

OFFICIAL STATEMENT

New Issue--Book-Entry Only

**Ratings: Moody's: Aa1
S&P: AA+**

In the opinion of Bradley Arant Boult Cummings LLP, Bond Counsel to the County, and assuming continuing compliance by the County with certain conditions imposed by the Internal Revenue Code of 1986, as amended, referred to herein under "TAX EXEMPTION," interest on the Warrants is presently excludable from gross income for federal income taxation under Section 103 of the Code, regulations and rulings of the Commissioner of Internal Revenue issued or pertinent thereunder, and court decisions heretofore rendered. Bond Counsel is also of the opinion that interest on the Warrants is exempt from Alabama income taxation. See "TAX EXEMPTION" herein.

**\$11,570,000
BALDWIN COUNTY, ALABAMA
GENERAL OBLIGATION WARRANTS
SERIES 2020**

Dated: date of delivery

Due: February 1, as shown below

The General Obligation Warrants, Series 2020, dated the date of delivery (the "Warrants") offered hereby constitute general obligations of Baldwin County, an Alabama political subdivision (the "County"), for the payment of which the full faith and credit of the County are irrevocably pledged. Principal is payable on February 1 in amounts and years as shown below. Interest is payable on February 1 and August 1 in each year, first interest payable on August 1, 2020. Certain of the Warrants are subject to optional redemption as herein described.

<u>Year of Maturity</u>	<u>Principal Amount Maturing</u>	<u>Applicable Interest Rate</u>	<u>Yield</u>	<u>Year of Maturity</u>	<u>Principal Amount Maturing</u>	<u>Applicable Interest Rate</u>	<u>Yield</u>
2021	\$1,965,000	4.000%	0.960%	2026	\$1,235,000	5.000%	1.150%
2022	2,060,000	5.000	0.990	2027	345,000	4.000	1.230
2023	1,535,000	5.000	1.020	2028	360,000	4.000	1.340
2024	1,615,000	5.000	1.050	2029	370,000	4.000	1.440
2025	1,700,000	5.000	1.080	2030	385,000	4.000	1.530

The Warrants are initially issuable as fully registered warrants without coupons in denominations of \$5,000 and any integral multiple thereof pursuant to a Book-Entry System (as hereafter defined) to be administered by The Depository Trust Company, New York, New York (the "Securities Depository") and, when issued, will be registered in the name of and held by Cede & Co., as nominee for the Securities Depository. During the period in which Cede & Co. is the registered owner of the Warrants, purchases and transfers of ownership of beneficial interests in the Warrants will be evidenced by book-entry only and all payments of principal of and interest on the Warrants will be made by Regions Bank at its designated corporate trust office in Birmingham, Alabama (the "Custodian") to the Securities Depository for disbursement by the Securities Depository to the Direct Participants of the Securities Depository and for subsequent disbursement by the Direct Participants (and, where appropriate, by the Indirect Participants) to the owners of beneficial interests in the Warrants, as more particularly described herein. The Warrants are offered when, as and if issued and received by Raymond James & Associates, Inc. (the "Underwriter"), subject to prior sale, withdrawal or modification of the offer without notice and to the approval of the validity thereof by Bradley Arant Boult Cummings LLP, Bond Counsel, and certain other conditions. It is expected that the Warrants in definitive form will be available for delivery through the Securities Depository on or about January 23, 2020.

RAYMOND JAMES

January 7, 2020

BALDWIN COUNTY

County Commission

Billie Jo Underwood, Chairman
Charles F. "Skip" Gruber
Joe Davis III
James E. Ball

County Administrator

Wayne A. Dyess

Clerk/Treasurer

Adria Cian Harrison

Budget Director

Ronald J. Cink

County Attorney

Stone Crosby, P.C.
Bay Minette, Alabama

FINANCIAL ADVISOR

Stifel, Nicolaus & Company, Incorporated
Montgomery, Alabama

BOND COUNSEL

Bradley Arant Boult Cummings LLP
Birmingham, Alabama

UNDERWRITER

Raymond James & Associates, Inc.
Birmingham, Alabama

CUSTODIAN

Regions Bank
Birmingham, Alabama

THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN OBTAINED FROM SOURCES WHICH ARE CONSIDERED DEPENDABLE AND WHICH ARE CUSTOMARILY RELIED UPON IN THE PREPARATION OF SIMILAR OFFICIAL STATEMENTS, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY THE COUNTY. ALL ESTIMATES AND ASSUMPTIONS CONTAINED HEREIN ARE BELIEVED TO BE RELIABLE BUT NO REPRESENTATION IS MADE THAT SUCH ESTIMATES OR ASSUMPTIONS ARE CORRECT OR WILL BE REALIZED. NO PERSON, INCLUDING ANY BROKER, DEALER OR SALESMAN, HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COUNTY. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE EITHER AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHOULD THERE BE ANY SALE OF THE WARRANTS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. ANY INFORMATION OR EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE AS TO THE AFFAIRS OF THE COUNTY SINCE THE DATE HEREOF.

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EXHIBIT B – 2018 Audited Financial Statement

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EXHIBIT D – Budget Fund Summary

INTRODUCTION AND DEFINITIONS

This Official Statement, including the cover page and exhibits, is furnished in connection with the offering of \$11,570,000 principal amount of General Obligation Warrants, Series 2020, dated the date of delivery (the “Warrants”), by Baldwin County, an Alabama political subdivision (the “County”).

The Warrants are issued by the County under the authority of the Constitution and laws of the State of Alabama and pursuant to a resolution and order (the “Authorizing Resolution” or “Resolution”) duly adopted by the Baldwin County Commission. The Warrants are issued for the purposes of (1) acquiring, constructing, and equipping certain capital improvements within the County, to consist of renovations to the County Courthouse and the construction of highway and road equipment facilities (the “Series 2020 Improvements”), (2) currently refunding and redeeming the County’s outstanding General Obligation Warrants, Series 2010, dated January 1, 2010, on or about February 22, 2020, and (3) paying issuance expenses.

The Warrants constitute general obligations of the County for the payment of which the full faith and credit of the County are irrevocably pledged. *See* “SECURITY; SOURCE OF PAYMENT.”

For purposes of this Official Statement the following terms have the following meanings:

Book-Entry System means a book-entry only system of evidence of purchase and transfer of beneficial ownership interests in the Warrants.

Business Day shall mean a day, other than a Saturday or a Sunday, on which commercial banking institutions are open for business in the state where the designated office of the Custodian is located and a day on which the payment system of the Federal Reserve System is operational.

Commission means the Baldwin County Commission, the governing body of the County.

County means Baldwin County, an Alabama political subdivision and any successor to its functions.

Custodian means Regions Bank with a designated corporate trust office in Birmingham, Alabama, as custodian, paying agent and registrar for the Warrants.

Direct Participant means securities brokers and dealers, banks, trust companies, clearing corporations and other financial institutions which have access to the Book Entry System.

Federal Securities shall mean direct general obligations of, or obligations the payment of which is unconditionally guaranteed by, the United States of America.

Fiscal Year shall mean the period beginning on October 1 of one calendar year and ending on September 30 of the next succeeding calendar year or such other fiscal year as may hereafter be adopted by the County.

Indirect Participant means a broker, dealer, bank or other financial institution for which the Securities Depository holds Warrants as securities depository through a Direct Participant.

Letter of Representation shall mean and include (i) the Letter of Representation by the County to the Securities Depository and (ii) any other or subsequent agreement with respect to the Warrants between such parties by whatever name or identification.

Qualified Investments shall mean:

- (1) Federal Securities, or
- (2) A certificate of deposit or time deposit issued by (i) the Custodian, or (ii) any other bank organized under the laws of the United States of America or any state thereof with capital, surplus and undivided profits of not less than \$50,000,000, provided in each case such deposit is insured by the Federal Deposit Insurance Corporation or such deposit is collaterally secured by the issuing bank by pledging Federal Securities having a market value (exclusive of accrued interest) not less than the face amount of such certificate less the amount of such deposit insured by the Federal Deposit Insurance Corporation, or
- (3) A trust or fund rated “AAm” or “AAm-G” or better by S&P and customarily utilized by the Custodian for the investment of public funds.

Record Date means, with respect to Warrants, that date which is 15 calendar days before any date on which interest is due and payable on Warrants.

Securities Depository means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and the successors and assigns thereof, and any substitute securities depository therefor that maintains a Book-Entry System for the Warrants.

Securities Depository Nominee means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Warrant Register the Warrants to be delivered to such Securities Depository during the period in which the Warrants are held pursuant to the Book-Entry System.

Underwriter means Raymond James & Associates, Inc. and its successors and assigns.

Warrant Fund shall mean the fund by that name established for the Warrants pursuant to the Authorizing Resolution.

Warrants means the County’s \$11,570,000 original principal amount General Obligation Warrants, Series 2020, dated [dated date], offered hereby.

Warrant Register means the register for the registration and transfer of Warrants maintained by the Custodian for the County under the Authorizing Resolution.

THE WARRANTS

General Description

The Warrants will be issued in fully registered form, without coupons, payable to the respective registered owners thereof, or registered assigns, in the denomination of \$5,000 or any integral multiple thereof, and shall be numbered for identification as determined by the Custodian hereinafter defined. The Warrants are dated the date of delivery, and will bear interest from that date at the applicable per annum rates and will mature on February 1 in years and in amounts as set forth on the cover page of this Official Statement. Interest will be payable on February 1 and August 1 in each year, first interest payable on August 1, 2020. The principal of and interest on the Warrants shall be payable in lawful money of the United States of America, without deduction for exchange, fees or expenses, by the County through Regions Bank at its designated corporate trust office in Birmingham, Alabama, the custodian, paying agent and the registrar for the Warrants (the “Custodian”). The principal of the Warrants shall be payable only upon presentation and

surrender of the Warrants at the designated office of the Custodian in Birmingham, Alabama. So long as the Book-Entry System is in effect, payment of principal and interest shall be made in accordance with the procedures and requirements of the Book-Entry System. If the Book-Entry System is not in effect, then interest on the Warrants shall be remitted by the Custodian to the then registered owners of the Warrants at the respective addresses thereof shown on the registration books of the Custodian pertaining to the Warrants. Such payments shall be deemed timely made if mailed on the interest payment date (or if such interest payment date is not a Business Day, then on the next succeeding Business Day). Interest shall be computed on the basis of the actual number of days elapsed over a 360-day year with twelve months of thirty days each.

The Warrants will be initially issued pursuant to a Book-Entry System to be administered by The Depository Trust Company, New York, New York (“DTC”) and registered in the name of and held by Cede & Co., as nominee of DTC. During the period in which Cede & Co. is the registered owner of the Warrants, purchases and transfers of ownership of beneficial interests in the Warrants will be evidenced by book-entry only and all payments of principal of, premium (if any) and interest on the Warrants will be made by Regions Bank at its designated corporate trust office in Birmingham, Alabama (the “Custodian”) to Cede & Co. (as registered owner) for DTC for disbursement by DTC to the Direct Participants of DTC and for subsequent disbursement by the Direct Participants (and, where appropriate, by the Indirect Participants) to the owners of beneficial interests in the Warrants, as more particularly provided in the Resolution and described herein under “BOOK-ENTRY SYSTEM.” In the event the Book-Entry System for the Warrants is discontinued, Warrants in certificated form in authorized denominations will be physically distributed to the owners of the beneficial interests in the Warrants, the Warrants will be registered in the names of the owners thereof on the Warrant Register, the Custodian shall make payments of principal of, premium (if any) and interest on the Warrants to the registered owners thereof as provided in the Warrants and the Resolution, and the provisions of the Warrants and of the Resolution with respect to registration, transfer and exchange of Warrants by the registered owners thereof shall apply, as described herein under “Discontinuation of Book-Entry System; Transfer, Exchange and Registration.”

Optional Redemption

The Warrants with a stated maturity on February 1, 2030 shall be subject to optional redemption, in whole or in \$5,000 multiples, prior to their stated maturity at the option of the County on any date on or after February 1, 2029 at a redemption price for each Warrant (or principal portion thereof) redeemed equal to the principal amount thereof to be redeemed plus accrued interest to the date fixed for redemption, without premium or penalty.

Manner and Notice of Redemption

If less than all of the Warrants are to be optionally redeemed during a period in which the Book-Entry System is in effect for the Warrants, the County shall designate the order and amount of maturities of the Warrants (or portions thereof) to be redeemed not less than 45 nor more than 60 days prior to the redemption date. In accordance with the Letter of Representation, the Securities Depository may determine the amount of the interest of each Direct Participant in those of such Warrants to be redeemed, on the basis of the smallest Authorized Denomination of such Warrants, by lot or by such other method as the Securities Depository shall deem fair and appropriate. If less than all of the Warrants at the time outstanding are redeemed during a period in which the Book-Entry System is not in effect for the Warrants, any redemption shall be in such order and amount of maturities as the County shall determine in its sole discretion. In the event that less than all of the principal of the Warrants is to be redeemed, the Custodian shall assign a number to each \$5,000 principal portion of all the Warrants and shall, by process of random selection based upon such numbers, select the principal portion of Warrants to be redeemed. Prior notice of such redemption shall be given by registered or certified mail to the Holder of each Warrant, all or a portion of which is to

be redeemed, not more than sixty (60) days or less than thirty (30) days prior to the proposed redemption date.

Authority for Issuance

The Warrants are issued by the County under authority of the Constitution and laws of the State of Alabama, including particularly Chapter 28 of Title 11 of the CODE OF ALABAMA 1975, as amended, and pursuant to the Authorizing Resolution. Pursuant to said Chapter 28, any county in the State of Alabama may issue, without an election, interest-bearing warrants for the purpose of financing the costs of acquiring, by construction, purchase or otherwise, any public facilities described in said Chapter 28, including without limitation, county jails, public buildings, public highways, capital equipment, roads and bridges or to refund any obligations theretofore issued for such purposes.

SECURITY; SOURCE OF PAYMENT

The Warrants will be general obligations of the County for the punctual payment of principal of and interest on which the full faith and credit of the County are pledged.

SOURCES AND USES

Sources

Principal	\$11,570,000.00
Original Issue Premium	<u>1,554,706.75</u>
Total	<u>\$13,124,706.75</u>

Uses

Current Refunding of Series 2010 Warrants	5,353,538.36
Series 2020 Improvements	7,600,000.00
Issuance Expenses (including Underwriter's Discount)	<u>171,168.39</u>
Total	<u>\$13,124,706.75</u>

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, Inc., a division of the McGraw-Hill Companies ("S&P"), have assigned respective underlying credit ratings of "Aa1" and "AA+", respectively, to the Warrants. The ratings are independent and each rating reflects that individual rating agency's own assessment of the County's ability to pay the Warrants without municipal bond insurance or other form of supplemental credit enhancement. Any explanation as to the significance of either of the above ratings may be obtained only from the agency which made such rating. The above ratings are not recommendations to buy, sell or hold the Warrants. Each rating may be subject to revision or withdrawal at any time by the agency which made the particular rating. Any downward revision or withdrawal of any or all of such ratings may have an adverse effect on the market price of the affected Warrants. Any further explanation as to the significance of either of the above ratings may be obtained only from the agency which made the particular rating.

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service on the County's outstanding long-term warrant obligations (does not include (1) the County's lease obligations under the Series 2007-A Warrants (\$3,550,000), (2) the Series 2016 Taxable Warrant (\$246,182.20), (3) \$439,000 of assets under capital lease (see Note 9, page 58 of the attached financial statement), (4) landfill costs and post-closure liability (not exceeding \$5,246,478.70), (5) compensated absences and accrued wages of \$3,960,550.44, (6) other post-employment benefits of \$5,387,390, (7) net pension liability of \$27,797,890, and (8) other miscellaneous obligations):

Year											
Ending	Series 2020 Warrants		Series 2015 Warrants		Series 2014		Series 2013		Series 2012		
Sept. 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2020		\$284,219	\$1,995,000	\$1,370,894	\$370,000	\$392,790	\$1,430,000	\$428,038	\$730,000	\$267,300	\$7,268,241
2021	\$1,965,000	504,950	2,075,000	1,291,094	380,000	385,020	1,485,000	369,738	755,000	238,100	9,448,902
2022	2,060,000	414,150	2,165,000	1,208,094	390,000	375,995	1,545,000	309,138	795,000	200,350	9,462,727
2023	1,535,000	324,275	2,265,000	1,099,844	400,000	365,758	1,595,000	260,294	835,000	160,600	8,840,771
2024	1,615,000	245,525	2,380,000	986,594	410,000	353,758	1,655,000	200,975	875,000	118,850	8,840,702
2025	1,700,000	162,650	2,500,000	867,594	425,000	341,048	1,740,000	116,100	920,000	75,100	8,847,492
2026	1,235,000	89,275	2,625,000	742,594	435,000	327,235	1,815,000	36,300	970,000	29,100	8,304,504
2027	345,000	51,500	2,760,000	611,344	450,000	311,140					4,528,984
2028	360,000	37,400	2,895,000	473,344	470,000	294,490					4,530,234
2029	370,000	22,800	2,585,000	386,494	490,000	275,690					4,129,984
2030	385,000	7,700	1,775,000	308,944	510,000	256,090					3,242,734
2031			1,830,000	253,475	530,000	235,690					2,849,165
2032			1,895,000	194,000	550,000	214,490					2,853,490
2033			1,985,000	99,250	570,000	191,940					2,846,190
2034					595,000	168,428					763,428
2035					620,000	143,438					763,438
2036					645,000	117,088					762,088
2037					675,000	89,675					764,675
2038					705,000	60,988					765,988
2039					730,000	31,025					761,025
TOTAL	\$11,570,000	\$2,144,444	\$31,730,000	\$9,893,559	\$10,350,000	\$4,931,776	\$11,265,000	\$1,720,583	\$5,880,000	\$1,089,400	\$90,574,762

SUMMARY OF AUTHORIZING RESOLUTION

A brief description of the Authorizing Resolution is included hereafter in this Official Statement. Such description does not purport to be comprehensive or definitive; all references herein to the Authorizing Resolution are qualified in their entirety by reference to such document, copies of which are available at the office of the Baldwin County Commission; and all references to the Warrants are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto included in the Authorizing Resolution.

Warrant Fund

In the Authorizing Resolution, the County will establish a special fund to provide for the payment of the Warrants (the “Warrant Fund”), which shall be held in trust by the Custodian, as paying agent for the Warrants, until the principal of and interest on the Warrants are paid in full. The County shall pay or cause to be paid into the Warrant Fund, from the revenues and taxes of the County, the following amounts on or before the following dates:

(a) On or before February 25, 2020 and on or before the 25th day of each month thereafter, to and including January 25, 2030, an amount equal to one-sixth (1/6th) of the interest coming due on the Warrants on the next ensuing interest payment date, the first ensuing interest payment date being August 1, 2020; and

(b) On or before February 25, 2020, and on or before the 25th day of each month thereafter, to and including January 25, 2030, an amount equal to one-twelfth (1/12th) of the principal coming due on the next principal payment date, the first such principal payment date being February 1, 2021.

Investment of and Security for Warrant Fund

The County may cause any money on deposit in the Warrant Fund not then needed for the payment of principal of and interest on the Warrants to be invested or reinvested by the Custodian in Qualified Investments and which mature or are subject to redemption by the holder, at the option of the holder, on or prior to the respective date or dates when cash funds will be required. All investments shall be held by or under control of the Custodian for the credit of the Warrant Fund, and all interest accruing thereon and any profits realized therefrom shall be credited to such Fund, and any losses resulting from liquidation of investments shall be charged to such Fund. The Custodian shall sell and reduce to cash a sufficient portion of the investments whenever the cash balance in the Warrant Fund is insufficient to pay the current interest and principal requirements on the Warrants.

The Custodian shall at all times keep the moneys on deposit in the Warrant Fund which are not invested as aforesaid continuously secured for the benefit of the County and the registered owners of the Warrants, either (a) by holding on deposit as collateral security direct general obligations of the United States of America, having a market value (exclusive of accrued interest) not less than the amount of money on deposit in the Warrant Fund or (b) if the furnishing of security in the manner provided in the foregoing clause (a) is not permitted by the then applicable laws and regulations, then in such manner as may be required or permitted by the applicable State of Alabama and Federal laws and regulations respecting the security for or granting a preference in the case of the deposit of public trust funds; provided, however, that it shall not be necessary for the Custodian so to secure any portion of the moneys on deposit in the Warrant Fund that may be insured by the Federal Deposit Insurance Corporation or by any agency of the United States of America that may succeed to its functions.

Provisions of the Authorizing Resolution a Contract

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

THE COUNTY

Baldwin County was established on December 21, 1809, ten years before Alabama gained statehood. The County is the largest (approximately 1,613 square miles) in Alabama by area and is located on the Gulf of Mexico directly east across Mobile Bay from Mobile County and the City of Mobile. Spanish explorers first came to the area in the 1500's and remained in control until the French founded the City of Mobile (across the Mobile Bay in Mobile County) and other nearby settlements in 1670. The British took control of the area in 1763 following the Treaty of Paris, but lost control to the Spanish in 1780, whose military fortifications on the eastern shore of Mobile Bay (in Baldwin County) is now the City of Spanish Fort.

During the 19th Century, the area was primarily agricultural and a gateway for international shipping as the Coosa, Tallapoosa, and Alabama rivers meet in Mobile Bay and were used to ship agricultural products to Europe. Following the Civil War, the railroad became the primary means of transferring goods to and from the County, and the area's fishing, timber, and agricultural industries continued to develop into the 20th Century. The completion of the Intracoastal Canal in 1937 and the end of World War II led to the expansion of the commercial and recreational fishing industries and the beginning of the tourism industry as important economic drivers.

Today, the "Eastern Shore," connected to Mobile via Interstate 10, generally comprising the cities of Fairhope, Daphne, and Spanish Fort, are among the fastest growing and affluent residential areas of the State. In addition, the beach areas directly on the Gulf of Mexico in the cities of Gulf Shores and Orange Beach, are major local and regional tourist destinations, attracting regular vacationers from all over the Southeast and the Midwest. Today, fishing, tourism, oil and gas development, and agriculture remain important parts of the County's economy.

The City of Bay Minette, which is the county seat of the County and located in the northern part of the County, is located within thirty miles of Mobile, Alabama and within fifty miles of Pensacola, Florida. Baldwin County is traversed east-west by Interstate 10 (connecting Houston, New Orleans and points west to Pensacola, Tallahassee and points east) and north-south by Interstate 65 (connecting Mobile to Birmingham, Nashville and points north); U.S. Highways 98, 31 and 90; and Alabama Highways 180, 181, 182, 59, 225 and 104. The County is served by Greyhound Bus Lines as well as by the CSX Transportation System. Commercial air service is available in Mobile and Pensacola.

Population

The following sets forth certain historical population statistics from the U.S. Census Bureau relating to the State of Alabama, Baldwin County and the municipalities located therein:

Census Year	State of Alabama	Baldwin County
1970	3,444,165	59,182
1980	3,893,888	78,556
1990	4,040,587	98,280

2000	4,447,100	140,415
2010	4,779,736	182,265
2018 ⁽¹⁾	4,887,871	218,022

⁽¹⁾Estimates as of July 1, 2018.

Source: U.S. Census Bureau, Population Division

Municipal Populations

<u>Municipality</u>	<u>2000</u>	<u>2010</u>	<u>2018*</u>
Bay Minette	7,820	8,044	9,291
Daphne	16,581	21,570	26,506
Elberta	552	1,498[1]	1,723
Fairhope	12,480	15,326	22,085
Foley	7,590	14,618	18,928
Gulf Shores	5,044	9,741	12,517
Loxley	1,348	1,632	2,546
Orange Beach	3,784	5,441	6,114
Magnolia Springs	--	723	816
Perdido Beach	--	581	643
Robertsdale	3,782	5,276	6,838
Silverhill	616	706	997
Spanish Fort	5,423	6,798	8,985
Summerdale	655	862	1,511

Source: United States Census, 2010 figures were obtained from www.cubitplanning.com

[1] The increase was primarily attributed to Elberta's annexation of the previously unincorporated community of Mifflin shortly after the 2000 Census was taken.

Governmental Organization and Administration

The County is governed by the Baldwin County Commission, consisting of four commissioners elected at-large. The County Commission is responsible for the direction, control and maintenance of the property of the County, for setting policies of the County, including the appropriation and expenditure of County funds and the settlement of claims against the County, the levy of certain taxes as provided by law, and the creation and investment of funds for the payment of long term indebtedness.

Members of the Baldwin County Commission

<u>Name</u>	<u>Occupation</u>
Billie Jo Underwood, Chairman	CPA, local firm
Joe Davis III	Retired (State Educator)
Charles F. "Skip" Gruber	Retired (County Highway Department)
James E. Ball	Baldwin Substance Abuse Services, Program Director

The County Commission is assisted by numerous professional staff members. The County Administrator is Wayne A. Dyess. Mr. Dyess' primary responsibility is to prepare the agendas for the general business meetings of the Baldwin County Commission and to work with the various administrative departments to ensure compliance with all administrative policies of the Commission. He has served in

this role since 2019. Adria Cian Harrison serves as Clerk/Treasurer, the role of which is to manage the Finance/Accounting Department and to oversee various tax collections and all financial records and reports, including the County's audit. She has been with the Finance/Accounting Department since 2019. Ronald J. Cink serves as Budget Director, a position he has held since 2007. He has been with the County since 2006. The Budget Director is responsible for preparing and monitoring the County's annual budget and assisting the department directors, elected officials, and commissioners throughout the year with budget and finance related matters.

Personnel

The County employs approximately 650 people in its various departments. Of this total number, approximately 650 are within departments of the County Commission and approximately 321 are within the Baldwin County Sheriff's office. No employees of the County are represented by labor unions or similar employee organizations. The County does not bargain collectively with any labor union or employee organization. The County has enjoyed good relations with all County employees and the County believes that good relations will continue.

Employee Pension Plan and Liability

The Employees' Retirement System of Alabama was created in 1945 pursuant to an act of the Alabama Legislature. The Employees' Retirement System is administered on behalf of the State of Alabama and certain local governmental units in Alabama by Retirement Systems of Alabama, an agency of the State of Alabama. More than 40,000 employees of the State of Alabama and certain local governmental units in Alabama are active members of the Employees' Retirement System. *See* Note 6, starting on page 40, and pages 71-74, of the Financial Statement attached hereto as Exhibit B for a description of the plan.

The County has participated in the Employees' Retirement System for over sixty years. The plan covers substantially all salaried and hourly employees of the County.

Contributions by the County are made on the basis of certain actuarial calculations of amounts which, together with the employees' contributions, are projected to provide at the time of retirement the benefits contemplated by the retirement program. The independent actuary employed by Retirement Systems of Alabama calculates total employer contributions to liquidate any unfunded accrued liability over a period of not more than 20 years. The next actuarial evaluation of the accrued liability respecting the County will be prepared on the basis of revised actuarial assumptions.

The Employees' Retirement System does not undertake to fund the retirement plans of participating local governmental units. The Employees' Retirement System acts only in an administrative capacity, and then only upon the election of the local governmental units. The statute permitting such election provides that "The retirement system shall not be liable for the payment of any pensions or other benefits on account of the employees or pensioners of any employers under this section, for which reserves have not been previously created from funds contributed by such employer or its employees for such benefit." The statute further provides that the agreement of a local government to contribute to the Employees' Retirement System on account of its employees is irrevocable, but should it become financially unable to make the normal contribution, administrative charge and accrued liability contribution, the County would be deemed to be in default under the Employees' Retirement System.

In the event any participating local government elects to withdraw from the Employees' Retirement System by mutual agreement with employees, the statute provides that the rights and privileges of existing beneficiaries shall not, as a result of such withdrawal, be diminished or impaired. Upon any such withdrawal, the statute requires the Actuary to certify to the local government the actuarial determination

of the reserves necessary to provide existing benefits and provides that the local government shall agree to appropriate such amounts as may be necessary to maintain existing benefits.

The employees of the County participate in a retirement system established by the Legislature of Alabama and known as the Employees' Retirement System of Alabama (the "Retirement System"). Contributions to the Retirement System are made by both the employees and the County. The respective amounts of such contributions are established by the Legislature of Alabama.

In 2012, the Alabama Legislature enacted Act No. 2012-377 that created a two-tier defined benefit plan for all Employees' Retirement System participants. Tier 1 consists of all employees with any eligible service prior to January 1, 2013. Tier 2 consists of all employees hired for the first time on or after January 1, 2013. The expectation is that employer contribution rates will be lower for Tier 2 employees as compared to Tier 1 employees based on the reduction in benefits provided and the increased minimum age requirements in order to begin receiving benefits for Tier 2 employees.

The Employees' Retirement System provides retirement, disability and death benefits, and the benefits are available to members at varying times during their creditable service. While there are variations in benefits, the basic annual service retirement allowance for Tier 1 employees is 2.0125% of the member's final compensation (average of highest three years out of final ten years) multiplied by the number of years of creditable service. For Tier 2 employees, the basic annual service retirement allowance is 1.650% of the member's final compensation (average of highest five years out of final ten years) multiplied by the number of years of creditable service. Retirement benefits are available (i) for Tier 1 employees after 25 years of creditable service or after 10 years of creditable service and attainment of age 60 and (ii) for Tier 2 employees after 10 years of creditable service and attainment of age 62. Participants in the Employees' Retirement System are qualified for vested deferred benefits after completion of 10 years of creditable service. A member who is not eligible for vested deferred benefits is entitled only to the return of his own contributions and a limited amount of interest.

In 2011, the Alabama Legislature enacted Act No. 2011-676, which increased Tier 1 employee contribution rates for State employees that are members of the Employees' Retirement System by 2.25% effective October 1, 2011. An additional increase of 0.25% took effect on October 1, 2012. Participating local governments were given the option of maintaining the employee contribution rate at the prior level for Tier 1 employees. The Commission's contribution rates in fiscal year 2018 for Tier 1 and Tier 2 employees were 5.73% and 4.99%, respectively, and the employer contribution amount was \$1,482,790.59. The Sheriff's Office rates for the same period and tiers were 6.35% and 5.39%, respectively, and the employer contribution amount was \$966,008.53. The County's total net pension liability as of September 30, 2018 was \$27,797,890. *See* pages 47 and 71-79) of the attached financial statement. The County is in the process of converting Tier 2 employees to Tier 1 employees, and expects such conversion to increase its pension liability by approximately \$1 million.

Compensated Absences

The Commission has a standard policy for its full-time employees as to sick and annual leave. *See* Note D.9 (pages 28-29) to the Financial Statement attached hereto as Exhibit B.

Landfill Closure and Post-closure Care Costs

State and federal laws and regulations require that the Commission place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The County holds \$5,246,478.70 for these purposes. *See* Note 11 (page 63) to the Financial Statement attached hereto as Exhibit B for a description of such requirements.

Other Postemployment Benefits and Contingent Liabilities

The Commission allows retired employees and officials to continue to participate in the County's health insurance plan. The County's total OPEB liability as of September 30, 2018 was \$5,387,390. See Note 7 (pages 54-56a and 81-82) to the Financial Statement attached hereto as Exhibit B for a description of such plan.

General Financial Information

The County's Fiscal Year begins each October 1. The financial statements of the County are required to be audited by the Department of Examiners of Public Accounts of the State of Alabama not less often than every two years. The most recent audit available is for the fiscal year October 1, 2017-September 30, 2018 and is attached hereto as Exhibit B. There is no statutory authorization for the County to employ independent accountants to conduct an audit.

Limited Taxing Authority

Governing bodies of counties in the State of Alabama generally have no authority to raise taxes without first having a bill passed by the state legislature authorizing the levy of a new tax or the increase in an existing tax. Additionally, with respect to ad valorem taxes, no increase may be authorized even with the approval of the state legislature unless the qualified voters in the county also approve the levy of the proposed ad valorem tax.

Long Term Indebtedness

The long-term indebtedness of the County (see Note 10 beginning on page 58 of the attached financial statement), after issuance of the Warrants will be as follows:

	<u>Principal Outstanding</u>	<u>Final Maturity</u>
General Obligation Warrants, Series 2020, dated the date of delivery	\$30,570,000	February 1, 2030
General Obligation Taxable Warrant, Series 2016, dated May 1, 2016	\$246,182.20	June 1, 2021
General Obligation Warrants, Series 2015, dated March 1, 2015	\$31,730,000	May 1, 2033
General Obligation Taxable Warrants, Series 2014, dated June 1, 2014	\$10,350,000	June 1, 2039
General Obligation Warrants, Series 2013, dated February 1, 2013	\$11,265,000	January 1, 2026
General Obligation Warrants, Series 2012, dated September 1, 2012	\$5,880,000	June 1, 2026
County Public Building Authority Series 2007-A DHR Project Lease	\$3,550,000	June 1, 2028

TOTAL

\$74,591,182.20

The long-term indebtedness set forth above and under the preceding section does not include certain lease and other miscellaneous obligations such as landfill closure and post-closure liability and compensated absences. The County has the following estimated liabilities: compensated absences (\$3,960,550.44); capital leases of \$439,000; other postemployment benefits \$5,387,390; landfill closure and post-closure liability \$3,861,667.62; net pension liability \$27,797,890; and other miscellaneous obligations not exceeding \$500,000. These obligations do not necessarily count against the County's constitutional debt limit but are shown here and under the "Constitutional Debt Limitation" section solely in the interest of full disclosure.

Short Term Debt

The County has no outstanding short-term notes or other obligations except for certain capital and other lease obligations. The County expects to issue an approximately \$1 million equipment lease obligation to Motorola during the last quarter of calendar year 2019. Given the County's size and scope, the County has frequent need to utilize short-term funding obligations from various sources.

Anticipated Future Debt; Economic Development

The County plans to issue approximately \$35 million of debt through its Public Building Authority within the next 6 months in order to fund the construction of an additional 300 bed jail facility. The County will be obligated to pay the debt service on such indebtedness.

The Alabama Legislature has adopted legislation permitting the County to vote on the formation of a toll road and bridge authority with the power to issue debt in order to extend the Foley and Baldwin Beach Expresses to Interstate 65 with a toll road to accommodate tourist travel and provide an additional hurricane evacuation route. It is possible that, if formed, the County could assist such authority by issuing debt on behalf of or agreeing to help pay a portion of such authority's debt.

The County is experiencing significant and sustained population growth. It is possible that the County may have significant capital borrowing needs in the near future for things including, but not limited to, safety, education, health, welfare, infrastructure, transportation, industry, recreation, and economic development, as part of long term capital planning and/or on short-term notice.

There has recently been much publicity regarding the State Department of Transportation's plan to expand the Interstate 10 bridge across Mobile Bay connecting Baldwin County to the City of Mobile, where many County residents work. After sustained public opposition to paying for a portion of the project with tolls, the Governor of Alabama has declared the project unworkable and no longer under consideration. It is possible, however, that such project may be revived under a different structure.

There has also been news about the State's plan to construct a third access bridge across the Intracoastal Canal to the beach-resort cities of Orange Beach and Gulf Shores, in order to alleviate the volume of traffic on Alabama Highway 59. While a start date has not been announced, another access point would presumably improve the tourist experience on which the County's finances depend.

The County has approved certain tax abatements by municipalities in the County which has reduced the County's share of certain sales and property taxes by approximately \$100,000 per year. See Note 18, page 69 of the attached financial statement.

The County currently has no significant obligations related to economic development projects under Amendment Nos. 750 or 772 to the Alabama Constitution of 1901, as amended. However, the County is currently marketing its large industrial “Mega Site” located near Bay Minette just south of Interstate 65, and it is possible that the County will consider a variety of financial incentive type arrangements with interested parties in the future.

Constitutional Debt Limitation

Section 224 of the Constitution of Alabama, as amended by Amendment 342, provides that no county shall become indebted in an amount, including present indebtedness, greater than five percent (5%) of the assessed value of the property therein. The net assessed valuation of the taxable property situated in the County (including motor vehicles) for the fiscal year which ended September 30, 2019 (for which taxes became due and payable on October 1, 2019 is not less than \$5,248,526,796. The corresponding constitutional debt limit of the County is therefore not less than \$262,426,339.80. The County has incurred general obligation indebtedness chargeable against its constitutional debt limit in the aggregate amount of \$71,041,182.20. The County has a remaining debt margin of not less than \$191,385,157.60. The constitutional debt limit of the County and its relation to certain demographic data is as follows:

Debt Ratios

Assessed Value Oct. 1, 2019 (including motor vehicles)	\$5,248,526,796.00
Debt Limit (5%)	\$262,426,339.80
Chargeable Debt [1][2]	\$71,041,182.20
Debt Margin	\$191,385,157.60
Ratio of Chargeable Debt to Assessed Value	1.360%
2018 estimated County population	218,022
Chargeable Debt per capita	\$325.84

- [1] Includes the Long-Term Indebtedness hereinabove described and the other miscellaneous obligations [1] Includes the Long-Term Indebtedness hereinabove described and the other miscellaneous obligations described above. These miscellaneous obligations do not necessarily count against the County’s constitutional debt limit but are shown herein solely in the interest of full disclosure.
- [2] Does not include the County’s lease obligations to The Public Building Authority of Baldwin County for its outstanding Series 2007-A Warrants (DHR Project), and will not include the County’s obligations to the PBA under the proposed approximately \$35 million Series 2020 Warrants (Jail Project).

General Fund Revenues and Expenditures and Summary of Operations

The County’s General Fund has primarily depended on the following sources of revenue:

A. Five Mill County-Wide Ad Valorem Tax. The County’s five mill ad valorem tax is levied under the authority of Section 215 of the Constitution of Alabama of 1901, as amended by Amendment No. 208, and is one of the two largest sources of revenue for the County’s General Fund. Proceeds of the five mill county-wide tax have been as follows for the periods indicated:

<u>Fiscal Year</u>	<u>Five Mill General Fund</u>
2018	\$ 21,878,986

2017	20,806,516
2016	19,648,591
2015	17,889,372
2014	17,871,761

B. 1983 County Sales Tax. Pursuant to Act No. 83-532 adopted at the 1983 Regular Session of the Legislature of Alabama, as amended by Act No. 84-523 adopted at the 1984 Regular Session of the Legislature of Alabama, the County levies a County-wide sales tax. In general, the rate is 1% of the gross proceeds of the sales or receipts of persons engaged in the business of selling at retail in the County any tangible personal property or in the business of conducting or operating places of amusement or entertainment in the County. Such 1983 Sales Tax must be added to the sales price or admission fee and collected from the purchaser or person paying an admission fee. Through September 30, 1995, the 1983 Sales Tax was collected by the State Department of Revenue along with the collection of the state sales tax. Effective with the 1995-96 fiscal year, the County entered into a two-year agreement with a private firm to collect the County's sales tax. After payment of the costs of collection to said firm, 2% of the sales tax was paid to the Baldwin County Juvenile Court. Of the remaining 98% of the 1983 Sales Tax proceeds, 55% was paid to the Baldwin County Board of Education, 5% was paid to James H. Faulkner Community College and 40% was paid into the General Fund. From October 1, 1997 through February 28, 2001, the County again employed the Alabama Department of Revenue to collect its 1983 Sales Tax. Effective March 1, 2001, the County established its own department to collect the 1983 Sales Tax. The distribution of the 1983 Sales Tax remains as noted above after payment of collection costs. Proceeds of the 1983 Sales Tax received by the County's General Fund have been as follows for the periods indicated:

<u>Fiscal Year</u>	<u>County's General Fund Share of Proceeds of the Sales Tax</u>
2018	\$ 16,254,475 [1]
2017	13,484,959
2016	12,488,292
2015	11,613,988
2014	10,847,068

[1] Pursuant to H.B. 495 adopted at the 2017 Regular Session of the Alabama Legislature, the Commission's share of the distributable proceeds of this tax between the Commission and the Baldwin County Board of Education increased from 40% to 55%, and the Baldwin County Board of Education's share likewise decreased from 55% to 40%, effective June 1, 2018. The Commission expects the 15% increase to produce approximately \$5 million more revenue per year to the Commission based on collections in fiscal year 2017. There are no assurances, however, that the gross proceeds received by the Commission will exceed actual collections in any prior years.

The Commission has begun receiving additional sales tax revenue from the Simplified Sellers Use Tax (SSUT) (Alabama Act 2018-539) in the wake of the *South Dakota v. Wayfair* case. The Commission has collected \$553,730 in 2017, \$764,781 in 2018, and \$1,452,356 through September, 2019.

C. Lease Tax. Pursuant to Act No. 2007-377, as amended by Act No. 2010-588, the County levies a County-wide lease tax. Seventy-five percent (75%) of the tax is distributed to the County general fund. Proceeds of the lease tax received by the County's General Fund have been as follows for the periods indicated:

<u>Fiscal Year</u>	<u>County's General Fund Share of Proceeds of the Lease Tax</u>
2018	\$ 2,669,438
2017	2,641,232
2016	2,535,660
2015	2,276,618
2014	2,109,955

D. State Funding. The County's General Fund also receives from the State of Alabama certain taxes, licenses and other moneys levied and collected by the State. The largest sources of State revenues are from state franchise taxes and state excise taxes. Although such moneys have been made available to the County by the State, the continued availability of such moneys is dependent upon the ability and willingness of the Alabama Legislature to continue to provide such moneys.

General Fund Operations

The following comparative statements of General Fund revenues and expenditures have been extracted from audited financial records of the County for the fiscal years indicated:

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TOTAL GOVERNMENTAL FUNDS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES					
Taxes	\$ 69,869,171.31	\$ 65,179,717.28	\$ 61,490,825.12	\$ 57,206,953.41	\$ 55,794,799.36
Licenses and Permits	1,947,047.04	2,558,484.08	2,048,154.33	1,757,994.77	838,478.14
Intergovernmental	18,113,275.09	14,724,374.20	21,097,202.79	18,328,626.77	17,446,618.13
Charges for Services	13,675,443.80	12,570,676.34	14,027,916.40	14,224,892.68	12,368,149.65
Fines and forfeitures	25,913.65	39,577.17	40,289.25	26,870.12	28,476.55
Miscellaneous	<u>19,600,740.50</u>	<u>15,540,577.34</u>	<u>4,509,742.82</u>	<u>4,416,419.67</u>	<u>3,746,352.21</u>
TOTAL REVENUES	123,231,591.39	110,613,406.41	103,214,130.71	95,961,757.42	90,222,874.04
EXPENDITURES					
General Government	38,252,439.42	34,628,599.20	26,447,111.53	24,838,860.21	25,047,628.04
Public Safety	33,784,295.51	31,701,362.40	28,841,337.50	28,687,258.83	25,828,816.25
Highways and Roads	17,422,270.66	16,833,552.97	17,623,758.46	13,257,419.44	17,206,229.69
Health	2,387,517.89	2,822,176.99	2,754,080.40	2,577,752.39	2,677,652.29
Welfare	559,918.24	519,287.95	503,900.70	470,141.10	429,714.79
Culture and Recreation	1,358,307.38	1,284,361.70	1,275,737.54	1,234,469.54	1,315,149.63
Education	69,314.30	82,321.99	88,528.14	75,236.29	71,894.68
Capital Outlay	15,405,896.47	9,514,360.54	22,948,820.45	11,843,176.30	17,458,700.23
Debt Service:					
Principal Retirement	15,220,887.94	8,312,324.79	7,891,102.90	7,464,309.24	6,755,859.05
Interest and Fiscal Charges	<u>3,644,418.97</u>	<u>3,988,257.03</u>	<u>4,338,819.35</u>	<u>4,594,508.91</u>	<u>5,003,228.19</u>
TOTAL EXPENDITURES	128,105,266.78	109,686,605.56	112,713,196.67	95,043,132.25	101,794,872.84
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,873,675.39)	926,800.85	(9,499,066.26)	918,625.17	(11,571,998.80)
OTHER FINANCING SOURCES (USES)					
Operating Transfers in	35,337,129.97	25,621,204.52	25,513,744.48	23,940,433.66	23,163,710.59
Sale of Capital Assets	8,558,210.52	184,011.94	3,531,607.80	827,605.81	4,417,839.56
Warrant Proceeds			5,347,593.87	35,180,000.00	10,350,000.00
Premium on Warrants				4,146,749.60	
Discount on Warrants					(213,812.80)
Lease Proceeds		439,000.00			4,905,800.00
Operating transfers out	(35,221,081.45)	(25,505,165.27)	(24,930,118.79)	(23,369,335.26)	(22,705,938.12)
Payment to Refunding Escrow Agent			(4,711,729.47)	(39,333,847.88)	(10,000,000.00)
Other Financing Uses		(5,000.00)	(6,000.00)		
TOTAL OTHER SOURCES (USES)	8,674,259.04	734,051.19	4,745,097.89	1,391,605.93	9,917,599.23
Changes in Fund Balances	3,800,583.65	1,660,852.04	(4,753,968.37)	2,310,231.10	(1,654,399.57)
Fund Balance Beginning	61,370,979.46	59,710,127.42 ¹	63,283,928.30	60,973,697.20 ²	60,530,004.28
Fund Balance Ending	<u>\$ 65,171,563.11</u>	<u>\$ 61,370,979.46</u>	<u>\$ 58,529,959.93</u>	<u>\$ 63,283,928.30</u>	<u>\$ 58,875,604.71</u>

¹ Restated, See Note 16 to FY 17 Audit

² Restated, See Note 16 to FY 15 Audit

Special Revenue Funds

To account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes, the County has established, among others, the following funds:

(a) State Seven Cents Gasoline Tax Fund - The County's share of the State's seven cents gasoline tax is deposited in this fund and used for building and maintaining county roads and bridges. The proceeds of this tax for the last seven years have been as follows:

<u>Fiscal Year</u>	<u>Seven Cents Proceeds</u>
2018	\$2,489,805
2017	2,491,369
2016	2,468,079
2015	2,388,608
2014	2,299,860

(b) State Four Cents Gasoline Tax Fund - The County's share of the State's four cents gasoline tax is deposited in this fund and used for resurfacing, restoring and rehabilitating of the County's existing paved roads and bridges. The proceeds of this tax for the last seven fiscal years have been as follows:

<u>Fiscal Year</u>	<u>Four Cents Proceeds</u>
2018	\$1,479,127
2017	1,477,050
2016	1,463,266
2015	1,416,912
2014	1,366,616

(c) State Five Cents Gasoline Tax - The County's share of the State's five cents gasoline tax is deposited in the Four Cents Gasoline Tax Fund and used for resurfacing, restoring and rehabilitating the County's existing paved roads and bridges and for maintaining County roads. The proceeds of this tax for the last seven years have been as follows:

<u>Fiscal Year</u>	<u>Five Cents Proceeds</u>
2018	\$711,373
2017	711,820
2016	705,166
2015	682,459
2014	657,103

Pursuant to the Rebuild Alabama Act (Act 2019-2), effective September 1, 2019, a \$0.06 increase in the State gasoline tax went into effect, with two additional \$0.02 increases scheduled to go into effect on October 1, 2020, and 2021. The County estimates that the additional increase in this statewide tax allocated to the Commission will produce an approximately \$1,279,536 of additional gasoline taxes revenue.

(d) State Five Cents Gasoline Tax - The County receives the entire proceeds of a three cents per gallon countywide gasoline tax. The County was also authorized after January 1, 1995, pursuant to Act No. 91-159 adopted at the 1991 Regular Session of the Alabama Legislature, to levy two separate and distinct taxes each in the amount of one cent (\$0.01) per gallon on persons, corporations and others engaged in the business of selling, distributing, storing or withdrawing from storage, for any purpose whatsoever, gasoline and motor fuel and substitutes therefor in the County. The governing body of the County has adopted a resolution levying such taxes. The combined taxes have produced the following revenues:

<u>Fiscal Year</u>	<u>Five Cents Proceeds[1]</u>
2018	\$8,202,478
2017	8,252,286
2016	7,849,566
2015	7,564,156
2014	7,314,353

[1] Such proceeds are deposited in the Seven Cents Gasoline Tax Fund

(e) Public Building, Road and Bridge Fund - The County's 2.5 mill ad valorem tax levied for the building and maintaining of public buildings, roads and bridges is deposited in this fund. The proceeds of this tax have been as follows for the last seven fiscal years:

<u>Fiscal Year</u>	<u>Road and Bridge Tax</u>
2018	\$10,716,710
2017	10,191,545
2016	9,624,342
2015	8,762,737
2014	8,754,187

Ad Valorem Taxation

General

The Constitution of Alabama of 1901 provides for the levy and collection of ad valorem taxes in Alabama by establishing the ratios at which property may be assessed, the millage rates that may be levied on property, and the amount of ad valorem taxes that may be collected in any year. During the 1970's two amendments to the Constitution of Alabama of 1901 substantially changed ad valorem taxation in Alabama. Because of litigation, including litigation involving "current use" assessments and possible future changes that could be made by the Alabama Legislature or pursuant to constitutional amendment, future collections of ad valorem taxes in Baldwin County cannot be predicted with certainty. Amendment No. 373 to the Constitution of Alabama of 1901, the second of the two amendments referred to above, sets forth the assessment ratios, millage rates and the maximum amount of taxes collectable in any year currently in effect.

The 1978 Tax Amendment

Amendment No. 373 to the Constitution of Alabama of 1901 (approved at a statewide election on November 7, 1978; the "1978 Tax Amendment") provides that all taxable property in Alabama be classified and assessed in the following classifications and at the following ratios of assessed value to fair and reasonable

market value (or, with respect to certain Class III property, at current use value) for purposes of State of Alabama and local taxation:

Class I	Property of utilities used in their business*	30%
Class II	Property not otherwise classified (generally, business or commercial property)	20%
Class III	Agricultural; forest; single-family, owner-occupied residential property; and historic buildings and sites	10%
Class IV	Private passenger automobiles and small trucks (pickups) for personal use and not for hire, rent or compensation	15%

* As a result of federal regulations, railroads are now assessed at 15% of the fair and reasonable market value of their property and as a result of litigation certain other utilities are now assessed at 22.5% of the fair and reasonable value of their property.

The 1978 Amendment provides that Class III property shall, upon application by the owner of such property, be assessed “at the ratio of assessed value to the current use value” of such property and not the fair and reasonable market value of such property. Act No. 82-302 adopted at the 1982 Regular Session of the Alabama Legislature, implementing the 1978 Tax Amendment, defined “current use value” as the value of such property based on the use being made of it on October 1 of the preceding year, without considering “the prospective value such property might have if it were put to some other possible use.” Act No. 82-302 established a standard valuation formula for uniform use statewide by which the current use value of Class III properties could be ascertained and thereby provided for a different method of determining current use values than that used by revenue commissioners pursuant to directives issued by the State Department of Revenue prior to the passage of Act No. 82-302. The impact of Act No. 82302 on assessed valuations of Class III properties in the County was and will continue to be negative and adverse.

Variation of Assessment Ratios

The 1978 Tax Amendment provides that the governing body of any local taxing authority (but not the State of Alabama) may adjust (by increasing or decreasing) the ratio of assessed value of any class of taxable property to its fair and reasonable market value or current use value provided that (1) said adjustment shall have been proposed by the governing body of the taxing authority after a public hearing on such proposal, (2) thereafter approved by an act of the Legislature, and (3) subsequently approved by majority vote of the qualified electors residing in the taxing authority; provided, however, that the adjusted assessment ratio applicable to each class of taxable property must be uniform within each local taxing authority, that no decrease in any assessment ratio may jeopardize the payment of any bonded indebtedness secured by any tax levied by the taxing authority decreasing said assessment ratio, and that no class of taxable property shall have an assessment ratio of less than 5% nor more than 35%. The State Legislature has no authority with respect to the adjustment of assessment ratios pertaining to local taxes except to approve or disapprove an adjustment proposed by a local taxing authority. The governing body of the County has not sought to make any adjustment in the assessment ratio applicable to any class of taxable property in the County.

The Legislature has provided that no local taxing authority may adjust the assessment ratios of any class of taxable property except as follows:

(1) If the total assessed valuation of all property in one class exceeds 50% of the assessed valuation of all taxable property within the taxing authority, the assessment ratio with respect to that class of taxable property may be decreased up to a maximum of 5% differential from the standard ratio of such class set forth above; (2) if the total assessed valuation of all property in one class is less than 20% of the assessed valuation of all taxable property within the taxing authority, the assessment ratio with respect to that class of taxable property may be increased up to a maximum of 5% differential from the standard ratio for such class set forth above; or (3) if the total assessed valuation of all property in one class constitutes more than 75% of the assessed valuation of all taxable property in the taxing authority, the assessment ratio with respect to that class of taxable property may be decreased up to a maximum of 5% differential, and the ratio of properties in other classes of taxable property may be increased up to a maximum of 5% differential.

Millage Rate Adjustments

The 1978 Tax Amendment provides that each local taxing authority may decrease any ad valorem tax rate at any time, provided such decrease does not jeopardize the payment of any bonded indebtedness secured by such tax.

The 1978 Tax Amendment provides that each local taxing authority may increase the rate at which any ad valorem tax is levied by any such authority above the limit otherwise provided in the Constitution provided that the proposed increase shall have been (1) proposed by the governing body of the taxing authority after a public hearing on such proposal, (2) thereafter approved by an act of the Legislature, and (3) subsequently approved by a majority vote of the qualified electors residing in the taxing authority.

Limitation on Ad Valorem Taxation

The 1978 Tax Amendment limits the total amount of ad valorem taxes payable to the State and to all counties and municipalities and other taxing authorities, with respect to any item of taxable property, and in any one ad valorem tax year, to the following respective percentages of the fair and reasonable market value of such property:

Class I	2.00%
Class II	1.50%
Class III	1.00%
Class IV	1.25%

These limitations are not now exceeded as to any class of property in the County. In the event the total ad valorem tax otherwise payable by any taxpayer with respect to any item of taxable property exceeds the maximum tax limit set forth above, the county revenue commissioner is required by the 1978 Tax Amendment to reduce the rate of each separate tax in proportion that the millage levied by or for the benefit of each taxing authority bears to the total millage levied by or for the benefit of all taxing authorities.

Exemptions

The 1978 Tax Amendment exempts from all ad valorem taxation the real and personal property of the State, all counties and municipalities, and property devoted exclusively to religious, educational or charitable purposes, household and kitchen furniture, all farm tractors, all farming implements when used exclusively in connection with agricultural property and all stocks of goods, wares and merchandise.

Homestead Exemption

Act No. 82-789 enacted at the 1982 Second Special Session of the State Legislature increased the State ad valorem tax homestead exemption to \$4,000 and provided that local taxing authorities, including the County, are permitted to increase the current \$2,000 homestead exemption against county taxes to not more than \$4,000 of assessed value for any year and to extend the homestead exemption to school district ad valorem taxes. The Baldwin County Commission has not elected to increase the homestead exemption from the current amount of \$2,000. An increase made in subsequent tax years would have the effect of decreasing the collection of the taxes for the year or years in which such increase was in effect.

Ad Valorem Tax Assessment and Collection

Ad valorem taxes on taxable property except motor vehicles, mobile homes and public utility properties are assessed and collected by the County Revenue Commissioner. Ad valorem taxes on motor vehicles in the County are assessed and collected by the Judge of Probate of Baldwin County and ad valorem taxes on public utility and railroad properties are assessed by the State Department of Revenue and collected by the State and the County Revenue Commissioner. Ad valorem taxes become due and payable on October 1 of each year following the October 1 as of which they are assessed and become delinquent after the next succeeding December 31.

Net Assessed Valuations

The net assessed valuations of taxable property in Baldwin County have been as follows for the periods indicated:

<u>Fiscal Year</u>	<u>Real, Personal and Public Utility Property</u>	<u>Motor Vehicles</u>	<u>Total</u>
2019	\$4,850,253,600	\$398,273,196	\$5,248,526,796
2018	4,491,956,560	398,273,488	4,890,230,048
2017	4,208,993,120	408,211,728	4,617,204,848
2016	3,970,249,940	409,371,562	4,379,621,502
2015	3,778,576,700	379,454,752	4,158,031,452

Sources: Revenue Commissioner of Baldwin County; Judge of Probate of Baldwin County

Ad Valorem Taxes Levied in the County

The following ad valorem taxes are currently being levied on all taxable property in Baldwin County by the following taxing authorities at the following rates (in mills):

<u>State of Alabama:</u>	<u>Mills</u>
General	2.5
Soldier	1.0
School	<u>3.0</u>
TOTAL - State Tax Rate	6.5
<u>Baldwin County:</u>	
General	5.0*
Road and Bridge	2.5

School - County - Special	9.0
School – District	3.0**
Hospital	2.0***
Health	0.5
Volunteer Fire Departments	<u>1.5</u>
TOTAL - County Tax Rate	23.5
TOTAL TAX RATE	30.0

* The County levies a 5 mill ad valorem tax under the general ad valorem tax authority of Section 215 of the Alabama Constitution. Pursuant to Act No. 609 adopted in 1901 by the Alabama Legislature, 2 mills were remitted to the Baldwin County School Board (the “Board”). In consideration of the County levying a new one-half of one percent sales tax and a 1½% use tax for educational purposes, the Board relinquished its rights to the two mill ad valorem tax. Act No. 89-482 provides that so long as the above-referenced sales and use tax proceeds are received by the Board, the two mill ad valorem tax shall be deposited in the County’s General Fund.

** Applies to District Two only

*** Applicable to northern Precincts 1 through 7 for northern Baldwin Hospital Fund Source: Revenue Commissioner of Baldwin County

Ad Valorem Taxes Levied by Municipalities

In addition to the state and county ad valorem taxes listed above, the following municipalities in Baldwin County currently levy ad valorem taxes on property within their corporate limits at the following rates (in mills):

<u>Municipality</u>	<u>Mills</u>
Bay Minette	12.5
Daphne	15.0
Elberta	5.0
Fairhope	15.0
Foley	5.0
Gulf Shores	5.0
Loxley	6.0
Magnolia Springs	5.0
Orange Beach	4.0
Perdido Beach	4.0
Robertsdale	5.0
Silverhill	10.0
Spanish Fort	5.0
Summerdale	5.0

Source: Revenue Commissioner of Baldwin County

Largest Ad Valorem Taxpayers

The largest ad valorem taxpayers in the County (other than the Fairhope Single Tax Corporation) and the amount of ad valorem taxes paid by each during the 2019 tax years are shown below:’

<u>Name of Taxpayer</u>	<u>County Tax Due</u>	<u>Assessed Value</u>
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Baldwin County Electric Coop	\$1,480,769	\$49,714,180
Gulf Telephone Company	731,121	25,382,920
Alabama Power Co.	669,756	22,649,620
Coroc/Riviera LLC	531,819	16,115,720
Phoenix Orange Beach LLC	416,031	13,000,960
Florida Gas Transmission Co	391,542	13,983,640
Spectrum Turquoise LLC	361,526	11,297,600
Wal-Mart Real Estate Business Trust	356,356	9,708,360
Gulf Beach Hotel Inc.	313,621	9,800,660
100 Emerald Greens LLC	303,338	9,198,400

Source: Baldwin County Revenue Commissioner

Fairhope Single Tax Colony

The Fairhope Single Tax Corporation is America's oldest and largest single tax colony. The intent of the settlers of Fairhope was to demonstrate the theories of taxation of Henry George, the 19th century American economist. George believed that only land should be taxed. The corporation holds title to all of its lands. The corporation owns approximately 20 percent of the land within the corporate limits of the City of Fairhope. The land is divided and leased at a rental rate equalizing the varying advantages of different tracts. The land is made available through leases to those who will use it and improve upon it. All assessed taxes on the land owned by the corporation and improvements owned by its lessees are paid by the corporation. The corporation also makes public improvements. Over the years the corporation has financed public projects and cultural efforts.

Per Capita Personal Income

The following table sets forth certain information from the U.S. Department of Commerce regarding comparative per capita personal income levels in the United States, the State of Alabama and the County:

Year	United States	State of Alabama	Baldwin County
2013	\$44,826	\$36,067	\$38,212
2014	47,025	37,235	39,561
2015	48,940	38,612	41,412
2016	49,831	39,294	43,004
2017	51,640	40,805	44,079

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Median Family Income

The median family income for the United States, the State of Alabama and the County has been as follows for the periods indicated:

Year	United States	State of Alabama	Baldwin County
2015	\$65,900	\$55,500	\$60,000
2016	65,700	55,500	61,100
2017	68,000	55,500	61,500
2018	71,900	60,200	69,400
2019	75,500	63,500	80,500

Source: HUD Office of Economic Affairs, Economic and Market Analysis Division

Poverty Level

The percentage of families in the United States, the State of Alabama and Baldwin County and the Daphne-Fairhope-Foley Metropolitan Statistical Area with incomes below the federal poverty level has been as follows for the periods indicated:

	United States	State of Alabama	Baldwin County	Daphne-Fairhope-Foley MSA
Number of Poor	39,698,000	802,263	21,199	23,728
Poverty Rate	12.3%	16.9%	10.1%	11.8%

Source: U.S. Census Bureau, Small Area Income and Poverty Estimates Program. Last updated February 28, 2019.

Unemployment Rates

Comparative average annual unemployment figures for Baldwin County, the State of Alabama, Daphne-Fairhope-Foley Metropolitan Statistical Area and U.S. national average are as follows:

Year	United States	State of Alabama	Baldwin County	Daphne-Fairhope-Foley MSA
2014	6.2%	6.8%	6.1%	6.1%
2015	5.3	6.1	5.5	5.5
2016	4.9	6.0	5.3	5.3
2017	4.4	4.4	4.1	4.1
2018	3.9	3.9	3.6	3.6
2019*	3.8	3.5	3.2	3.2

*Preliminary estimates year-to-date. As of July 2019.

Source: Alabama Department of Labor

Labor Force Estimates. The following table sets forth information respecting the civilian labor force for Baldwin County and Daphne Metropolitan Statistical Area:

Baldwin County

Year	Total Labor Force	Employed Labor Force	Unemployed Labor Force	Unemployment Rate
2014	86,384	81,083	5,301	6.1%
2015	87,741	82,882	4,859	5.5
2016	90,670	85,839	4,831	5.3
2017	92,090	88,342	3,748	4.1
2018	93,849	90,456	3,393	3.6
2019*	97,060	93,985	3,075	3.2

Daphne-Fairhope-Foley MSA**

Year	Total Labor Force	Employed Labor Force	Unemployed Labor Force	Unemployment Rate
2014	86,384	81,083	5,301	6.1%
2015	87,741	82,882	4,859	5.5
2016	90,670	85,839	4,831	5.3
2017	92,090	88,342	3,748	4.1
2018	93,849	90,456	3,393	3.6
2019*	97,060	93,985	3,075	3.2

*Labor Force Estimates 2019 to-Date. As of July 2019.

**Baldwin County is part of the Daphne-Fairhope-Foley MSA

Estimates prepared by the Alabama Department of Labor in cooperation with the Bureau of Labor Statistics, based on 2018 benchmark.

Source: Alabama Department of Labor

Major Employers

The following table sets forth information with respect to the major employers in the County:

Employer	Product or Service	Approximate Number of Employees
Baldwin County Board of Education	County Public Schools	3,900
Walmart Super Center	Discount Retail Store	1,700
Infirmity Health	Medical Care	1,250
Collins Aerospace	Thrust Reversers, Cowlings, and Nacelle Components	1,160
Columbia Southern University	Higher Education	1,050
South Baldwin Regional Medical Center	Medical Care	860
Marriott Grand Hotel	Hotel and Country Club	800
Baldwin County Commission	County Government	650
Publix	Grocery Store and Pharmacy	560
Standard Furniture	Bedroom and Dining Furniture	520
Brett/Robinson Gulf Corp.	Vacation Rental Management	520

S. H. Enterprises	Vacation Rental Management	320
Ace Hardware Support Center	Hardware Distribution Support Center	300
Vulcan, Inc.	Aluminum and Steel Products	270
Quincy Compressors	Air Filters	220
Bon Secour Fisheries	Seafood Processing	150
Segers Aerospace	Aerospace and Defense MRO	140
Quality Filters	Air Filters	130
International Paper	Paper Products	130
Ascend Materials	Fibers and Resins	100
Dental EZ	Medical Instruments	100

Source: Baldwin County Economic Development Alliance, November 2019

Educational Levels

According to the U.S. Census Bureau, Census 2000, approximately 82% of Baldwin County residents were high school graduates and approximately 23.1% of Baldwin County residents were college graduates. State averages were 75.3% and 19%, respectively.

For the period 2011-2015, the U.S. Census Bureau estimates that approximately 89.5% of Baldwin County residents were high school graduates and approximately 29.0% of Baldwin County residents were college graduates. State averages were 84.3% and 23.5%, respectively.

General Housing Characteristics

Median Value. The following table sets forth the median value of owner-occupied housing units in 2017 for the State of Alabama and Baldwin County and the Daphne-Fairhope-Foley Metropolitan Statistical Area:

	State of Alabama	Baldwin County	Daphne-Fairhope- Foley MSA
Average Value	\$132,100	\$182,800	\$182,000

Source: U.S. Census Bureau, 2013-2017 American Community Survey 1-Year Estimates (2017)

Composition of Housing Units. The following tables set forth certain information concerning housing in the State of Alabama and Baldwin County:

	State of Alabama	Baldwin County
Occupied Housing Units		
Renter	583,478	20,663
Owner	<u>1,273,217</u>	<u>55,470</u>
Total	1,856,695	76,133
Unoccupied Housing Units	<u>374,431</u>	<u>33,890</u>

Total Housing Units	2,231,126	110,023
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Source: 2017 American Community Survey 1-Year Estimates

	State of Alabama	Baldwin County
Family Households	1,233,863	50,029
Non-Family Households	<u>622,832</u>	<u>26,104</u>
Total Households	1,856,695	76,133
 Mobile Home or Trailer	 298,911	 12,285

Source: 2017 American Community Survey 1-Year Estimates

Health Services

Presently, three hospitals, North Baldwin Infirmary, Thomas Hospital, and South Baldwin Regional Medical Center, are currently operated in Baldwin County. Approximately 332 hospital beds and 922 nursing home beds are maintained in the County.

Utilities

Telephone service is provided throughout the County by several telephone systems including AT&T and Gulf Telephone Company. Natural gas is provided throughout the County at wholesale by United Gas Pipeline Company and at retail by municipal systems including Fairhope Utilities and Riviera Utilities of Foley. Electricity is provided by Alabama Power Company, Riviera Utilities of Foley and the Baldwin County Electric Membership Cooperative. Approximately 26 public/private water systems are in service in the County. Approximately seven sewage facilities are installed in the County. There is one "Subtitle D" secondary landfill and one transfer station in Baldwin County operated by the County.

Tourism

Baldwin County is a regional tourist destination, offering white sand beaches on the Gulf of Mexico at Gulf Shores and Orange Beach, and a number of coastal communities and attractions along the Eastern Shore of Mobile Bay.

The Alabama Bureau of Tourism and Travel vigorously promotes tourism in the state, and local organizations such as the Gulf Coast Convention and Visitors Bureau aggressively promote the county as a tourist destination.

Transportation

Highway. The major highway system in the County is comprised of the following: three U.S. Highways, U.S. 90, 98 and 31; two interstate highways, I-10 and I-65; and six major state highways, Alabama 225, 104, 59, 180 181 and 182.

Bus and Rail. Nationwide bus service is available. More than 55 common and specified carriers are authorized to serve the Baldwin and Mobile County areas. CSX Transportation connects Bay Minette and Mobile to the west, and Bay Minette and Escambia County to the east.

Water. The Port of Mobile is the largest and best equipped gulf port located close to deep water. The Port's major waterfront facilities are located along the lower five miles of the Mobile River at the head of Mobile Bay just across the Bay from Baldwin County. The harbor is situated about 30 miles north of the Bay entrance from the Gulf of Mexico. The present depth-controlling entrance to the inner harbor is 40 feet. The Port is authorized for 55 feet south of the I-10 tunnels. The State Docks have been providing all appropriate expansions south of the tunnels to take advantage of this future increased depth.

The Gulf Intercoastal Waterway traverses South Baldwin County. The channel is 12 feet deep and 125 feet wide. The waterway extends along the lower end of Mobile Bay and Gulf Coast for 1,100 miles. An extensive system of Alabama inland waterways, with docking facilities, is tributary to the Port of Mobile, permitting barge traffic as far north as Birmingham. The Alabama State Docks, which operates waterfront facilities at the Port of Mobile, has spent more than \$275 million over the past 15 years to upgrade and expand the available facilities for handling cargo.

Air Service. There are two air carrier facilities available to Baldwin County, one of which is the Mobile Municipal Airport, located approximately 30 to 40 miles from most locations in Baldwin County. Passenger service is provided by major air carriers and commuter services. There are three lighted runways. Major repairs, storage and transportation are also available.

The other air carrier facility available to residents of Baldwin County is the Pensacola, Florida Municipal Airport. Pensacola is served by major and commuter airlines. Charter flights, aircraft repair and hangar storage are made available by several independent flying services in Pensacola. Nine other municipal or private air fields in the County serve the needs of general aviation interests of the area (six are public and three are private).

Education

Primary and Secondary. There are 45 public schools being operated by the Board with an enrollment of approximately 30,000. There are presently no municipal school systems operated by any municipality in the County, except for the City of Gulf Shores, whose board of education began school operations in June, 2019. A number of other municipalities are considering forming their own school systems (Fairhope, Daphne, and Spanish Fort). There are approximately 10 private and parochial schools operating in the County.

Vocational and Technical. Although Baldwin County does not have a trade school, a vocational curriculum is available to the high school students at the County's two area technology centers. These vocational schools are open to high school students during the day and to adults at night.

Higher Education. Although Baldwin County has one state community college (Coastal Alabama Community College, formerly James H. Faulkner Community College with campuses in Bay Minette, Fairhope and Gulf Shores), many students are able to stay in the area and receive a higher education. The County Campus of the University of South Alabama is located in Fairhope. Across Mobile Bay, the City of Mobile has four degree-granting institutions. They are the University of Mobile, Spring Hill College, University of South Alabama and Bishop State Community College. There are other post-secondary schools that are vocational and trade schools.

BOOK-ENTRY SYSTEM

Portions of the following information concerning The Depository Trust Company ("DTC") and DTC's book-entry only system have been obtained from DTC. The County and the Underwriter make no representation as to the accuracy of such information.

Initially, DTC will act as securities depository for the Warrants. The Warrants initially will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Initially, one fully-registered bond certificate for each maturity will be issued for the Warrants, in the aggregate principal amount of the Warrants of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. So long as the Warrants are maintained in book-entry form with DTC, the following procedures will be applicable with respect to the Warrants.

Purchases of the Warrants under the DTC system must be made by or through Direct Participants, which will receive a credit for the Warrants on DTC's records. The ownership interest of each actual purchaser of each Series ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Warrants are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Warrants, except in the event that use of the book-entry system for the Warrants is discontinued.

To facilitate subsequent transfers, all the Warrants deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Warrants with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Warrants; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Warrants are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

As long as the book-entry system is used for the Warrants, redemption notices will be sent to DTC. If less than all of the Warrants within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

As long as the book-entry system is used for the Warrants, principal, premium, if any, and interest payments on the Warrants will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Custodian, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Custodian, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Custodian, and disbursement of such payments to the Participants or the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Warrants unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Custodian as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Warrants are credited on the record date (identified in a listing attached to the Omnibus Proxy).

DTC may discontinue providing its services as securities depository with respect to the Warrants at any time by giving reasonable notice to the County or the Custodian. In addition, the County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Under either of such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The County and the Custodian will have no responsibility or obligation to any securities depository, any Participants in the book-entry system, or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the securities depository or any Participant; (ii) the payment by the securities depository or by any Participant of any amount due to any Participant or Beneficial Owner, respectively, in respect of the principal amount or redemption or purchase price of, or interest on, any of the Warrants; (iii) the delivery of any notice by the securities depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Warrants; or (v) any other action taken by the securities depository or any Participant.

Discontinuation of Book-Entry System

DTC may determine to discontinue providing its services with respect to the Warrants at any time by giving notice to the County and the Custodian and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the book-entry only system for the Warrants will be discontinued unless a successor securities depository is appointed by the County. In addition, the County may discontinue the book-entry only system for the Warrants at any time by giving reasonable notice to DTC.

In the event that the book-entry only system for the Warrants is discontinued, the following provisions would apply, subject to the further conditions set forth in the Authorizing Resolution.

The principal of and premium, if any, on the Warrants will be payable when due upon their presentation and surrender at the office of the Custodian in Birmingham, Alabama. Interest payments on the Warrants will be made to the persons who are the registered owners by check or draft mailed to such owners at their addresses as they appear on the registration books of the Custodian.

The Warrants are transferable only upon presentation to the Custodian with written power to transfer signed by the registered owner thereof in person or by duly authorized attorney. Upon the request of the owner of any Warrant, the County will execute and the Custodian will authenticate and deliver, upon surrender to the Custodian of such Warrant and in exchange therefor, as may be requested by the person surrendering such Warrant, other Warrants in different authorized denominations (\$5,000 or any integral multiple thereof) of like tenor and together aggregating the same principal amount as the then outstanding unpaid principal amount of Warrant so surrendered. The Custodian will not be required to register or transfer any Warrant during the 15 day period next preceding any interest payment date with respect thereto. If any such Warrant is called for redemption, the Custodian will not be required to register, transfer or exchange such Warrant during the period beginning 45 days next preceding the redemption date with respect thereto.

TAX MATTERS

General

In the opinion of Bradley Arant Boult Cummings LLP, Bond Counsel to the County, assuming continuing compliance by the County with certain conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Warrants will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code, and the interest on the Warrants will not be an item of tax preference included in alternative minimum taxable income for the purpose of computing the minimum tax imposed by Section 55 of the Code. In rendering its opinion, Bond Counsel to the County has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the County and others in connection with the Warrants, and Bond Counsel to the County has assumed compliance with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Warrants from gross income under Section 103(a) of the Code.

Bond Counsel to the County expresses no opinion regarding any other federal or state tax consequences with respect to the Warrants. Bond Counsel to the County renders its opinions under existing statutes and court decisions as of the issue date and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel to the County expresses no opinion on the effect of any action taken in reliance upon an

opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Warrants.

Bond Counsel to the County is also of the opinion that interest on the Warrants is exempt from present state income taxation under the laws of the State of Alabama as enacted and construed on the date of issuance of the Warrants.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Warrants. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a Warrant. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Warrants.

Prospective owners of the Warrants should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the Warrants may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Post-Issuance Compliance

The tax-exempt status of the Warrants could be affected by post-issuance events. Various requirements of the Code must be observed or satisfied after the issuance of the Warrants in order for such interest to remain excludable from gross income of the holders thereof. These requirements include restrictions on use of the proceeds of the Warrants, use of the facilities financed by the Warrants, investment of proceeds of the Warrants, and the rebate of so-called excess arbitrage earnings. The County is primarily responsible for such compliance, and a failure to comply could result in the inclusion of interest on the Warrants in gross income retroactive to the date of issuance of the Warrants.

Likewise, the Internal Revenue Service (the "IRS") conducts an audit program to examine compliance with the requirements applicable to tax-exempt obligations. If the Warrants become the subject of an audit, under current IRS procedures, the County would be treated as the taxpayer in the initial stages of an audit, and the owners of the Warrants would have limited rights to participate in the audit process. The initiation of an audit with respect to the Warrants could adversely affect the market value and liquidity of the Warrants, even though no final determination about the tax-exempt status would have been made. If an audit were to result in a final determination that the Warrants do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Warrants.

Future Legislation

Current and future legislative proposals, if enacted into law, may cause interest on the Warrants to be subject, directly or indirectly, to federal income taxation or otherwise prevent beneficial owners of the Warrants from realizing the full benefit of the current tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Warrants. Neither the Warrants nor the ordinance authorizing the issuance of the Warrants contains any provision for an increase in the rate of interest applicable to the Warrants or for the mandatory redemption

of the Warrants, in the event the interest thereon should become includable in gross income for federal income taxation after their date of issuance. Prospective purchasers of the Warrants should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel to the County expresses no opinion.

No Mandatory Redemption due to Event of Taxability of the Warrants

The Authorizing Resolution does not provide for mandatory redemption of the Warrants or payment of any additional interest or penalty if a determination is made that the Warrants do not comply with the existing requirements of the Code or if a subsequent change in law adversely affects the tax-exempt status of the Warrants or the economic benefit of investing in the Warrants.

Original Issue Premium

The initial public offering prices of certain of the Warrants (the "Original Issue Premium Warrants") is greater than the principal amounts thereof. Under existing law, any owner who has purchased an Original Issue Premium Warrant in the initial public offering of the Warrants is required to reduce his basis in such Original Issue Premium Warrants by the amount of premium allocable to periods during which he holds such Original Issue Premium Warrants, and the amount of premium allocable to each accrual period will be applied to reduce the amount of interest received by the owner during each such period. All owners of Original Issue Premium Warrants should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Premium Warrants and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale, gift or other disposition of such Original Issue Premium Warrants.

Not Bank Qualified

The County has not designated the Warrants as "qualified tax-exempt obligations." The Warrants are not "bank-qualified."

TORT LIABILITY

In past years, the Supreme Court of Alabama, in several related decisions, overruled a longstanding series of cases holding that political subdivisions of the State were not liable in tort for damages resulting from the performance by them of governmental functions. As a result of these decisions, counties in Alabama may now be liable for damages for injuries to persons and property resulting from their negligence in the performance of governmental functions.

The Legislature of Alabama during its 1977 Regular Session enacted Act No. 673 (Sections 1193-1 et seq. of the CODE OF ALABAMA 1975) which prescribed and established monetary limits payable on claims and judgments based on tort liability, filed or obtained against governmental entities, including counties. This act limits recovery of damages from a governmental entity to \$100,000 for bodily injury or death for one person in any single occurrence and \$300,000 in the aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence. The Act also limits recovery of damages to \$100,000 for damage or loss of property arising out of any single occurrence. The constitutionality and applicability of all parts of said Act have not been definitively determined, and the County can give no assurance that any recovery against the County would be limited by the amounts provided in said Act. Additionally, Act No. 673 has no applicability to causes of action

under Section 1983 and 1985 of Title 42 of the United States Code. Local governments throughout the country have been increasingly subjected to lawsuits - many of which seek substantial damages - for alleged denials of civil rights under the provision of said Sections.

FEDERAL BANKRUPTCY CODE

The rights and remedies of the registered owners of the Warrants are subject to the provisions of Chapter 9 of Title 11 of the United States Code (Bankruptcy) which permits under certain specific circumstances (but only after authorization by the legislature or by a governmental officer or organization empowered by state law to give such authorization), a political subdivision of a state, such as the County, to file a petition for relief in the U.S. District Court for the district in which the political subdivision is located if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts. Under the Bankruptcy Code, the filing of such a petition operates as an “automatic” stay of the commencement or the continuation of any judicial or other proceeding against the petitioner, its property or any officer or inhabitant of the petitioner. Chapter 9 also permits a political subdivision that files such a petition to issue, with the approval of the Court, certificates of indebtedness having priority over preexisting obligations.

Any political subdivision filing a petition for relief under Chapter 9 must in due course file a plan for the adjustment of its debts, and such plan may include provisions modifying or altering the rights of creditors generally, or any class of them, secured and unsecured. Such plan, when confirmed by the Court, binds all creditors who had timely notice or actual knowledge of the petition or plan and discharges all claims against the petitioning political subdivision provided for in the plan. No plan may, however, be confirmed by the Court unless certain conditions occur, which include either (1) that the plan has been accepted in writing by two-thirds (2/3) in the amount and more than fifty percent (50%) in number of the allowed claims of each class which is impaired by the plan, or (2) the Court finds that the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims that is impaired under, and has not accepted, the plan.

Existing Alabama statutes authorize the County to file a petition for relief under Chapter 9 of Title 11 of the United States Code.

EXHIBITS

Each Exhibit is an integral part of this Official Statement and should be read in its entirety. The Exhibits include the following:

Exhibit A – Proposed Form of Opinion of Bond Counsel

Exhibit B – 2018 Audited Financial Statement

Exhibit C – Draft 2019 Income Statement and Balance Sheet

Exhibit D – Budget Fund Summary

APPROVAL OF LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Warrants are subject to the approval of Bradley Arant Boult Cummings LLP, Bond Counsel, whose form of approving legal opinion will be delivered at the time of delivery of the Warrants. The proposed form of that opinion is included in this Official Statement as Exhibit A.

The various legal opinions to be delivered concurrently with the delivery of the Warrants express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LITIGATION

To the actual knowledge of the employees of the County assisting in the preparation of this document, there is not now pending or threatened any litigation restraining, enjoining or in any matter questioning or affecting the proceedings and authority under which the Warrants are issued; or the validity of the Warrants. There is not now pending or threatened any litigation restraining, enjoining or in any matter questioning or affecting the creation, organization or existence of the County; or the title of the present members of the County Commission or other officers of the County to their respective offices.

The County is a defendant in various lawsuits, one in particular including a Sheriff's deputy involved shooting, but does not believe that there are any legal proceedings pending or threatened against the County which may materially affect the County's financial condition or its ability to perform its obligations to the registered owners of the Warrants. The County's insurers have assumed the defense and in all of which the exposure, if any, is within the coverages provided by the insurance or are within amounts that the County feels that it could fund without materially affecting its ability to pay principal of and interest on the Warrants.

UNDERWRITER

Raymond James & Associates, Inc. (the "Underwriter") has purchased the Warrants from the County for a purchase price of \$13,084,211.75 (which represents the par amount of \$11,570,000 less an underwriter's discount of \$40,495 and plus an original issue premium of \$1,554,706.75).

FINANCIAL ADVISOR

Stifel, Nicolaus & Company, Incorporated, Montgomery, Alabama, has served as Financial Advisor to the County in connection with the offer and sale of the Warrants. As such, it has participated in the preparation and review of various financing documents related to the Warrants. The Financial Advisor will be paid from the proceeds of the Warrants.

WARRANTHOLDER RISKS

An investment in the Warrants involves certain risks which should be carefully considered by investors. Prospective investors should carefully examine this Official Statement and their own financial condition in order to make a judgment as to their ability to bear the economic risk of such an investment and whether or not the Warrants are an appropriate investment for them. The sufficiency of taxes to pay debt service on the Warrants may be affected by events and conditions relating generally to, among other things, population trends, property values, retail sales, wages, employment opportunities, environmental impacts, operating costs, insurance, casualties, local, state, regional and national economic conditions, and continued population and economic growth in the County. Additionally, there can be no assurance that the proceeds of taxes will be adequate to pay the principal of and interest on the Warrants as they mature and come due for the following, among other, reasons:

(a) The General Fund of the County depends, to a significant degree, on ad valorem tax collections. In the past, the system of ad valorem taxation in Alabama has been under revision by constitutional amendments, legislation and court orders relating to the reappraisal of taxable property, reclassification of taxable property, variation of assessment ratios, and limitations on the expected increase in ad valorem taxes resulting from reappraisal and proposals respecting current use valuations. Because of additional revisions that may be made to the system of ad valorem taxation in Alabama, the County cannot predict what effect said past or future revisions may have on the future collections of ad valorem taxes in the County.

(b) There can be no assurance that the total assessed value of taxable property in the County will remain at its present level. Adverse trends in the economy of the County could adversely affect property values and retail sales and the collection of ad valorem and sales tax revenues.

(c) The County's coastal location and sub-tropical climate makes extreme weather events (including but not limited to storms, hurricanes, tornadoes, flooding, and impacts from global warming such as coastal erosion and rising water levels in the Gulf of Mexico) and catastrophic damage from those events virtually certain to occur before the final maturity of the Warrants. There are no assurances that the County will be able to restore any of its public services following such event(s), or that residents will stay in or tourists will return to the area.

(d) The County depends heavily on the tourist-oriented coastal cities of Gulf Shores, Orange Beach and Fairhope to generate sales and use taxes and ad valorem taxes. Hurricanes Ivan, Dennis and Katrina severely damaged these and other cities and negatively impacted the County's tax revenues. Though the area has recovered from the hurricanes, future damage to the County and these cities from the next storm or storms, which is (are) virtually certain to occur prior to the maturity of the Warrants, could negatively and adversely affect the County's financial condition. Additionally, oil spills or other natural disasters and man-made disasters that adversely impact the use of the beaches or fishing in the Gulf of Mexico will negatively impact the County's financial condition, as was experienced following the April, 2010 BP oil spill. The County is vulnerable to other natural and man-made disasters in addition to hurricanes and oil spills.

(e) The severity of recent hurricanes has prompted speculation that the federal government and private insurance companies may permanently terminate existing property insurance at any time and no longer offer property insurance within the County. In fact, a number of private insurance carriers have already withdrawn from the State of Alabama entirely. The withdrawal of property insurance could mean, following the next storm, that (1) the County, including existing residences and private businesses may not ever be rebuilt to its pre-storm condition, (2) displaced residents or businesses may not ever return to the County, (3) tax revenue may not ever return to present levels or (4) the federal government may not provide, as it did after Hurricanes Ivan, Dennis and Katrina funds necessary to rebuild the County. There are no assurances, commitments or guarantees that the County will ever receive any private, public, state, federal or other emergency funds for repairs, replacements or service restoration. Any of the foregoing events or consequences would negatively and adversely affect the County's financial condition.

(f) The County, like many entities and public bodies, is vulnerable and increasingly subject to cyberattack crimes. While many people are aware of this risk, entities with multiple network users are by definition impossible to fully protect. It is possible that the County will be attacked and have little or no ability to recover its information, if at all, without substantial financial cost.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the County has agreed in the Authorizing Resolution to provide, or cause to be provided to the Municipal Securities Rulemaking Board (“MSRB”),

(i) the County’s audited financial statement for the prior fiscal year ending the preceding September 30, which will be posted on the EMMA website within 270 days after the end of such fiscal year; provided, however, that if such information is not available within said time, the County will post its reasonably available draft financial information;

(ii) to the extent not specifically identified in the audited or draft financial statement described in (i) above, annual updates to the following: General Fund Revenues (A. - C.), Special Revenue Funds ((a) – (e)), Net Assessed Valuations, and Largest Ad Valorem Taxpayers;

(iii) within ten Business Days after the occurrence of a reportable event, to the MSRB, notice of the occurrence of any of the following events with respect to the Series 2020 Warrants: (a) principal and interest payments delinquencies, (b) non-payment related defaults, if material, (c) unscheduled draws on debt service reserves reflecting financial difficulties, (d) unscheduled draws on credit enhancements reflecting financial difficulties, (e) substitution of credit or liquidity providers or their failure to perform, (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2020 Warrants, or other material events affecting the tax status of the Series 2020 Warrants; (g) modifications to the rights of the Series 2020 Warrantholders, if material, (h) bond calls, if material, and tender offers, (i) defeasances, (j) release, substitution or sale of property securing repayment of the Series 2020 Warrants, if material, (k) rating changes, if any are then in effect, (l) bankruptcy, insolvency, receivership or similar event of the obligated person, (m) merger, consolidation, acquisition or sale of assets involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material, (n) appointment of a successor or additional paying agent or the change of name of the Custodian, (o) the incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material, and (p) default, an event of acceleration, a termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties; and

(iv) in a timely manner, notice of any failure by the County to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

The County will reserve the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County, provided that any such modification may be done only in a manner consistent with the Rule. The County will reserve the right to terminate its obligations to provide the annual operating information and financial information and Notices of material events, as set forth above, if and when the County no longer remains an “obligated person” with respect to the Series 2020 Warrants, within the meaning of the Rule. The County will, in the Authorizing Resolution, acknowledge that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the registered owners of the Series 2020 Warrants and shall be enforceable by the holders of the Series 2020 Warrants; provided that such holders’ rights to enforce the provisions of such undertaking shall be limited to a right to obtain specific enforcement of the County’s obligations under the Authorizing Resolution, and any failure by the

County to comply with the provisions of such undertaking shall not be an event of default with respect to the Series 2020 Warrants and shall not subject the County to money damages in any amount, whether compensatory, penal or otherwise. The name, address and telephone number of the initial contact person at the County are as follows:

Adria Cian Harrison, or successor as Clerk/Treasurer
Baldwin County Commission
312 Courthouse Square, Suite 11
Bay Minette, Alabama 36507
Telephone: (251) 937-0203
Facsimile: (251) 580-1621
Email: Cian.Harrison@baldwincountyal.gov

Prior Non-Compliance with Continuing Disclosure Obligations

The County has not always been in compliance with its continuing disclosure obligations, having failed, among other things, to timely file its audited financial statements and other annual information on the EMMA website and to provide notice of its failures to provide the same. The County posted its 2018 audit on the EMMA website on June 28, 2019, its 2017 audit on June 29, 2018, its 2016 audit on June 26, 2017, its 2015 audit on June 17, 2016, and its 2014 audit on June 15, 2015.

MISCELLANEOUS

Any statements made in this Official Statement and indicated to involve matters of opinion or estimates are represented to be opinions or estimates made in good faith. Any such estimate or opinion is not to be construed as a representation that such estimate or opinion will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the registered owners of the Warrants.

BALDWIN COUNTY

Billie Jo Underwood

By Chairman

Exhibit A

Proposed Form of Opinion of Bond Counsel

BRADLEY ARANT BOULT CUMMINGS LLP
1819 5th Avenue North
Birmingham, Alabama 35203

[Date]

Baldwin County Commission
Bay Minette, Alabama

Ladies and Gentlemen:

We have examined certified copies of proceedings of the governing body of Baldwin County (the "County") in the State of Alabama and other documents submitted to us respecting the authorization and issuance of

\$11,570,000
BALDWIN COUNTY, ALABAMA
General Obligation Warrants
Series 2020

(the "Warrants"). The statements hereinafter made and the opinions hereinafter expressed are based upon our examination of the said proceedings and documents submitted to us.

We are of the opinion that the Warrants are in due and legal form, have been duly authorized, executed and issued pursuant to the applicable provisions of the constitution and laws of the State of Alabama, and constitute valid orders on the county depository of the County for payment thereof as therein provided; that the indebtedness evidenced and ordered paid by the Warrants is a valid general obligation of the County for payment of the principal of and interest on which the County has pledged its full faith and credit; and that, under existing statutes, the interest on the Warrants is exempt from Alabama income taxation.

We are further of the opinion that under the Internal Revenue Code of 1986, as amended (the "Code"), as presently construed and administered, and assuming compliance by the County with the covenants set forth in the resolution and order of the County pursuant to which the Warrants are being issued with respect to certain requirements of federal tax law, the interest on the Warrants will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code, and the interest on the Warrants will not be an item of tax preference included in alternative minimum taxable income for the purpose of computing the alternative minimum tax imposed by Section 55 of the Code. We express no opinion with respect to the federal tax consequences of ownership of the Warrants under any other provision of the Code not referred to above.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement of the County relating to the Warrants. Further, we express no opinion regarding tax consequences arising with respect to the Warrants other than as expressly set forth herein.

The rights of the holders of the Warrants and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Yours very truly,

Exhibit B

2018 Audited Financial Statement

Exhibit C

Draft 2019 Income Statement and Balance Sheet

Baldwin County Combined Statement of Revenues, Expenditures, Changes in Fund Balance, All Fund Types - UNAUDITED For the Period Ending September 30, 2019								
		Governmental Fund Types						Totals
		General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Proprietary Funds	Fiduciary Fund Types	For the Period Ended 9-30-2019
REVENUE								
Taxes	\$	52,433,156.00	\$ 26,151,755.45	\$ -	\$ -	\$ -	\$ 1,457,731.31	\$ 80,042,642.76
Special Assessments	-	-	219,186.12	-	-	-	-	219,186.12
Licenses & Permits	1,228,557.12	-	-	-	-	-	-	1,228,557.12
Intergovernmental	2,333,877.33	15,252,699.50	-	-	-	-	308,723.11	17,895,299.94
Charges for Services	12,413,878.69	1,386,837.26	-	-	-	16,904,354.10	1,517,008.05	32,222,078.10
Fines & Forfeitures	34,885.76	-	-	-	-	-	-	34,885.76
Miscellaneous	3,570,368.82	1,622,504.48	66,405.94	1,752.46	587,654.64	10,837,365.62	16,686,051.96	16,686,051.96
Total Revenue		72,014,723.72	44,632,982.81	66,405.94	1,752.46	17,492,008.74	14,120,828.09	148,328,701.76
EXPENDITURES								
General Government	\$	20,299,109.46	\$ 7,028,736.62	130.50	\$ -	\$ -	\$ 11,861,442.03	\$ 39,189,418.61
Public Safety	28,295,014.29	1,700,099.68	-	-	-	-	1,681,300.95	31,676,414.92
Highways & Roads	-	20,726,001.90	-	-	-	-	-	20,726,001.90
Sanitation	-	-	-	-	-	14,820,013.48	-	14,820,013.48
Health	769,484.87	1,724,266.30	-	-	-	-	-	2,493,751.17
Welfare	9,025.00	587,057.20	-	-	-	-	-	596,082.20
Culture & Recreation	109,471.65	1,387,252.22	-	-	-	-	-	1,496,723.87
Education	79,877.57	-	-	-	-	-	-	79,877.57
Special Projects	-	-	-	-	-	-	-	-
Capital Outlay	3,348,825.67	3,420,202.78	-	105,553.48	-	-	-	6,874,581.93
Debt Service	369,114.14	-	8,927,653.49	-	-	-	-	9,296,767.63
Intergovernmental	-	-	-	-	-	140,000.00	-	140,000.00
Total Expenditures		53,279,922.65	36,573,616.70	8,927,783.99	105,553.48	14,960,013.48	13,542,742.98	127,389,633.28
Excess of Revenues								
Over/(Under) Expenditures		18,734,801.07	8,059,366.11	(8,861,378.05)	(103,801.02)	2,531,995.26	578,085.11	20,939,068.48
OTHER FINANCING SOURCES (USES)								
Operating Transfers In	707,537.13	24,177,663.73	9,057,980.99	-	-	-	663,319.00	34,606,500.85
Other Sources	18,899.99	477,481.11	-	-	209,480.00	-	-	705,861.10
Operating Transfers Out	(14,153,317.65)	(19,690,255.28)	-	-	(115,805.86)	(647,122.06)	-	(34,606,500.85)
Other Uses	-	-	-	-	-	-	-	-
Total Other Sources/ (Uses)		(13,426,880.53)	4,964,889.56	9,057,980.99	-	93,674.14	16,196.94	705,861.10
Excess of Rev & Other Sources								
Over/(Under) Exp & Other Uses		5,307,920.54	13,024,255.67	196,602.94	(103,801.02)	2,625,669.40	594,282.05	21,644,929.58
Excess Adding to Contributed Capital								
						-		-
Fund Balance Oct 1, 2018	25,892,098.75	14,029,085.37	4,498,900.45	103,351.62	27,765,095.72	19,911,578.07	92,200,109.98	92,200,109.98
Current Period Adjustments	-	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	-	-	-
Fund Balance Restated		25,892,098.75	14,029,085.37	4,498,900.45	103,351.62	27,765,095.72	19,911,578.07	92,200,109.98
Fund Balance September 30, 2019	\$	31,200,019.29	\$ 27,053,341.04	\$ 4,695,503.39	\$ (449.40)	\$ 30,390,765.12	\$ 20,505,860.12	\$ 113,845,039.56

BALDWIN COUNTY COMBINED BALANCE SHEET									
ALL FUND TYPES & ACCOUNT GROUPS - UNAUDITED									
September 30, 2019									
	General	Special	Debt	Capital			General Fixed	General Long	
	Fund	Revenue	Service	Projects	Proprietary	Fiduciary Fund	Assets Account	Term Debt	Totals as of
	Fund	Funds	Fund	Funds	Funds	Types	Group	Account Group	Sept. 30, 2019
ASSETS									
Cash	\$ 48,918,033.35	\$ 29,881,367.26	\$ 33,222.86	\$ 68,239.37	\$ 15,960,276.65	\$ 14,722,432.19	\$ -	\$ -	\$109,583,571.68
Investments W/ Fiscal Agent	-	-	4,662,280.53	-	-	-	-	-	4,662,280.53
Investments	-	-	-	-	7,061,236.19	-	-	-	7,061,236.19
Accounts Receivable	27,404,842.04	18,641,524.51	-	-	1,050,425.95	9,234.18	-	-	47,106,026.68
Due From Other Funds	2,724,191.65	757,404.22	-	-	300.70	9,999,969.40	-	-	13,481,865.97
Due From Other Gov Agencies	1,232,816.08	9,779,787.47	-	-	-	123,703.55	-	-	11,136,307.10
Allow for Doubtful Accounts	-	-	-	-	(27,464.14)	-	-	-	(27,464.14)
Inventory	3,400.71	-	-	-	-	-	-	-	3,400.71
Prepays & Deferred Outflows	130,542.15	-	-	-	449,985.88	-	-	11,934,072.29	12,514,600.32
Land	-	-	-	-	7,109,861.73	-	57,151,754.26	-	64,261,615.99
Historical Artifacts	-	-	-	-	-	-	105,000.00	-	105,000.00
Infrastructure	-	-	-	-	153,883.18	-	364,398,583.08	-	364,552,466.26
Buildings	-	-	-	-	3,341,829.30	-	91,504,312.75	-	94,846,142.05
Improvements	-	-	-	-	14,275,453.45	-	32,492,225.30	-	46,767,678.75
Other Equipment & Furniture	-	-	-	-	629,173.83	-	4,309,420.00	-	4,938,593.83
Construction Equipment	-	-	-	-	15,670,507.32	-	19,567,956.97	-	35,238,464.29
Office Equip & Furniture	-	-	-	-	16,803.00	-	264,807.13	-	281,610.13
Motor Vehicles	-	-	-	-	1,256,880.76	172,358.00	13,316,795.64	-	14,746,034.40
Computer Equipment	-	-	-	-	137,866.48	-	9,339,361.33	-	9,477,227.81
Communication Equipment	-	-	-	-	55,109.99	401,969.89	8,358,100.87	-	8,815,180.75
Construction In Progress	-	-	-	-	22,995.92	-	8,944,259.60	-	8,967,255.52
Leased Equipment	-	-	-	-	-	-	439,000.00	-	439,000.00
Accumulated Depreciation	-	-	-	-	(22,588,628.69)	(517,249.00)	(162,986,485.64)	-	(186,092,363.33)
Amt Avail in Debt Ser Fund	-	-	-	-	-	-	-	4,662,280.53	4,662,280.53
Amt To Be Provided For LTD	-	-	-	-	-	-	-	58,683,146.09	58,683,146.09
Amt To Be Provided For Interest LTD	-	-	-	-	-	-	-	983,731.56	983,731.56
Amt To Be Provided Pension Liability	-	-	-	-	-	-	-	20,449,288.05	20,449,288.05
Amt To Be Prov For Comp Absen	-	-	-	-	-	-	-	4,178,599.82	4,178,599.82
Amt To Be Prov for OPEB	-	-	-	-	-	-	-	4,519,330.43	4,519,330.43
TOTAL ASSETS	\$ 80,413,825.98	\$ 59,060,083.46	\$ 4,695,503.39	\$ 68,239.37	\$ 44,576,497.50	\$ 24,912,418.21	\$ 447,205,091.29	\$ 105,410,448.77	\$766,342,107.97
LIABILITIES									
Accounts Payable	\$ 4,033,212.89	\$ 8,844,980.47	\$ -	\$ 250.00	\$ 766,342.82	\$ 740,802.74	\$ -	\$ -	\$ 14,385,588.92
Interest Payable on Long Term Debt	-	-	-	-	-	-	-	983,731.56	983,731.56
Received Not Vouchered	97,256.86	148,962.90	-	-	56,780.90	136.39	-	-	303,137.05
Payroll Items Payable	-	-	-	-	-	297.57	-	-	297.57
Due To Other Funds	10,659,073.87	2,618,581.15	-	68,438.77	65,958.82	69,813.36	-	-	13,481,865.97
Due To Other Govt & Indiv	33,785,998.13	19,619,090.07	-	-	1,104,657.44	3,568,634.62	-	-	58,078,380.26
Leases Payable	-	-	-	-	-	-	-	146,333.34	146,333.34
Installment Purchase Payable	-	-	-	-	-	-	-	-	-
Warrants Payable	-	-	-	-	-	-	-	63,191,182.20	63,191,182.20
Net Pension Liability	-	-	-	-	1,443,925.25	-	-	21,093,219.75	22,537,145.00
Unamortized Prem. Discounts Other	-	-	-	-	-	-	-	4,911,656.04	4,911,656.04
Accrued Wages	442,424.09	524,665.42	-	-	186,654.63	19,313.72	-	-	1,173,057.86
Accrued Fringes & Other	195,840.85	250,462.41	-	-	4,385,118.53	7,559.69	-	-	4,838,981.48
Deferred Inflows	-	-	-	-	-	-	-	6,223,102.06	6,223,102.06
Est Liab for Comp Absences	-	-	-	-	448,444.38	-	-	4,178,599.82	4,627,044.20
Est Liab for OPEB	-	-	-	-	704,766.00	-	-	4,682,624.00	5,387,390.00
TOTAL LIABILITIES	\$ 49,213,806.69	\$ 32,006,742.42	\$ -	\$ 68,688.77	\$ 9,162,648.77	\$ 4,406,558.09	\$ -	\$ 105,410,448.77	\$200,268,893.51
FUND EQUITY									
Contributed Capital	\$ -	\$ -	\$ -	\$ -	\$ 5,023,083.61	\$ -	\$ -	\$ -	\$ 5,023,083.61
Investment in Fixed Assets	-	-	-	-	-	-	447,205,091.29	-	447,205,091.29
Reserved Fund Balance	15,724,828.71	7,568,229.48	-	-	7,959,630.62	20,345,432.21	-	-	51,598,121.02
Fund Balance	15,475,190.58	19,485,111.56	4,695,503.39	(449.40)	22,431,134.50	160,427.91	-	-	62,246,918.54
TOTAL FUND EQUITY	\$ 31,200,019.29	\$ 27,053,341.04	\$ 4,695,503.39	\$ (449.40)	\$ 35,413,848.73	\$ 20,505,860.12	\$ 447,205,091.29	\$ -	\$566,073,214.46
TOTAL LIABILITIES & FUND EQUITY	\$ 80,413,825.98	\$ 59,060,083.46	\$ 4,695,503.39	\$ 68,239.37	\$ 44,576,497.50	\$ 24,912,418.21	\$ 447,205,091.29	\$ 105,410,448.77	\$766,342,107.97

Exhibit D

Budget Fund Summary

Baldwin County Commission
Budget Fund Summary
Year to Date As Of August 31, 2019

<u>Description</u>	<u>FY 2015</u> <u>Annual</u>	<u>FY 2016</u> <u>Annual</u>	<u>FY 2017</u> <u>Annual</u>	<u>FY 2018</u> <u>Annual</u>	<u>FY 2019</u> <u>YTD</u>	<u>FY 2019</u> <u>Annual Budget</u>	<u>FY 2020</u> <u>Annual Budget</u>
00001							
General Fund							
Revenue							
Taxes	(35,188,786)	(38,293,814)	(40,768,702)	(44,769,363)	(47,810,068)	(48,966,064)	(52,500,432)
Special Assessments	0	0	0	0	0	0	0
Licenses & Permits	(991,250)	(1,103,377)	(1,046,099)	(1,224,343)	(1,160,066)	(1,136,818)	(1,269,000)
Intergovernmental	(1,887,179)	(2,304,086)	(1,974,880)	(1,895,971)	(1,718,640)	(1,865,344)	(2,101,000)
Charges For Services	(9,577,099)	(10,124,492)	(10,908,391)	(11,905,927)	(11,329,619)	(11,676,800)	(12,355,835)
Miscellaneous Revenue	(1,646,166)	(1,860,318)	(2,852,997)	(4,496,563)	(3,186,627)	(3,456,093)	(3,326,822)
Fund Balance	0	0	0	0	0	(1,245,108)	(4,656,978)
Total Revenue	(49,290,481)	(53,686,087)	(57,551,070)	(64,292,167)	(65,205,020)	(68,346,227)	(76,210,067)
Expenditures							
Employee Compensation	12,017,699	12,541,932	12,704,302	13,063,080	12,091,467	14,588,062	15,909,914
Services Provided By Others	3,542,161	3,075,984	3,951,951	4,350,018	4,099,915	5,147,129	5,490,280
Supplies, Repairs & Maintenance	2,669,282	3,082,559	3,429,264	3,516,357	3,522,993	4,383,524	4,539,995
Utilities & Communication	2,937,920	2,961,962	2,868,664	3,127,923	2,732,934	3,145,161	3,119,797
Travel	90,110	90,411	71,465	87,232	61,751	144,400	138,450
Other Operating Expenditures	18,835,018	20,523,525	22,914,424	22,695,669	21,638,740	25,351,285	26,677,605
Capital Expenditures	2,130,524	2,601,143	1,030,614	2,822,127	3,196,464	3,905,260	46,663,567
Debt Service	490,693	461,879	432,036	401,127	295,912	375,911	342,998
Intergovernmental	0	0	0	0	0	0	0
Total Expenditures	42,713,407	45,339,394	47,402,720	50,063,535	47,640,176	57,040,732	102,882,606
(Surplus)/Deficit Before Transfers	(6,577,074)	(8,346,693)	(10,148,350)	(14,228,632)	(17,564,845)	(11,305,495)	26,672,539
Transfers							
Transfer In/Other Sources	(1,450,644)	(1,487,498)	(1,384,107)	(2,112,550)	(711,811)	(721,704)	(39,204,067)
Transfer Out/Other Uses	7,687,035	9,107,833	8,251,428	10,281,208	11,406,596	12,027,199	12,531,528
Prior Period/Other Adjustments	0	0	0	0	0	0	0
Net Transfers	6,236,391	7,620,334	6,867,322	8,168,658	10,694,785	11,305,495	(26,672,539)
YTD (Surplus) / Deficit	(340,683)	(726,358)	(3,281,028)	(6,059,974)	(6,870,060)	0	0