

RESOLUTION AND ORDER NO. 2016-109

A RESOLUTION AND ORDER AUTHORIZING THE ISSUANCE, SALE, DELIVERY AND PAYMENT OF THE COUNTY'S \$4,747,593.87 PRINCIPAL AMOUNT GENERAL OBLIGATION TAXABLE WARRANT, SERIES 2016-B, TO BE DATED SEPTEMBER 1, 2016, TO FIRST COMMUNITY BANK

BE IT RESOLVED AND ORDERED BY THE COUNTY COMMISSION (the "Commission") OF BALDWIN COUNTY, ALABAMA (the "County") as follows:

Section 1. Findings and Representations.

The County, by and through its Commission, does hereby find and determine, represent and warrant as follows:

(a) The County constructed the "Wilderness Facility" with \$4,062,714 of proceeds from the County's tax-exempt General Obligation Warrants, Series 2006-A (the "Series 2006-A Warrants") and \$2,000,000 of proceeds from its tax-exempt General Obligation Warrant, Series 2013-B, dated and delivered to United Bank on June 25, 2013 (the "United Bank Loan").

(b) The original principal amount of the 2006-A Warrants issue was \$25,070,000. 16.21% (\$4,062,741/\$25,070,000) of that issue was originally attributed to the Wilderness Facility. The 2006-A Warrants were advance refunded in full in 2013 with the proceeds of the County's \$18,840,000 original principal amount of General Obligation Warrants, Series 2013, dated February 1, 2013 (the "Series 2013 Warrants"). As of today, \$15,225,000 of the Series 2013 Warrants are outstanding, and 16.21% thereof, or \$2,467,972.50, remains attributable to the Wilderness Facility. In order to be certain that the County refunds not less than the principal amount of the Series 2013 Warrants attributable to the Wilderness Facility, the County has determined to refund the principal amount of \$2,500,000 of the Series 2013 Warrants. The County will refund \$685,000 of the 2025 maturity and \$1,815,000 of the 2026 maturity (collectively the "Refunded Series 2013 Warrants"). The County's Paying Agent with respect to the Series 2013 Warrants, Regions Bank, has advised the County that, on September 1, 2016, the County will need to deposit the amount of \$3,194,525 into the Escrow Fund established pursuant to the Refunding Trust Agreement between the County and the Paying Agent in order to advance refund and redeem the Refunded Series 2013 Warrants on January 1, 2023.

(c) The United Bank Loan was issued in the original principal amount of \$2,000,000 and all of the proceeds thereof were applied to the Wilderness Facility. The United Bank Loan matures on June 25, 2025 but is pre-payable at any time. The outstanding principal balance is \$1,517,973.17 as of August 25, 2016. The final payoff amount for the United Bank Loan as of September 1, 2016 will be \$1,533,949.89.

(d) The County has continuously operated the Wilderness Facility since its inception. However, at the hearing conducted in accordance with Amendment No. 750 and/or Amendment No. 772 to the Alabama Constitution immediately prior to the consideration of this resolution, the Commission found and determined that it is in the best public and financial interest of the County to enter into a management contract with Pathway, Inc. in order to allow that company to operate the Wilderness Facility beginning October 1, 2016. At such hearing the Commission identified Pathway, Inc. as the beneficiary of the County's aid and credit and described the public benefits sought to be achieved by this new arrangement.

(e) If and to the extent that such contract affects the tax-exempt status of the Series 2006-A

Warrants/Series 2013 Warrants and the United Bank Loan attributable to the Wilderness Facility (collectively the "Wilderness Facility Proceeds"), the Commission has further found and determined that it is in the best public and financial interest of the County to refund and retire the Wilderness Facility Proceeds with the taxable proceeds of its General Obligation Taxable Warrant, Series 2016-B, to be dated September 1, 2016 (the "Series 2016-B Warrant"). The County will provide the Internal Revenue Service with notice of this remedial action necessary in connection with the advance refunding and redemption of the Refunded Series 2013 Warrants in accordance with Treasury Regulation 1.141-12.

(f) The Commission has further found and determined that it is in the best financial interest of the County to issue and sell the Series 2016-B Warrant to First Community Bank (the "Bank") on the terms described herein in order to provide said taxable funds.

(g) The assessed valuation of the taxable property in the County for the preceding fiscal year (ending September 30, 2015) is not less than \$3,778,576,700. The total indebtedness of the County following the issuance of the Warrant chargeable against the debt limitation for the County prescribed by the Constitution of Alabama of 1901, as amended, will not be more than five percent thereof.

Section 2. Authorization and Description of Warrant; Payments of Warrant.

(a) The County is hereby authorized to deliver the Warrant to the Bank. The Warrant shall (1) be dated September 1, 2016, (2) bear interest at a fixed per annum rate of interest equal to 1.72% for years 1, 2, 3, 4 and 5, 1.92% for years 6, 7 and 8, and 2.15% for years 9 and 10, (3) be payable in semi-annual payments of principal and interest as set forth in the amortization schedule attached to the Warrant, (4) be subject to redemption prior to maturity at any time at the option of the County and (5) be registered and transferred as provided in the form of the Warrant in Section 3 hereafter.

(b) The principal of and interest on the Warrant shall be payable in lawful money of the United States of America, at the designated office of the registered owner thereof at par and without discount, exchange or deduction or charge therefor.

Section 3. Form of Warrant.

(a) The Warrant shall be in substantially the following form:

THIS WARRANT IS A RESTRICTED SECURITY WITHIN THE MEANING OF SECURITIES AND EXCHANGE COMMISSION ("SEC") RULE 144(a)(3) UNDER THE SECURITIES ACT OF 1933 ("1933 ACT") AND ANY SALE OR TRANSFER OF THIS WARRANT MUST BE MADE IN COMPLIANCE WITH THE CONDITIONS OF SEC RULE 144 OR RULE 144A UNDER THE 1933 ACT OR IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT.

**UNITED STATES OF AMERICA
STATE OF ALABAMA
BALDWIN COUNTY
GENERAL OBLIGATION TAXABLE WARRANT
SERIES 2016-B**

September 1, 2016

No. R-1

\$4,747,593.87

BALDWIN COUNTY, a political subdivision organized and existing under and by virtue of the laws

of the State of Alabama (herein called the "County"), for value received, hereby acknowledges itself indebted to and does hereby order and direct the County Administrator of the County to pay, solely out of the special warrant fund hereinafter described, to First Community Bank, and its successors and assigns (the "Payee"), the principal sum of

**FOUR MILLION SEVEN HUNDRED FORTY-SEVEN THOUSAND FIVE HUNDRED NINETY
THREE DOLLARS AND EIGHTY-SEVEN CENTS (\$4,747,593.87)**

and to pay solely from said warrant fund interest on the unpaid balance of said principal amount from the date hereof until payment in full, at the fixed per annum rates of interest (computed on the basis of the actual number of days elapsed over a 360-day year) equal to 1.72% for the first ten payments, 1.92% for payments eleven through sixteen, and 2.15% for the final four payments, said principal and interest being payable in semiannual payments on March 1 and September 1 in each year, first payable on March 1, 2017, as set forth on the payment schedule attached hereto as Exhibit A and incorporated herein by reference. On September 1, 2026, the entire outstanding principal balance of this Warrant plus all accrued but unpaid interest hereon shall be due and payable. Payment of the principal hereof and interest hereon shall be made at the office of the Payee, or at such other place as shall be designated to the County in writing by the Payee, provided that the final payment of principal of and interest on this Warrant shall be made only upon presentation and surrender of this Warrant to the County for cancellation.

The County may, on any date, pay in advance the entire unpaid principal balance of this Warrant or any lesser portion or portions thereof by paying to the Payee the principal amount to be prepaid, plus interest accrued on such principal amount to the date of such prepayment, without premium or penalty. Written notice of the call for prepayment of all or part of this Warrant by the County shall be given to the Payee not less than five days prior to the date fixed for prepayment.

This Warrant is issued pursuant to the Constitution and laws of the State of Alabama, including Section 11-28-1 et seq. of the ALA. CODE (1975), as amended, a public hearing and a resolution of the governing body of the County duly passed, held and conducted on August 16, 2016 (the "Authorizing Proceedings") and Amendment No. 750 and/or Amendment No. 772 to the Alabama Constitution, as amended.

The indebtedness evidenced and ordered paid by this Warrant is a general obligation of the County and the full faith and credit of the County are pledged to the payment of the principal and interest hereon.

The County established a special fund in the Authorizing Proceedings designated as the "Series 2016-B General Obligation Taxable Warrant Fund" for the payment of the principal of and interest on this Warrant, and has obligated itself to pay or cause to be paid into said Fund from the taxes and revenues of the County sums sufficient to provide for the payment of the principal of and interest on this Warrant as the same matures and comes due.

This Warrant is recorded and registered as to principal and interest in the name of the owner on the book of registration maintained for that purpose by the County. The person in whose name this Warrant is registered shall be deemed and regarded as the absolute owner hereof for all purposes and payment of the principal of and interest on this Warrant shall be made only to or upon the order of the registered owner hereof or its legal representative, and neither the County nor any agent of the County shall be affected by any notice to the contrary. Payment of principal of and interest on this Warrant shall be valid and effectual to satisfy and discharge the liability of the County upon this Warrant to the extent of the amounts so paid.

This Warrant may be transferred only upon written request of the registered owner or its legal

representative addressed to the County, such transfer to be recorded on said book of registration and endorsed hereon by the County. Upon presentation to the County for transfer, this Warrant must be accompanied by a written instrument or instruments of transfer satisfactory to the County, duly executed by the registered owner or its attorney duly authorized in writing, and the County shall endorse on the schedule attached hereto for such purpose the principal amount of this Warrant unpaid and the interest accrued hereon to the date of transfer. No charge shall be made for the privilege of transfer, but the registered owner of this Warrant requesting any such transfer shall pay any tax or other governmental charge required to be paid with respect thereto.

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 and 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 Authorizing Proceedings have happened, do exist and have been performed in time, form and manner as so required.

IN WITNESS WHEREOF, the County, acting by and through its governing body, has caused this Warrant to be executed in its name and on its behalf by its Chairman and its county seal to be hereunto affixed and attested by its County Administrator, and has caused this Warrant to be dated September 1, 2016.

BALDWIN COUNTY

COUNTY SEAL

By _____
Its Chairman

Attest: _____
County Administrator

REGISTRATION CERTIFICATE

I hereby certify that this Warrant has been duly registered by me as a claim against Baldwin County and the Warrant Fund referred to herein.

County Administrator of Baldwin County

REGISTRATION OF OWNERSHIP

This Warrant is recorded and registered on the registry books of Baldwin County in the name of the last owner named below. The principal of and interest on this Warrant shall be payable only to or upon the order of such registered owner.

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Authorized Officer of County</u>
<u>September 1, 2016</u>	<u>First Community Bank</u>	_____, County Administrator
_____	_____	_____

ENDORSEMENT BY COUNTY OF UNPAID PRINCIPAL
AND ACCRUED INTEREST ON DATE OF TRANSFER

<u>Date of Transfer</u>	<u>Principal Unpaid</u>	<u>Accrued Interest on Date of Transfer</u>	<u>Signature of Authorized Officer of County</u>

Exhibit A

Amortization Schedule

Schedule of Debt Service

Customer Name: Bladwin County Commission

Debt Type: Refunding Youth Wilderness Camp

Interest Accrues From: 09/01/2016

Average Life (Yrs): 5.25000
Net Interest Cost (%): 1.9487%

--Breakdown--

<u>Date</u>	<u>Principal Balance</u>	<u>Payment Due</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest Rate on Principal Maturity</u>	<u>Fiscal YTD Debt Service</u>
3/1/2017	4,747,593.87	281,674.74	44,295.05	237,379.69	1.7200%	0.00
9/1/2017	4,510,214.18	279,633.28	42,253.59	237,379.69	1.7200%	561,308.02
3/1/2018	4,272,834.49	277,591.81	40,212.12	237,379.69	1.7200%	0.00
9/1/2018	4,035,454.80	275,550.34	38,170.65	237,379.69	1.7200%	553,142.15
3/1/2019	3,798,075.11	273,508.88	36,129.19	237,379.69	1.7200%	0.00
9/1/2019	3,560,695.42	271,467.41	34,087.72	237,379.69	1.7200%	544,976.29
3/1/2020	3,323,315.73	269,425.95	32,046.26	237,379.69	1.7200%	0.00
9/1/2020	3,085,936.04	267,384.48	30,004.79	237,379.69	1.7200%	536,810.43
3/1/2021	2,848,556.35	265,343.02	27,963.33	237,379.69	1.7200%	0.00
9/1/2021	2,611,176.65	263,301.55	25,921.86	237,379.69	1.7200%	528,644.57
3/1/2022	2,373,796.97	261,260.09	23,880.40	237,379.69	1.9200%	0.00
9/1/2022	2,136,417.28	258,981.24	21,601.55	237,379.69	1.9200%	520,241.33
3/1/2023	1,899,037.59	256,702.40	19,322.71	237,379.69	1.9200%	0.00
9/1/2023	1,661,657.90	254,423.56	17,043.86	237,379.70	1.9200%	511,125.96
3/1/2024	1,424,278.20	252,144.72	14,765.02	237,379.70	1.9200%	0.00
9/1/2024	1,186,898.50	249,865.87	12,486.17	237,379.70	1.9200%	502,010.59
3/1/2025	949,518.80	247,587.03	10,207.33	237,379.70	2.1500%	0.00
9/1/2025	712,139.10	245,308.20	7,655.50	237,379.70	2.1500%	492,622.23
3/1/2026	474,759.40	242,83.36	5,103.66	237,379.70	2.1500%	0.00
9/1/2026	237,379.70	239,931.53	2,551.83	237,379.70	2.1500%	482,414.89
3/1/2027	0.00	0.00	0.00	0.00	0.0000%	0.00
Total		5,233,296.46	485,702.59	4,747,593.87		5,233,296.46

Section 4. Execution of the Warrant.

The Warrant shall be manually executed in the name and on behalf of the County by the Chairman and

shall be manually attested by the County Administrator of the County, and the official seal of the County shall be manually imprinted thereon. The Registration Certificate shall be manually executed by the County Administrator. The Registration of Ownership of the Warrant shall be manually executed by the County Administrator of the County who shall make the endorsements provided at the time of any transfer. Said officers are hereby directed to so manually execute, attest and register the Warrant and to make the appropriate endorsements and notations, if any, thereon.

Section 5. General Obligation; Warrant Fund.

(a) The Warrant and the interest thereon shall constitute a general obligation debt of the County. The Warrant is an obligation of the County to which the full faith and credit of the County is pledged.

(b) To secure the payment of the principal of and interest on the Warrant and to secure for the benefit of the registered owner of the Warrant the faithful performance of all of the covenants and provisions contained herein, in the manner and to the extent so provided, the County (1) does hereby pledge unto the registered owner of the Warrant and its registered assigns the full faith and credit of the County, (2) does hereby create and establish a special fund designated the "Series 2016-B General Obligation Taxable Warrant Fund" (the "Warrant Fund"), which shall be held by the Bank as custodian and paying agent of the Warrant, and will make the payments required to be made into the Warrant Fund established under this Authorizing Resolution, with the understanding that the interest payments shall be based on the new interest rate established herein, and (3) does hereby covenant and agree to pay or cause to be paid into the Warrant Fund a sufficient amount of the revenues and taxes of the County to pay the principal of and interest on the Warrant.

(c) The County further covenants and agrees to collect or cause to be collected all taxes and revenues when due and to apply the same as provided in this Resolution.

Section 6. Expenses of Collection; Interest After Maturity.

The County covenants and agrees that, if the principal of and interest on the Warrant are not paid promptly as such principal and interest matures and comes due, it will pay to the registered owner of the Warrant or its registered assignees all expenses incident to the collection of any unpaid portion thereof, including a reasonable attorney's fee. If any amount of principal of and, to the extent legally enforceable, interest on, this Warrant shall not be paid when due, such amount shall bear interest at the same rate as the rate on the Warrant from the scheduled date of payment to the date such payment thereof is made.

Section 7. No Federal Tax Exemption for Interest or "Bank-Qualified" Designation

The interest received by the registered owner of the Warrant is includable as gross income for federal income taxation purposes under the Internal Revenue Code of 1986, as amended (the "Code"). The Warrant is not federally "tax-exempt" and will not be designated as "bank-qualified" under Section 265 of the Code.

Section 8. Delivery of Warrant; Use of Proceeds

(a) The Chairman and the County Administrator, or either of them, are hereby authorized and directed to effect delivery of the Warrant to the Bank. The Chairman and the County Administrator, or either of them, are hereby further authorized and directed to execute and deliver such closing papers containing such representations as are required to demonstrate the legality and validity of the Warrant and the absence of pending or threatened litigation with respect thereto. The Chairman and the County Administrator are hereby authorized and directed to execute such other agreements as may reasonably be requested.

(b) At the closing, the Bank will transfer \$3,194,525 to Regions Bank for deposit into the Escrow Fund established pursuant to the Refunding Trust Agreement for the advance refunding and redemption of the Refunded Series 2013 Warrants and \$1,533,949.89 to United Bank for the payoff on September 1, 2016 of the United Bank Loan. In addition to the foregoing, the County will pay the Bank an \$11,868.98 origination fee, Jones Walker LLP a fee for legal services of \$5,000 as bond counsel and Regions Bank an escrow fee of \$2,250 (\$1,250 acceptance and \$1,000 annual). Any remaining proceeds shall be returned to the County.

(c) The proceeds of the Escrow Fund shall be invested at the written direction of the County as set forth in the Refunding Trust Agreement.

Section 9. Events of Default

The County agrees that its failure to pay the principal of or interest on the Warrant on any date on which any installment of principal of or interest on the Warrant shall become due and payable shall be an event of default with respect to the Warrant whereupon the registered owner of the Warrant may exercise all remedies available at law or in equity consequent thereupon.

Section 10. Severability.

The provisions of this Resolution are severable. In the event that any one or more of such provisions or the provisions of the Warrant shall, for any reason, be held illegal or invalid, such illegality or invalidity shall not affect the other provisions of this Resolution or of the Warrant, and this Resolution and the Warrant shall be construed and enforced as if such illegal or invalid provision had not been contained herein or therein.

Section 11. Repeal of Conflicting Provisions.

All resolutions, proceedings and orders or parts thereof in conflict with this Resolution are, to the extent of such conflict, hereby repealed.

Section 12. Provisions of Resolution a Contract.

The terms, provisions and conditions set forth in this Resolution constitute a contract between the County and the registered owner of the Warrant and shall remain in effect until the principal of and interest on the Warrant shall have been paid in full.

Section 13. Approval of County Government Bond Financing Review Form

The County Government Bond Financing Review Form in substantially the form and of substantially the content as that which is presented to and considered by the Commission, is hereby authorized, approved and adopted. The Chairman and the County Administrator are hereby authorized and directed to complete, execute and deliver such form as required by the terms thereof and to provide therein such answers and responses as are consistent with this resolution and order.

Section 14. Advance Refunding and Redemption of Refunded Series 2013 Warrants; Approval of Refunding Trust Agreement.

The Refunding Trust Agreement with respect to the Refunded Series 2013 Warrants attributable to the Wilderness Facility is hereby ratified, adopted and confirmed and its execution by the Chairman and attestation and seal by the County Administrator, is hereby further ratified, adopted and confirmed. The Refunded Series 2013 Warrants are hereby called for redemption on January 1, 2023 as set forth in Section 3.3 of the Refunding

Trust Agreement. The Trustee is authorized to take such action as may be necessary or required as set forth in the Letter of Representation, the Book-Entry System and the resolution authorizing the issuance of the Series 2013 Warrants.

Section 15. Current Refunding of United Bank Loan.

The United Bank Loan is hereby called for redemption on September 1, 2016. The Commission hereby authorizes the County Clerk/Treasurer to provide notice of the County's intent thereof to United Bank. The Bank shall wire-transfer the payoff amount of \$1,533,949.89 to United Bank on September 1, 2016.

Section 16. Remedial Action Representations.

In accordance with Treasury Regulation No. 1.141-12, the County hereby represents and agrees as follows:

(a) The County reasonably anticipated that the Wilderness Facility Proceeds would meet neither the private business tests nor the private loan financing test for the entire term of the Series 2013 Warrants. The Wilderness Facility constitutes a governmental purpose.

(b) The weighted average maturity of the Series 2016-B Warrant, which is less than 10 years, is not more than 120% of the average reasonably expected economic life of the Wilderness Facility, which is not less than 30 years.

(c) The County's new operating agreement for the Wilderness Facility with Pathway, Inc. was negotiated in a bona fide arm's length transaction for valid consideration and the mutual benefit of both parties.

(d) The defeasance escrow for the Refunded Series 2013 Warrants will be established on the date of issuance of the Series 2016-B Warrant. The United Bank Loan will be retired on the date of issuance of the Series 2016-B Warrant.

(e) The first call date of the Series 2013 Warrants is no more than 10 years from the date of issuance of the Series 2013 Warrants.

(f) The yield on the Escrow Fund for the Refunded Series 2013 Warrants established pursuant to the Refunding Trust Agreement will not exceed the arbitrage yield on the Series 2013 Warrants.

(g) The County will provide the IRS with notice of the establishment of the defeasance escrow within 90 days of the date of issuance of the Series 2016-B Warrant. The Clerk/Treasurer, the Chairman and the County Administrator are hereby authorized and directed to transmit such notice to the IRS in consultation with Bond Counsel.

Section 17. Amendment No. 750 and/or Amendment No. 772 Hearing.

The Commission duly conducted the hearing required by Amendment No. 750 and/or Amendment No. 772 to the Alabama Constitution with respect to Pathway, Inc. prior to consideration of this resolution.

Section 18. Approval of Notice of Remedial Action to IRS.

The Commission hereby approves the Notice of Remedial Action with respect to the Wilderness Facility Proceeds presented to this meeting by Bond Counsel and authorizes the Chairman and Clerk/Treasurer

to execute, seal and attest said Notice and transmit the same to the IRS pursuant to the instructions of Bond Counsel.

After said resolution and order had been discussed and considered in full by the Commission, it was moved by Commissioner _____ that said resolution and order be now adopted. The motion was seconded by Commissioner _____. The question being put as to the adoption of said motion and the passage and adoption of said resolution and order, the roll was called with the following results:

Ayes: J. Tucker Dorsey, Chairman
Chris Elliott, Vice-Chairman
Charles F. Gruber
Frank Burt, Jr.

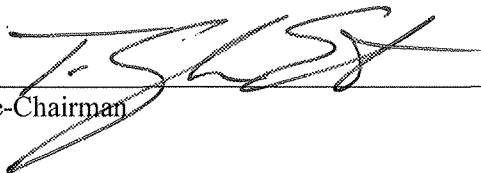
Nays: None

The Chairman thereupon declared said motion carried and the resolution and order passed and adopted as introduced and read.

Adopted this 16th day of August, 2016.



Chairman



Vice-Chairman



Member



Member



Authenticated and Attested:


County Administrator

STATE OF ALABAMA
BALDWIN COUNTY

CERTIFICATE OF CHAIRMAN

I, the undersigned, do hereby certify that I am the duly elected, qualified and acting Chairman of the Baldwin County Commission. I do further certify that as Chairman of the Baldwin County Commission I have access to all original records of the County and I am duly authorized to make certified copies of its records on its behalf, the above and foregoing pages constitute a complete, verbatim and compared copy of excerpts from the minutes of a regular meeting of the Baldwin County Commission duly held on the 16th day of August, 2016, the original of which is on file and of record in the minute book of the Baldwin County Commission in my custody, the resolution and order set forth in such excerpts is a complete, verbatim and compared copy of such resolution and order as introduced and adopted by the County Commission on such date, and said resolution and order is in full force and effect and has not been repealed, amended or changed.

IN WITNESS WHEREOF, I have hereunto set my hand as Chairman of the Baldwin County Commission this 16th day of August, 2016.


Chairman