES 2016**

Dated Date: _____, 2016	Maturity Date: _____, 2021	Interest Rate: 1.75%
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The City of Brundidge, Alabama, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of Alabama (the "City"), for value received, hereby acknowledges itself indebted and directs and orders the payment to Troy Bank and Trust Company (the "Holder"), or its registered assigns noted hereon and on the registration books of the City maintained for that purpose at the City's principal office in Brundidge, Alabama, the aggregate principal sum of

THREE HUNDRED FIFTY THOUSAND DOLLARS (\$350,000)

or such lesser amount as shall have been drawn hereunder as hereinafter provided, together with interest thereon from the date of the first Advance (as hereinafter defined) at the rate specified above. During the period from the date hereof through the date that is three months after the date hereof (the "Draw Period"), payments of interest only shall be made on the ____ day of each month. Upon the expiration of the Draw Period, this Warrant shall become a term warrant in a principal amount equal to the aggregate outstanding principal balance of all Advances made by the Holder to the City during the Draw Period plus any accrued but unpaid interest hereunder. After the Draw Period, payments of principal and interest shall be made in equal monthly installments beginning on the day which is one month after the date of expiration of the Draw Period and continuing on the same day of each consecutive month thereafter (based on an amortization period beginning upon the date of expiration of the Draw Period and ending on the Maturity Date set forth above).

Except as otherwise required by law, payments received by the Holder shall be applied first to any fees and charges contemplated herein, then to accrued and unpaid interest and finally to principal. If any payment required hereunder is not made within 10 days of the due date, the City shall pay the Holder a late charge of 5.00% of the past due amount, with a minimum late charge of \$10 and maximum late charge of \$100 with respect to any single late payment.

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

During the Draw Period, advances of principal hereunder ("Advances") may be made by the Holder upon the written, telephonic or facsimile request of the City and the Holder is entitled to rely conclusively upon such requests when received from the City Manager or Mayor of the City. The City agrees to furnish the Holder written confirmation of any non-written request for an Advance within five days of the resulting Advance, but any such Advance shall be deemed to be made under and entitled to the benefits of this Warrant irrespective of any failure by the City to furnish such written confirmation. The unpaid principal balance of this Warrant at any time

shall be the total amount of the Advances hereunder, less the amount of payments or prepayments of principal made hereon by or for the account of the City. Amounts advanced under this Warrant cannot be re-borrowed.

The amount from time to time outstanding under this Warrant and each payment on this Warrant shall be evidenced by entries in the Holder's internal records, which shall be conclusive evidence absent manifest error of (a) the amount of principal and interest owing on this Warrant from time to time; (b) the amount of each Advance made to the City under this Warrant; and (c) the amount of each principal and/or interest payment received by the Holder on this Warrant. The failure of the Holder to make an accurate entry of Advances and payments shall not limit or otherwise affect the obligation of the City to repay funds actually advanced by the Holder hereunder.

Both the principal of and interest on this Warrant are payable in lawful money of the United States of America, at par and without discount, exchange, deduction, or charge therefor to the then registered owner hereof at the address shown on the registration books of the City (except for the final payment of such principal and interest which shall be made only upon the surrender of this Warrant to the City for cancellation); provided, however, that so long as this Warrant shall be registered in the name of Troy Bank and Trust Company, any payment of principal or interest with respect to this Warrant shall be made by check mailed to Troy Bank and Trust Company, P.O. Box 967, Troy, Alabama 36081, or by wire transfer, automated clearinghouse, authorized bank account debit, or bank draft. Payment of principal of and interest on this Warrant shall be deemed timely made if mailed or paid by wire transfer, automated clearinghouse, authorized bank account debit, or bank draft to the registered owner on the applicable payment date with respect to which such payment is made or, if such payment date is not a business day, then on the first business day following the payment date.

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

This Warrant is duly authorized and issued by the City pursuant to the Constitution and laws of the State of Alabama, including, particularly, Section 11-47-2 of the Code of Alabama 1975, as amended, and an ordinance of the City Council of the City duly adopted on August 16, 2016 (the "Ordinance") for the lawful purposes of providing funds to pay the costs of a road resurfacing project and the costs of issuance of the Warrant.

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

This Warrant is registered as to principal and interest in the name of the owner hereof on the registration books of the City maintained for that purpose at its principal office. Upon presentation hereof at such office, this Warrant may be transferred on such books by the registered owner in person or by duly authorized attorney, evidence of such transfer to be endorsed hereon. The City Clerk is the Registrar and execution of the Registration Certificate by the City Clerk as Registrar hereon is essential to the validity hereof.

Reference is made to the Ordinance for additional provisions with respect to the rights, duties and obligations of the City, the Registrar, and the Holders, and the terms and conditions upon which this Warrant issued and secured. The Holder of this Warrant assents, by acceptance hereof, to all of the provisions of the Ordinance.

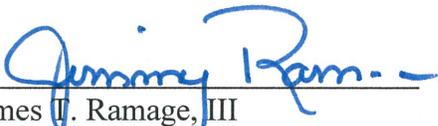
It is hereby recited, certified, and declared that the obligation evidenced by this Warrant will be lawfully due without condition, abatement, or offset of any description and that all conditions, acts, and things required by the Constitution and laws of the State of Alabama to exist, be performed or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

IN WITNESS WHEREOF, The City of Brundidge, Alabama, acting by and through its governing body, has caused this Warrant to be executed in its name and on its behalf by its Mayor, to be attested to by its City Clerk, and its official seal to be affixed this 16th day of August, 2016.

CITY OF BRUNDIDGE, ALABAMA

(SEAL)

By: _____


James T. Ramage, III
Mayor

ATTEST:


Britt Thomas, City Clerk/City Manager

Approved and Accepted this ___ day of _____, 2016:

TROY BANK AND TRUST COMPANY

By: _____

Its _____

REGISTRATION CERTIFICATE

(No Writing below except by the Registrar)

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

Date of Registration	Registered Owner	Signature of Registrar
_____, 2016	Troy Bank and Trust Company 100 Hwy 231 South P.O. Box 967 Troy, Alabama 36081	_____ Britt Thomas City Clerk

The following abbreviations, when used in the inscription on the face of this Warrant or in the Assignment below, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

TEN ENT - as tenants by the entirety

JT TEN - as joint tenants with right of survivorship and not as tenants in common and not as community property

UNIF GIFT MIN ACT - _____ Custodian _____
(Custodian) (Minor)

under Uniform Gift to Minors Act _____
(State)

Additional abbreviations may also be used although not in the above list.

[FORM OF ASSIGNMENT]

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Warrant and irrevocably constitutes and appoints attorney to transfer this Warrant on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

(Bank, Trust Company or Firm*)

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within bond in every particular, without alteration, enlargement or change whatsoever.

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).