

SECOND MODIFICATION OF PROMISSORY NOTE AND LOAN AGREEMENT

THIS MODIFICATION OF PROMISSORY NOTE AND LOAN AGREEMENT
(this "**Second Modification**") dated DO NOT DATE, 20____,
by and between **CITY OF CANTON**, a Georgia public body corporate and politic (the
"Borrower"), and the Clean Water State Revolving Fund, Administered by Georgia
Environmental Finance Authority, a Georgia public corporation (the "Lender").

Statement of Facts

A. The Lender and the Borrower are parties to that certain Loan Agreement, dated **MARCH 31, 2014**, as amended prior to the date hereof (as so amended, the "Loan Agreement"; all capitalized terms used in this Modification but not defined herein have the meanings given in the Loan Agreement), pursuant to which the Lender made a loan to the Borrower in accordance with the terms and conditions thereof. The Borrower's obligation to repay such loan is evidenced by that certain Promissory Note, dated **JANUARY 31, 2014**, as amended prior to the date hereof (as so amended, the "Note").

B. The Lender and the Borrower desire to modify the Loan Agreement and Note in certain respects in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the promises, the covenants and agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Lender and the Borrower further agree as follows:

Statement of Terms

1. Amendments of Note. Subject to the fulfillment of the conditions precedent to the effectiveness of this Modification that are set forth below, the Note is hereby amended as follows:

FOR VALUE RECEIVED, the undersigned (hereinafter referred to as the "Borrower") promises to pay to the order of the **Clean Water State Revolving Fund, Administered by Georgia Environmental Finance Authority** (hereinafter referred to as the "Lender") at the Lender's office located in Atlanta, Georgia, or at such other place as the holder hereof may designate, the principal sum of **EIGHT MILLION FOUR HUNDRED THOUSAND DOLLARS AND ZERO CENTS (\$8,400,000)**, or so much thereof as shall have been advanced hereagainst and shall be outstanding, together with interest on so much of the principal balance of this Note as may be outstanding and unpaid from time to time, calculated at the rate or rates per annum indicated below.

The unpaid principal balance of this Note shall bear interest at a rate per annum equal to **ONE AND 40/100 PERCENT (1.40%)**, (1) calculated on the basis of actual number of days in the year and actual days elapsed until the Amortization Commencement Date (as hereinafter defined), and (2) calculated on the basis of a 360-day year consisting of twelve 30-day months thereafter.

Accrued interest on this Note shall be payable monthly on the first day of each calendar month until the first day of the calendar month following the earlier of (1) the Completion Date (as defined in the hereinafter defined Loan Agreement), (2) **JULY 1, 2018**, or (3) the date that the loan evidenced by this Note is fully disbursed (the "**Amortization Commencement Date**"). Principal of and interest on this Note shall be payable in **TWO HUNDRED THIRTY-NINE (239)** consecutive monthly installments equal to the Installment Amount (as hereinafter defined), commencing on the first day of the calendar month following the Amortization Commencement Date, and continuing to be due on the first day of each succeeding calendar month thereafter, together with a final installment equal to the entire remaining unpaid principal balance of and all accrued interest on this Note, which shall be due and payable on the date that is **20** years from the Amortization Commencement Date (the "**Maturity Date**").

2. Amendments of Loan Agreement. Subject to the fulfillment of the conditions precedent to the effectiveness of this Modification that are set forth below, the Loan Agreement is hereby amended as follows:

Section 1 of the Loan Agreement is hereby amended and restated to read as follows: "**Background** - The Lender desires to loan to the Borrower **EIGHT MILLION FOUR HUNDRED THOUSAND DOLLARS AND ZERO CENTS (\$8,400,000)** from the **Clean Water State Revolving Fund, Administered by Georgia Environmental Finance Authority** (the "**Fund**") to finance the costs of acquiring, constructing, and installing the environmental facilities described in Exhibit A attached hereto (the "**Project**"). The Environmental Protection Division ("**EPD**") of the Department of Natural Resources of the State of Georgia has completed all existing statutory reviews and approvals with respect to the Project, as required by Section 50-23-9 of the Official Code of Georgia Annotated, and has approved or will approve the detailed plans and specifications (the "**Plans and Specifications**") for the Project prepared or to be prepared by the Borrower's engineer (the "**Engineer**"), which may be amended from time to time by the Borrower but subject to the approval of the EPD."

Section 2 (a) of the Loan Agreement is hereby amended and restated to read as follows: "The Lender agrees to advance to the Borrower, on or prior to the earlier of (1) the Completion Date (as hereinafter defined), (2) **JULY 1, 2018**, or (3) the date that the loan evidenced by this Note is fully disbursed, the Loan in a principal amount of up to **\$8,400,000** which Loan may be disbursed in one or more advances but each such disbursement shall reduce the Lender's loan commitment hereunder and any sums advanced hereunder may not be repaid and then re-borrowed."

Exhibit A is amended and restated to read as written in the attached Exhibit A.

3. No Other Waivers or Amendments. Except for the amendments expressly set forth and referred to in Section 1 and 2 above, the Note and the Loan Agreement

shall remain unchanged and in full force and effect. Nothing in this Modification is intended, or shall be construed, to constitute a novation or an accord and satisfaction of any of the obligations created by the Note.

4. Representations and Warranties. To induce the Lender to enter into this Modification, the Borrower does hereby warrant, represent, and covenant to the Lender that: (a) each representation or warranty of the Borrower set forth in the Loan Agreement is hereby restated and reaffirmed as true and correct on and as of the date hereof as if such representation or warranty were made on and as of the date hereof (except to the extent that any such representation or warranty expressly relates to a prior specific date or period), and no Event of Default has occurred and is continuing as of this date under the Loan Agreement; and (b) the Borrower has the power and is duly authorized to enter into, deliver, and perform this Modification, and this Modification is the legal, valid, and binding obligation of the Borrower enforceable against it in accordance with its terms.

5. Conditions Precedent to Effectiveness of this Modification. The effectiveness of this Modification is subject to the truth and accuracy in all material respects of the representations and warranties of the Borrower contained in Section 4 above and to the fulfillment of the following additional conditions precedent:

a. the Lender shall have received one or more counterparts of this Modification duly executed and delivered by the Borrower; and

b. the Lender shall have received (1) a signed opinion of counsel to the Borrower, substantially in the form of Exhibit E attached hereto, and (2) a certified copy of the resolution adopted by the Borrower's governing body, substantially in the form of Exhibit F attached hereto.

6. Counterparts. This Modification may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Modification to be duly executed and delivered as of the date specified at the beginning hereof

CITY OF CANTON

Approved as to form:

By: _____

Borrower's Attorney

Signature: _____

Print Name: _____

Title: _____

(SEAL)



Attest Signature: _____

Print Name: _____

Title: _____

**CLEAN WATER STATE REVOLVING FUND,
ADMINISTERED BY GEORGIA
ENVIRONMENTAL FINANCE AUTHORITY**

Signature: _____

Kevin Clark
Executive Director

(SEAL)

DESCRIPTION OF THE PROJECT

SCOPE OF WORK

Recipient: CITY OF CANTON

Loan Number: CWSRF 12-012

Installation of new influent screens, relocation of the grit removal system, additions to the biological process (new tank, aeration system, etc.), rehabilitation of the tertiary filters, installation of a chlorination system for reuse water, rerouting of plant access road and related site drainage improvements

DESCRIPTION OF THE PROJECT

PROJECT BUDGET

Recipient: CITY OF CANTON

Loan Number: CWSRF 12-012

ITEM	TOTAL	CW LOAN
Construction	7,400,000	7,400,000
Contingency	650,000	650,000
Engineering & Inspection	350,000	350,000
Administrative/Legal	-	-
TOTAL	\$8,400,000	\$8,400,000

DESCRIPTION OF THE PROJECT

PROJECT SCHEDULE

Recipient: CITY OF CANTON

Loan Number: CWSRF 12-012

ACTION	DATE
Complete Project Planning	MAY 2012
Initiated Design	JUNE 2012
Plans and Specifications submitted to EPD	AUGUST 2013
Bid Opening	OCTOBER 2013
Notice of Award	NOVEMBER 2013
Notice to Proceed with Construction	MAY 2014
Initiation of Construction	MAY 2014
Completion of Construction	DECEMBER 2017

OPINION OF BORROWER'S COUNSEL

(Please furnish this form on Attorneys Letterhead)

Date

Clean Water State Revolving Fund, Administered by
Georgia Environmental Finance Authority
233 Peachtree Street, N.E.
Harris Tower, Suite 900
Atlanta, GA 30303

Ladies and Gentlemen:

A legal opinion from **DYER & RUSBRIDGE P.C.** was delivered to you, dated **JANUARY 3, 2014** (the "Closing Opinion"), relating to the Loan Agreement (the "Loan Agreement"), dated **MARCH 31, 2014** between **CITY OF CANTON** (the "Borrower") and the Georgia Environmental Finance Authority (the "Lender"), and the Promissory Note (the "Note"), dated **JANUARY 31, 2014**, of the Borrower. A legal opinion was also delivered to you dated **JANUARY 23, 2015** relating to the modification of Promissory Note and Loan Agreement dated **JANUARY 28, 2015**. As counsel for the Borrower, I have examined the original of the Second Modification of Promissory Note and Loan Agreement (the "Second Modification"), between the Borrower and the Lender, the proceedings taken by the Borrower to authorize the Second Modification, the Closing Opinion, and such other documents, records, and proceedings as I have deemed relevant or material to render this opinion. Based upon such examination, I hereby reconfirm as of the date hereof the opinions contained in the Closing Opinion, subject to the modification that all references to the Note and the Loan Agreement (as defined in the Closing Opinion) shall be deemed to include a reference to the Modification. Nothing has come to my attention, after due investigation, that in any way might question the continuing validity and accuracy of the Closing Opinion, as modified above.

Very truly yours,

Signature

Printed Name

Date

**EXTRACT OF MINUTES
RESOLUTION OF GOVERNING BODY**

Recipient: CITY OF CANTON

Loan Number: CWSRF 12-012

At a duly called meeting of the governing body of the Borrower identified above (the "Borrower") held on the _____ day of _____, _____, the following resolution was introduced and adopted. **DATE**

WHEREAS, the Borrower has borrowed **\$8,400,000** from the Georgia Environmental Finance Authority (the "Lender"), pursuant to the terms of the Loan Agreement (the "Loan Agreement"), dated **MARCH 31, 2014**, between the Borrower and the Lender; and

WHEREAS, the Borrower's obligation to repay the loan made pursuant to the Loan Agreement is evidenced by a Promissory Note (the "Note"), dated **JANUARY 31, 2014**, of the Borrower; and

WHEREAS, the Borrower and the Lender have determined to amend and modify the Note and the Loan Agreement, pursuant to the terms of a Modification of Promissory Note and Loan Agreement (the "Modification") between the Borrower and the Lender, the form of which has been presented to this meeting;

NOW, THEREFORE, BE IT RESOLVED by the governing body of the Borrower that the form, terms, and conditions and the execution, delivery, and performance of the Modification are hereby approved and authorized.

BE IT FURTHER RESOLVED by the governing body of the Borrower that the terms of the Modification are in the best interests of the Borrower, and the governing body of the Borrower designates and authorizes the following persons to execute and deliver, and to attest, respectively, the Modification, and any related documents necessary to the consummation of the transactions contemplated by the Modification.

(Signature of Person to Execute Documents)

(Print Title)

(Signature of Person to Attest Documents)

(Print Title)

The undersigned further certifies that the above resolution has not been repealed or amended and remains in full force and effect.

Date: _____, 20____.

DATE

Secretary/Clerk

(SEAL)

SEAL