

**OFFICIAL STATEMENT****New Issue – Book-Entry Only****Ratings: S&P: AA
Moody's: Aa2**

In the opinion of Bradley Arant Boult Cummings LLP, Bond Counsel to the Building Authority, under existing law, interest on the Series 2021 Warrants will be excluded from gross income for federal income tax purposes if the County and the Building Authority comply with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Series 2021 Warrants in order that interest thereon be and remain excluded from gross income. Bond Counsel is also of the opinion that, under existing law, interest on the Series 2021 Warrants will be exempt from present State of Alabama income taxation. See "TAX MATTERS" herein for further information and certain other federal tax consequences arising with respect to the Series 2021 Warrants.

\$19,735,000

**THE PUBLIC BUILDING AUTHORITY OF BALDWIN COUNTY (ALABAMA)
BUILDING REVENUE WARRANTS
SERIES 2021 (JAIL PROJECT)**

Dated: the date of delivery

Due: March 1, as shown below

<u>Year</u>	<u>Principal Maturing</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Principal Maturing</u>	<u>Interest Rate</u>	<u>Yield</u>
2022	\$425,000	3.000%	0.240%	2032	\$710,000	4.000%	1.400%
2023	505,000	3.000	0.320	2033	740,000	4.000	1.440
2024	520,000	3.000	0.430	2034	770,000	4.000	1.490
2025	535,000	4.000	0.590	2035	800,000	4.000	1.530
2026	560,000	4.000	0.720	2036	835,000	4.000	1.560
2027	580,000	4.000	0.870	2037	870,000	4.000	1.590
2028	605,000	4.000	1.030	2038	905,000	4.000	1.620
2029	630,000	4.000	1.170	2039	940,000	4.000	1.640
2030	655,000	4.000	1.270	2040	980,000	4.000	1.670
2031	685,000	4.000	1.340	2041	1,020,000	4.000	1.700

\$5,465,000 2.000% Term Warrants Due March 1, 2046 Priced to Yield 2.180%

Interest on the Series 2021 Warrants is payable on March 1 and September 1 of each year, first interest payable on March 1, 2022. The Series 2021 Warrants will be issued as fully registered Warrants in the denominations of \$5,000 and any integral multiple thereof. Principal of and any premium on the Series 2021 Warrants will be payable at the designated corporate trust office of Regions Bank, as Trustee, in Birmingham, Alabama (the "Trustee"). The Series 2021 Warrants are subject to optional and mandatory redemption prior to maturity as described herein.

The Series 2021 Warrants are special, limited obligations of the Building Authority payable, on a parity of lien with the Building Authority's Series 2020 Warrants, solely from, and secured by a pledge of, the revenues and receipts derived by the Building Authority from the year-to-year leasing of the jail facility heretofore partially constructed by the Building Authority with the proceeds of the Series 2020 Warrants and to be completed with the proceeds of the Series 2021 Warrants. The Series 2021 Warrants will not constitute an indebtedness of the State of Alabama or the County, except as provided in the Lease Agreement hereinafter described, or give rise to a pecuniary liability or charge against the general credit or taxing powers of the State of Alabama or the County. The Building Authority has no taxing power and no source of payment of the principal of and premium (if any) and interest on the Series 2021 Warrants other than revenues derived from or with respect to the leasing of the county jail facility described herein to the County. See "SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 WARRANTS." An investment in the Series 2021 Warrants involves certain risks. See "WARRANTHOLDER RISKS."

The Series 2021 Warrants are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of validity thereof by Bradley Arant Boult Cummings LLP, Bond Counsel, and certain other conditions. Delivery is expected through the Depository Trust Company on or about July 27, 2021.

**THE FRAZER LANIER COMPANY
INCORPORATED**

July 13, 2021

THE PUBLIC BUILDING AUTHORITY OF BALDWIN COUNTY

Board of Directors

Locke W. Williams, President
Donna Givens, Vice-President
Harry B. Archer, Secretary-Treasurer

County Commission

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

The Frazer Lanier Company Incorporated
Montgomery, Alabama

TRUSTEE

Regions Bank
Birmingham, Alabama

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING OF THE SERIES 2021 WARRANTS MADE HEREBY AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE PUBLIC BUILDING AUTHORITY OF BALDWIN COUNTY, THE UNDERWRITER, OR BALDWIN COUNTY. NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE MATTERS DESCRIBED HEREIN SINCE THE DATE HEREOF. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM BALDWIN COUNTY AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS OR TO BE CONSTRUED AS A REPRESENTATION BY, THE UNDERWRITER.

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INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is furnished by The Public Building Authority of Baldwin County, a public corporation under the laws of the State of Alabama (the "Building Authority"), in order to provide certain information in connection with the sale of its \$19,735,000 principal amount of Building Revenue Warrants, Series 2021 (Jail Project), dated the date of delivery (the "Series 2021 Warrants").

The Series 2021 Warrants will be issued under a Mortgage Indenture and Deed of Trust dated as of March 5, 2020 between the Building Authority and Regions Bank (the "Trustee"), as supplemented by a First Supplemental Mortgage Indenture and Deed of Trust dated as of July 27, 2021 (collectively the "Indenture"). The Series 2021 Warrants are being issued in order to provide funds to (1) complete the acquisition, construction, building and equipping of a new public jail facility in the County (the "Building" or the "Facility"), initially begun with the proceeds of the Building Authority's Building Revenue Warrants, Series 2020 (Jail Project), dated March 5, 2020 (the "Series 2020 Warrants") and to be completed with the proceeds of the Series 2021 Warrants, and (2) pay issuance expenses.

In conjunction with the issuance of the Series 2021 Warrants, the Building Authority will lease the Building to Baldwin County (the "County") pursuant to a Lease Agreement dated as of March 5, 2020, as supplemented by a First Supplemental Lease Agreement dated as of July 27, 2021 (collectively the "Lease"). In the Lease, the County has agreed with the Building Authority that no federal prisoners may be held in the Building, and that any federal prisoners housed by the County will be held at jail facilities other than the Building.

The Series 2021 Warrants will be special, limited obligations of the Building Authority payable, on a parity of lien with the Building Authority's Series 2020 Warrants, solely from, and secured by a pledge of, the revenues and receipts derived by the Building Authority from the year-to-year leasing of the jail facility heretofore partially constructed by the Building Authority with the proceeds of the Series 2020 Warrants and to be completed with the proceeds of the Series 2021 Warrants.

Pursuant to Chapter 15 of Title 11 of the CODE OF ALABAMA 1975, as amended, it is an essential governmental function of the County to secure and supply reasonable and adequate building, office and storage space for its jails and the rentals payable by the County for such purpose are and shall constitute necessary governmental operating expenses of the County. The Building, which will consist of the jail facility to be constructed with the proceeds of the Series 2021 Warrants, qualifies as an essential governmental operation. Chapter 15 further provides that should any space available for rent in the Building leased to the County become vacant, then until such time as all such vacant space in the Building shall have been filled, neither the County nor any office, department or agency thereof shall thereafter enter into any lease or rental agreement for other space in or about the County suitable for use for the same purposes for which the vacant space is available.

SPECIAL QUALIFICATIONS

So far as any statements are made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, they are set forth as such, made in good faith and not as representations of fact, and no representation is made that any such estimates will be realized.

The information contained in this Official Statement does not purport to be comprehensive or definitive. All references to the Constitution and laws of the State of Alabama and to summaries of the Series

2021 Warrants, the Indenture, the Lease, contracts, documents, or official acts are qualified by the exact terms of such Constitution, laws, the Series 2021 Warrants, the Indenture, the Lease, contracts, documents or official acts, each being an item of public record.

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 Series 2021 Warrants.

THE BUILDING AUTHORITY

The Building Authority is a public corporation and instrumentality of the State of Alabama incorporated on November 22, 2006 pursuant to the provisions of Chapter 15 of Title 11 of the Code of Alabama 1975 (the "Law") and Resolution No. 2007-32 adopted by the governing body of the County on November 21, 2006. The Building Authority is empowered, among other things, to lease or operate its properties, to issue interest-bearing revenue warrants, to grant to the County the power to rent said properties on a year-to-year basis and to pledge revenues received from such leasing.

All powers of the Building Authority are vested in a Board of Directors, consisting of three members elected by the governing body of the County for staggered terms. Each director must be a duly qualified resident of the County, but no director may be an officer of the State of Alabama, the County or any incorporated municipality.

SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 WARRANTS

An investment in the Series 2021 Warrants involves certain risks. *See* "WARRANTHOLDER RISKS."

The Series 2021 Warrants will not be general obligations of the Building Authority and will not constitute general obligation debt, liability or obligation of the State of Alabama, the County, or any other political subdivision of the State. No holder of any of the Series 2021 Warrants shall have the right to compel any exercise of the taxing power of the State of Alabama, the County, or any other political subdivision to pay the Series 2021 Warrants or any interest thereon, except as provided in the Lease. The Series 2021 Warrants are special, limited obligations of the Building Authority payable, on a parity of lien with the Series 2020 Warrants, solely from, and secured by a pledge of, the revenues and receipts derived by the Building Authority from the year-to-year leasing of the jail facility heretofore partially constructed in the County with the proceeds of the Series 2020 Warrants and to be completed with the proceeds of the Series 2021 Warrants. Neither the principal of nor the interest on the Series 2021 Warrants, nor the agreements described herein or in the Indenture shall ever constitute a personal or pecuniary liability of or charge against the general credit of the Building Authority or the County.

The Building Authority has leased the Building to the County under the Lease for a term not longer than the current fiscal year of the County. The Lease contains a grant to the County of successive options to renew the Lease annually until the Series 2021 Warrants are paid, and those options to renew the terms of the Lease will be automatically exercised unless the County should affirmatively declare not to exercise each such option. There is no obligation on the County to renew the Lease beyond the fiscal year ending September 30, 2021.

The real property upon which the Building is and will be constructed has been conveyed from the County to the Building Authority. Under the provisions of the Indenture, the Series 2021 Warrants will be

secured by a non-foreclosable mortgage lien on the Building, by an assignment of the rights of the Building Authority under the Lease and by a pledge of revenues and receipts derived by the Building Authority from the leasing of the Building. The mortgage of the Building contained in the Indenture will not be subject to foreclosure.

Pursuant to the provisions of the Indenture, the Building Authority will be required to make deposits from the rent received from the lease of the Building (i) into the Series 2021 Warrant Fund established under the Indenture and (ii) for the payment of the Trustee's fees and expenses. Pursuant to the provisions of the Indenture, the Building Authority will, for the benefit of the holders of the Series 2021 Warrants and to secure payment of the principal thereof and the interest and premium (if any) thereof, mortgage, assign and pledge to the Trustee, subject to the "Permitted Encumbrances" as defined in the Indenture, the following properties, rights and interests:

- (a) the Building Site hereinafter defined;
- (b) the Building hereinafter defined and all other buildings and improvements now or hereafter constructed or situated on the Building Site;
- (c) the Building Equipment hereinafter defined, including those items thereof that are generally described in the Lease and the Indenture and all other items of equipment, furniture or fixtures that under the provisions of said documents are to constitute part of the Building Equipment;
- (d) all rents, revenues, issues, earnings and income derived by the Building Authority from the Building; and
- (e) all right, title and interest of the Building Authority in and to the Lease.

The Indenture will not be subject to foreclosure.

The Indenture will not provide for a reserve fund for the payment of the Series 2021 Warrants.

In the event the County fails to exercise its successive options to annually renew the Lease, the Building Authority will have no funds with which to pay the principal of or interest and premium (if any) on the Series 2021 Warrants except such funds as may be derived from the leasing of the Building.

THE SERIES 2021 WARRANTS

The Series 2021 Warrants will be issued in the aggregate principal amount of \$19,735,000, will be dated the date of delivery, will bear interest (payable on each March 1 and September 1) at the rates set forth on the cover page hereof, first payable on March 1, 2022, and will mature with respect to principal on March 1 in the years and in the principal amounts set forth on said cover page. Interest on the Series 2021 Warrants will be computed on the basis of a 360-day year of twelve (12) consecutive thirty (30) day months. The Series 2021 Warrants will be subject to redemption as herein described under "Redemption Provisions." The Series 2021 Warrants will be issued as fully registered Warrants, registered as to both principal and interest, in the denomination of \$5,000 each or any integral multiple thereof. The principal of and premium (if any) on the Series 2021 Warrants will be payable at the designated corporate trust office of the Trustee. The interest on the Series 2021 Warrants will be remitted by the Trustee in accordance with the requirements of the Book-Entry System. If such system is not in effect, then interest shall be payable by the Trustee by draft or check mailed to

the registered owner as such registered owner's name and address shall appear on the registry books of the Trustee. Payment of interest on the Series 2021 Warrants shall be deemed timely made if mailed to the registered owner on the interest payment date with respect to which such payment is made or if such interest payment date is not a business day, then on the first business day following such interest payment date. The principal of and the interest and premium (if any) on the Series 2021 Warrants will be payable in lawful money of the United States of America.

Optional Redemption

Those of the Series 2021 Warrants maturing on March 1, 2032 and thereafter will be subject to redemption, at the option of the Building Authority (which option shall be exercisable upon direction of the County if the Lease is still in effect and no default exists thereunder) as a whole or in part (but if in part only in installments of \$5,000 or any integral multiple thereof and in such order and amount of their maturities as the Building Authority shall determine, and if less than all the Series 2021 Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected in such manner as determined by the Securities Depository) on March 1, 2031 or on any date thereafter, such redemption, whether in whole or in part, to be at and for a redemption price equal to the principal amount (or portion thereof) to be redeemed plus accrued interest thereon to the redemption date, without premium or penalty.

Mandatory Redemption

The Series 2021 Warrants with a stated maturity on March 1, 2046 (the "2046 Term Warrants") are required to be redeemed on March 1, 2042 and on each March 1 thereafter in the following principal amounts (with those to be redeemed to be selected by the Trustee) at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon, without any premium or penalty:

<u>Year</u>	<u>Principal Amount to Be Mandatorily Redeemed</u>
2042	\$1,050,000
2043	1,070,000
2044	1,095,000
2045	1,115,000

The remainder of the 2046 Term Warrants in principal amount of \$1,135,000 will mature on March 1, 2046.

Extraordinary Redemption

The Series 2021 Warrants will be subject to redemption to the extent of moneys on deposit with the Trustee for such purpose at any time, at and for a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, in the event that (a) the Building, or any parts thereof, is damaged or destroyed to such extent that in the opinion of the County, (i) the Building cannot reasonably be substantially restored to the condition thereof immediately preceding such damage or destruction within a period of six (6) consecutive months, (ii) the County will thereby be prevented, or is likely to be thereby prevented, from using the Building for a period of not less than six (6) consecutive months, or (iii) the cost of restoration thereof would exceed by more than \$10,000 the sum of the Net Insurance Proceeds referable to such damage or destruction, or (b) title to, or the temporary use of, any part of the Building is taken under the exercise of the power of eminent domain by any governmental authority or person, firm or corporation acting under governmental authority and such taking or takings result (or, in the opinion of the County are likely to result) in the County being thereby prevented from using the Building for a period of not less than six (6) consecutive months, or (c) as a result of any changes in the Constitution of the State of Alabama or the

Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal), entered after the contest thereof by the County in good faith, the Lease becomes void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed to herein or unreasonable burdens or excessive liabilities are imposed on the Building Authority or the County.

The Series 2021 Warrants will also be subject to redemption in the event of default or non-renewal of the Lease by the County. If called for redemption in such event, the Warrants shall be subject to redemption by the Building Authority from all available moneys (including all moneys in any fund or account held under the Indenture) on any date in whole or in part in installments of \$5,000 or any integral multiple thereof and in such order and amount of their maturities as the Building Authority shall direct provided that if less than all the Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by the Trustee by lot), at a redemption price for each Warrant redeemed equal to the principal amount thereof, plus accrued interest thereon to the redemption date, without premium or penalty. It is unlikely that the Building Authority will have sufficient moneys to redeem any significant portion of the Series 2021 Warrants in such an event.

Notice of Redemption of Series 2021 Warrants

If less than all of the Series 2021 Warrants are to be optionally redeemed during a period in which the Book-Entry System is in effect for the Warrants, the Building Authority (at the direction of the County) shall designate the order and amount of maturities of the Series 2021 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 Series 2021 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 Building Authority (at the direction of the County) shall determine in its sole discretion. In the event that less than all of the principal of the Series 2021 Warrants is to be redeemed, the Trustee shall assign a number to each \$5,000 principal portion of all the Series 2021 Warrants and shall, by process of random selection based upon such numbers, select the principal portion of Series 2021 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.

USE OF PROCEEDS

The Building Authority expects that the proceeds from the sale of the Series 2021 Warrants will be applied substantially as follows:

Sources

Principal	\$19,735,000.00
Net Original Issue Premium	<u>2,519,351.75</u>
Total	<u>\$22,254,351.75</u>

Uses

Series 2021 Improvements	\$22,000,000.00
Issuance Expenses (including Underwriter's Discount)	<u>254,351.75</u>
Total	<u>\$22,254,351.75</u>

DEBT SERVICE REQUIREMENTS

The debt service requirements on the Series 2021 Warrants and the Series 2020 Warrants are as follows:

County's Other Debts

The County's other direct long-term obligations are set forth in Appendix C under "Long-Term Indebtedness on page 5 of Appendix C."

WARRANTHOLDERS' RISKS

In making a decision whether to purchase the Series 2021 Warrants, potential investors should consider certain risks and investment considerations which could affect the ability of the Building Authority and the County to pay debt service on the Series 2021 Warrants in a timely manner and which could affect the marketability of or the market price for the Series 2021 Warrants. These risks and investment considerations are discussed throughout this Official Statement. The discussion herein is not intended to be a comprehensive or exhaustive compilation of all possible risks and investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement. Each prospective investor of Series 2021 Warrants should read this Official Statement in its entirety, including the appendices hereto, carefully, and should consult such prospective investor's own investment and/or legal advisor for a more complete explanation of the matters that should be considered when evaluating an investment such as the Series 2021 Warrants. Each prospective investor should carefully examine his, her, or its own financial condition in order to make a judgment as to his, her, or its ability to bear the risk of an investment in the Series 2021 Warrants.

There can be no assurance that the County's current revenues in any fiscal year while the Lease is effective will be adequate to pay the principal of and interest on the Series 2021 Warrants through its lease payments under the Lease Agreement when due for the following, among other, reasons:

(a) The ability of the Building Authority to make debt service payments on the Series 2021 Warrants is dependent upon the County making payments to the Building Authority pursuant to the Lease. If the County defaults in its obligation to make lease payments, the Building Authority will have no funds with which to pay the principal of and interest on the Series 2021 Warrants.

(b) There may be no assurance that the County will exercise its options to annually renew the Lease. The County is not legally obligated to renew the Lease beyond the fiscal year ending September 30, 2021. If the County elects not to renew the Lease, the Building Authority will not have sufficient funds with which to pay principal of and interest on the Series 2021 Warrants.

(c) If the County fails to make lease payments for whatever reason, it is highly unlikely that the Building Authority will be able to find either another tenant or another use for the Building.

(d) 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.

(e) 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.

(f) The County's coastal location, sub-tropical climate and low elevation make extreme weather events such as hurricanes, tropical storms, tropical depressions, and the related damages caused thereby including storm surge, wind damage, flood damage, and property damage, which may all occur immediately or even some time thereafter, virtual certainties. The County is also extremely susceptible to other natural disasters including tornados, heavy rain, and flooding at all times of year. There are no assurances that the County will be able to restore all or any of its public services in the event of a major event, or that residents will stay in the area following a major event.

(g) 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 are virtually certain to occur prior to the maturity of the Series 2021 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.

(h) 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.

(i) 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 recover its information, if at all, without substantial financial cost.

- (j) The Indenture will not be subject to foreclosure.
- (k) The Indenture will not provide for a reserve fund for the payment of the Series 2021 Warrants.

(l) As has been widely reported, the worldwide 2019-2020 coronavirus pandemic ("Covid-19") is presently ongoing in the United States and in many other areas of the world. Indirect effects of the pandemic – such as the nationwide economic slowdown, the volatility in the financial market, various business closures and quarantining or "shelter in place" initiatives enacted in an effort to combat the spread of the virus – could have a material adverse impact on Baldwin County and its local economy. Because of timing issues, certain economic and demographic information pertaining to the service area of the County and the surrounding area may not reflect or fully reflect the effects of Covid-19 on income and employment levels. The County cannot at this time predict whether or to what extent Covid-19 will affect the County and its economy. Because the County is a popular tourist destination, the County believes that it is especially vulnerable to local outbreaks or being considered a "hot spot" if a sudden increase in cases occurred. *See* also Note 16, Page 68 to the attached financial statement ("Subsequent Events").

SUMMARY OF DOCUMENTS

The following portion of this Official Statement contains summaries of certain provisions of the Lease and the Indenture. Such summaries do not purport to be complete descriptions and contain only brief outlines of the terms and provisions of such documents. The summaries are qualified in their entirety by reference to such documents, all of which will be available for inspection at the offices of the Trustee and the offices of the Baldwin County Commission.

THE LEASE

The following, in addition to information herein contained under the headings "INTRODUCTION," "SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2021 WARRANTS" and "THE SERIES 2021 WARRANTS," summarizes certain provisions of the Lease.

Duration of Term

The initial term of the Lease began with the delivery of the Series 2021 Warrants and will continue until and including September 30, 2021, the last day of the current fiscal year of the County; however, the Lease shall contain a grant to the County of successive options to renew the Lease annually on the terms specified therein for subsequent fiscal years of the County until all Series 2021 Warrants issued under the Indenture have been fully paid as therein provided. The Lease will provide that each option of renewing the Lease shall be deemed exercised on the first day of each fiscal year of the County, unless the County shall notify the Building Authority in writing no later than September 1st of the then current fiscal year that the County will not exercise its option to renew the Lease for the next succeeding fiscal year.

Rental Provisions

The Lease will obligate the County to pay to the Trustee, for the account of the Building Authority, on the 15th day of each month during the term of the Lease (including any renewal terms), such installments of rent (herein called "Basic Rent"), sufficient to pay (i) one-sixth of the interest coming due with respect to the Series 2021 Warrants on the next succeeding interest payment date during such fiscal year and (ii) one-twelfth of the principal (if any) of the Series 2021 Warrants maturing or subject to mandatory redemption on the next

succeeding March 1 during such fiscal year. The Lease will also obligate the County to pay (i) the Trustee's fees and charges for services performed under the Indenture, together with all advances made or expenses incurred by it in connection with the performance of such services during each such fiscal year, (ii) certain payments under environmental covenants, and (iii) expenses, taxes, fees, insurance premiums, rebate payments and costs associated with the Building.

The Lease will obligate the County to pay to the Trustee from the account of the Building Authority, beginning on the first day of each Fiscal Year of the County during the term of the Lease (including any renewal terms) until there shall have been paid into the Series 2021 Warrant Fund in each Fiscal Year an amount that will be equal to the interest maturing with respect to the Series 2021 Warrants on the then next succeeding interest payment date, plus the principal of the Series 2021 Warrants maturing or required by the terms of the Indenture to be redeemed, on the next succeeding March 1.

Operation, Maintenance and Modification of the Building

The Lease will require the County, at its own expense, to keep the Building in reasonably safe condition and to keep the Building and the Building Equipment in good repair and condition, reasonable wear and tear excepted, making from time to time all necessary repairs thereto. Neither the Building Authority nor the County will be obligated by the Lease to renew, repair or replace any of the Building Equipment that, as a result of reasonable wear and tear or other causes, becomes worn out, obsolete, inadequate or unsuitable in the use of the Building by the County. The Lease will permit the County, at its own expense, to make any additions, alterations, improvements or modifications to the Building that it may deem desirable for its purposes and that do not significantly impair the value or utility of the Building or change its respective character to such extent that it no longer constitutes a "project" within the meaning of Chapter 15 of Title 11 of the Code of Alabama 1975. All such additions, alterations, improvements and modifications made by the County will, under the terms of the Lease, become a part of the Building.

Insurance

The Lease will require the County to obtain insurance for fire and extended casualty insurance in an amount not less than the replacement cost of the Building and comprehensive public liability insurance for injury or death to third parties or damage to their properties as a result of occurrence on or about the Building.

Damage to or Destruction of Building

If the Building or any portion thereof, is damaged or partially destroyed and the County is not entitled to exercise its right to cause the Building Authority to redeem the Series 2021 Warrants or, if being entitled to, does not so elect, the Lease requires that the insurance proceeds be applied for the repair, replacement or restoration of the property damaged or destroyed. The Lease will obligate the County to pay any costs of repairing, replacing or restoring any property damaged or destroyed that are in excess of the insurance proceeds available therefor, and any insurance proceeds intended to be used for the payment of the costs of such repair, replacement or restoration but not needed therefor shall be deposited into the Series 2021 Warrant Fund. No assurance may be given that the County will have any funds available to complete the repair, replacement or restoration of the Building if the insurance proceeds are not adequate.

Condemnation of Building

In the event that the Building or any part thereof is taken through the exercise of the power of eminent domain, the Lease will require the entire condemnation award to be paid to the Trustee. If the Building or portions thereof are taken so that the County is entitled to exercise an option to purchase the Building, the

Trustee will be required to apply the condemnation award first to the earliest practicable retirement of the Series 2021 Warrants, and the County will be required to pay to the Trustee, as additional Basic Rent, any amount in excess of the condemnation award necessary to retire all the Series 2021 Warrants then outstanding under the Indenture, including principal, premium (if any), interest to maturity or earliest practicable redemption date, and the expenses of redemption. If, on the other hand, less than substantially all the Building or portions thereof are taken and the County is not entitled to exercise its option to purchase, the Lease will provide (i) that all obligations of the County which are still capable of performance (including the provisions thereof requiring the payment of rent) shall continue in full force and effect and (ii) that the Trustee will, in accordance with the directions of the County, cause such condemnation award to be applied for the repair, replacement, restoration or rearrangement of any part of the Building adversely affected by such taking, or for the acquisition of additional property which shall constitute part of the Building subject to the demise of the Lease and the lien of the Indenture, or for the retirement of the Series 2021 Warrants prior to maturity through the redemption or purchase thereof, or for any combination of such applications. No assurance may be given that the County will have any funds available to complete the repair, replacement or restoration of the Building or to pay any other costs or expenses caused by such condemnation.

Additional Covenants of the County

Use of Building. During the term of the Lease, the County will, in the use of the Building, comply in all material respects with all lawful requirements of all governmental bodies and will not do or permit anything to be done that will impair or contravene any policies of insurance carried with respect to the Building.

If any space in the Building becomes vacant after acquisition of the Building by the Building Authority, then until such time as all vacant space in the Building shall have been utilized, neither the County nor any officer, department or agency thereof shall thereafter enter into any rental agreement, or renew any existing rental agreement for other space in or about Baldwin County, Alabama to be used for the same purpose for which such vacant space in the Building is capable of being used.

Taxes; Assessments and Mechanics' Liens. The County will be obligated by the Lease to pay all taxes, assessments and other governmental charges that may be imposed on the Building, as well as taxes levied upon or with respect to the Building Authority's revenues or receipts from the Building which, if not paid, would become a lien on the Building prior to or on a parity with the lien of the Indenture and which would not constitute a "permitted encumbrance" as defined in the Lease. The County will also be obligated by the Lease to satisfy all mechanics' or other similar liens against the Building which materially endanger the lien of the Indenture and to pay all utility and other similar charges incurred in the operation, use, maintenance and upkeep of the Building.

Covenants With Respect to Use of Series 2021 Warrant Proceeds. In the Lease the County will covenant not to cause or permit the proceeds from the sale of the Series 2021 Warrants to be used in a manner which would cause the interest on such Warrants to lose exemption from Federal income taxation conferred by the applicable provisions of the Internal Revenue Code of 1986, as amended. The Building Authority and the County will also covenant to file, or cause to be filed, with the Internal Revenue Service any statements and reports required by applicable Federal tax laws and regulations to be so filed as a condition of the continued exemption from Federal income taxation of the interest on the Series 2021 Warrants.

Obligations of the County. All rental payments and other payments and obligations payable by the County under the Lease shall be payable solely out of the current revenues of the County for the applicable Fiscal Year or other moneys available to the Building Authority or the Trustee pursuant to the exercise of any of their respective rights under the Lease or the Indenture.

Concerning the Internal Revenue Code. In the Lease the County will covenant not to take any action, or omit to take any action, if as a result of such action, or the omission to take such action, as the case may be, the Series 2021 Warrants would be considered "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder, or to cause the interest on the Series 2021 Warrants to become includable in gross income for purposes of federal income taxation.

Redemption of Warrants. The Lease will permit the County, at any time and from time to time and to the extent permitted by law, to prepay Basic Rent in an amount sufficient to retire and redeem any or all of the Series 2021 Warrants. Any prepaid Basic Rent referable to the Series 2021 Warrants shall be applied for their redemption at and for the redemption price applicable to the optional redemption thereof. *See "Redemption Provisions - Optional Redemption" under "THE SERIES 2021 WARRANTS."* Any such prepayment of Basic Rent will result in a total or partial abatement of the Basic Rent that would thereafter become due under the Lease had it not been for such prepayment.

Events of Default and Remedies

Any one or more of the following events will constitute an "Event of Default" by the County under the Lease:

(a) failure by the County to pay any installment of Basic Rent or to make any other payment required by the Lease;

(b) failure by the County to perform or observe any of its agreements or covenants contained in the Lease [other than its failure to pay, when due, any payment referred to in the preceding clause (a)], which failure shall have continued for a period of 30 days after written notice of such failure shall have been given to the County by the Building Authority, the Trustee or, unless the Building Authority and the Trustee shall agree in writing to an extension thereof, which agreement shall not be unreasonably withheld if corrective action is instituted by the County promptly upon receipt of the written notice and is diligently pursued until the default is corrected; and

(c) The filing by the County of a voluntary petition in bankruptcy, or failure of the County promptly to lift any execution, garnishment or attachment of such consequences as will impair operations at the Building, the seeking of or consenting to or acquiescing by the County in the appointment of a receiver of all, or substantially all, of the property thereof or of the Building or the adjudication of the County as a bankrupt, or any assignment by the County for the benefit of its creditors.

(d) An event of default under the Indenture.

Whenever any Event of Default shall have occurred and be continuing, the Building Authority and the Trustee (or the Trustee on behalf of the Building Authority), with the written consent of the Insurer, may take any one or more of the following remedial actions: (i) take possession of the Building and rent all or any part thereof for the account of the County for the remainder of the Lease Term, holding the County liable for the balance due under the Lease; (ii) terminate the Lease, take possession of the Building and lease the same for the account of the Building Authority, holding the County liable for all rent and other amount due under the Lease to the date such other lease is made for the account of the Building Authority; (iii) declare all installments of Basic Rent payable for the remainder of the Lease Term immediately due and payable; and (iv) take whatever other actions at law or in equity may appear necessary or desirable to collect the rent then due or to enforce any obligation, covenant or agreement of the County under the Lease.

Amendment of the Lease

Any amendment of the Lease must comply with the applicable provisions of the Indenture.

THE INDENTURE

The following, in addition to the information herein contained under the headings "**INTRODUCTION**," "**THE SERIES 2021 WARRANTS**," and "**THE LEASE**," summarizes certain provisions of the Indenture.

Record Date shall mean the fifteenth (15th) calendar day next preceding any Interest Payment Date.

Series 2021 Warrant Fund

The Indenture creates a special trust fund (the "Series 2021 Warrant Fund") for the purpose of providing for the payment of the principal of and the interest and premium (if any) on the Series 2021 Warrants issued thereunder. The Trustee will be designated as the depository and disbursing agent for the Series 2021 Warrant Fund. The Indenture will require that all installments of Basic Rent payable under the Lease (including prepayments of such Basic Rent) be paid into the Series 2021 Warrant Fund, as such installments are received by the Trustee.

The Trustee will be required by the Indenture to make provision out of the moneys in the Series 2021 Warrant Fund for payment of the principal of and the interest on the Series 2021 Warrants, as the said principal and interest respectively become due, and for the redemption, prior to maturity, of any Series 2021 Warrants required by the provisions of the Indenture to be redeemed. Until all Series 2021 Warrants issued under the Indenture have been fully paid, moneys in the Series 2021 Warrant Fund shall be used solely for the payment of the interest on such Series 2021 Warrants, for the payment of the principal of such Series 2021 Warrants at their stated maturity date and for the redemption of such Series 2021 Warrants under the conditions of redemption and at the redemption prices specified in the Indenture. Whenever the total of the moneys in the Series 2021 Warrant Fund established under the Indenture shall be sufficient to retire and redeem all the Series 2021 Warrants then outstanding, the Building Authority and the Trustee will be required by the Indenture to take all necessary actions to redeem and retire all such outstanding Series 2021 Warrants on the earliest practicable date on which under the terms of the Indenture they may be so redeemed and retired.

The Indenture requires the Trustee to keep all moneys on deposit in the Series 2021 Warrant Fund fully invested to the extent practicable. Moneys on deposit in the Series 2021 Warrant Fund will be required to be invested only in Government Obligations, money market funds registered under the Federal Investment Company Act of 1940 where shares are registered under the Federal Securities Act of 1933 and have a rating by S&P of AAm-G, AAm, or AA-m and if rated by Moody's rated Aa, Aa1 or Aa2, certain mutual funds for which the Trustee serves as an investment manager, or in Eligible Certificates. The Indenture will require investments forming a part of the Series 2021 Warrant Fund to come due at such times and in such amounts as will assure the availability of cash sufficient to pay, when due, required debt service with respect to the Series 2021 Warrants, including any required redemption of such Series 2021 Warrants.

As used in this Official Statement, the terms "Government Obligations" and "Eligible Certificates" shall have the following meanings: "Government Obligations" means securities that are direct obligations of the United States of America or that are unconditionally guaranteed by the United States of America as to the payment of both principal and interest; "Eligible Certificates" means certificates of deposit issued by any bank which is organized under the laws of the United States of America or any state thereof and whose deposits are

insured by the Federal Deposit Insurance Corporation or its successor, provided that the portion of any such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation or its successor shall be secured by deposit with a Federal Reserve Bank or with any national or state bank located within the State of Alabama of Government Obligations in an aggregate principal amount at least equal to the amount of such excess. Any certificate of deposit must have a one year or less maturity.

No Reserve Fund

The Indenture will not provide for a reserve fund for the payment of the Series 2021 Warrants.

Non-Foreclosable Mortgage

The Indenture will not provide for the foreclosure of the Building or the Site by the Trustee.

Events of Default and Remedies

An "Event of Default" by the Building Authority under the Indenture will result from (i) the failure by the Building Authority to pay, when due, the principal of and the interest and premium (if any) on any of the Series 2021 Warrants, (ii) an event of default under the Lease, (iii) the failure by the Building Authority to perform any of its obligations under the Indenture if, after 30 days' written notice to it of such failure, it shall not have commenced and be diligently pursuing appropriate corrective action or (iv) any warranty, representation or other statement by or on behalf of the Building Authority in the Lease or the Indenture or in any certificate furnished with respect thereto being false and misleading in any material respect at the time made.

Whenever any Event of Default shall have happened the Trustee, with the prior written consent of the Insurer may, declare the principal of and interest on all Series 2021 Warrants immediately due and payable; subject, however, to the discretionary right of the Trustee, and upon written directions to the Trustee by the Insurer, the duty of the Trustee, to annul such declaration. The Trustee shall also have the right upon the order of a court of competent jurisdiction, to the appointment of a receiver. The Trustee, may in its discretion, with or without declaring the Warrants due and payable, enter thereupon and take possession of the Building and leave the same in the name and as agent of the Building Authority.

The Indenture will not be subject to foreclosure.

Supplemental Indentures

The Indenture will permit the Building Authority and the Trustee, without the consent of or notice to any Warrantholders, to enter into supplemental indentures (which will become a part of the Indenture) for the purpose of adding further covenants and agreements on the part of the Building Authority, curing ambiguities, defects or inconsistent provisions or subjecting additional property and the revenues therefrom to the lien of the Indenture. The Indenture will also permit the Building Authority and the Trustee to enter into other supplemental indentures, with the written consent of the holders of a majority in principal amount of the Series 2021 Warrants then outstanding thereunder, except that, without the written consent of the holder of each Series 2021 Warrant affected, the Building Authority and the Trustee may not enter into any supplemental indenture that has the effect of reducing the principal amount of, the rate of interest on, or the premium payable upon the redemption of, any Series 2021 Warrant. Moreover, without the written consent of the holders of all the Series 2021 Warrants then outstanding under the Indenture, the Building Authority and the Trustee will not be permitted to enter into any supplemental indenture permitting the creation of a lien or charge on the Building or on the revenues therefrom ranking prior to or on a parity with the Indenture, the establishment of

preferences or priorities as between Series 2021 Warrants, or a reduction in the aggregate principal amount of Series 2021 Warrants the holders of which are required to consent to such supplemental indenture.

Amendment of the Lease

The Indenture will permit the County and the Building Authority, with the written consent of the Trustee but without the consent of or notice to any Warrantholders, to amend the Lease for the purpose of substituting or adding property subject to the demise thereof, curing ambiguities, defects or inconsistent provisions, or making provision with respect to matters arising under the Lease for any other purpose if such provisions do not, in the judgement of the Trustee, adversely affect the rights of the Warrantholders. The Indenture will also permit the County and the Building Authority, with the written consent of the Trustee and the holders of a majority in principal amount of the Series 2021 Warrants then outstanding thereunder, to amend the Lease to such extent as shall be deemed necessary or desirable by the Building Authority and the County, except that, without written consent of the holders of all the Series 2021 Warrants then outstanding under the Indenture, no such amendment shall affect the obligation of the Lessee to make payments in the amounts and at the times required for the payment of the Warrants.

The Trustee

In the Indenture the Trustee will agree to perform the duties required of it therein, but the Trustee will not be liable under the Indenture for any error of judgment made in good faith unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts.

The Building Authority's obligation to pay the expenses incurred by the Trustee and the advances made by it in the performance of its duties under the Indenture, and the payment of such expenses, advances and compensation will be given priority in the Indenture over the payment of the principal of and the interest and premium (if any) on the Series 2021 Warrants.

The Indenture will permit the Trustee, upon written notice to the Building Authority, the Lessee, and the Insurer, to resign and be discharged of the trusts created thereby.

Satisfaction of Indenture

The Indenture will provide that it may be canceled and satisfied of record upon the deposit with the Trustee of cash sufficient to provide for full payment of all the Series 2021 Warrants then outstanding thereunder, including the interest that will mature thereon until such payment. In addition, any of the Series 2021 Warrants may, for purposes of the Indenture, be considered as fully paid upon the execution by the Building Authority and the Trustee of an appropriate trust agreement under which there shall be deposited, for payment or redemption of such Series 2021 Warrants and for payment of the interest to come due thereon until maturity or redemption, Government Obligations or any combination of cash and Government Obligations, which together with the income anticipated to be derived from such securities, will produce moneys sufficient to provide for the payment, redemption and retirement of such Series 2021 Warrants. For purposes of said trust agreement, Government Obligations shall have the meaning given to such term in the section hereof captioned "Series 2021 Warrant Fund" under "THE INDENTURE."

When any of the Series 2021 Warrants are considered "paid" under the conditions described above, they shall no longer be secured by or entitled to the benefit of the Indenture (except for the right to have the moneys held for their benefit to be applied to the payment of the principal thereof and the interest and premium, if any, thereon), nor will the holders of such Series 2021 Warrants (or the Trustee on their behalf) thereafter have any rights whatever against the County under the Lease.

Should any of the Series 2021 Warrants not be presented for payment when due, the Trustee will be required, subject to the provisions of any applicable escheat or other similar law, to retain and set aside in the Series 2021 Warrant Fund a sum of money sufficient to pay such Series 2021 Warrants when the same shall be presented (upon which sum the Trustee shall not be required to pay interest). All liability of the Building Authority to the holders of such Series 2021 Warrants and all rights of such holders against the Building Authority under such Series 2021 Warrants or under the Indenture shall thereupon cease and terminate, and the sole right of such holders shall thereafter be against such deposit.

Notwithstanding the foregoing, only (1) cash and (2) non-callable direct obligations of the United States of America ("Treasuries"), or any combination thereof, shall be authorized to be used to effect defeasance of the Warrants. To accomplish defeasance the Building Authority shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable ("Accountant") verifying the sufficiency of the escrow established to pay the Warrants in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement, and (iii) an opinion of nationally recognized Bond Counsel to the effect that the Warrants are no longer "Outstanding" under the Indenture; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Building Authority, and the Trustee. Warrants shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

LITIGATION

There is no litigation pending or, to the knowledge of the Building Authority, threatened, contesting the validity of the Series 2021 Warrants or relating to the organization of the Building Authority, the right of the Building Authority to construct or finance the Building, the incumbency of any of the Building Authority's officers, or the issuance or sale of the Series 2021 Warrants. Simultaneously with the delivery of the Series 2021 Warrants, the Building Authority will deliver a certificate to the effect that no such litigation is pending or, to the knowledge of the Building Authority, threatened.

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

The Frazer Lanier Company Incorporated (the "Underwriter"), has purchased the Series 2021 Warrants from the Building Authority for a purchase price of \$22,185,279.25 (representing the par amount of \$19,735,000 less an Underwriter's discount of \$69,072.50 and plus a net original issue premium of \$2,519,351.75).

The initial public offering price for the Series 2021 Warrants may be changed by the Underwriter. The Underwriter may offer and sell the Series 2021 Warrants to certain dealers (including dealers depositing bonds in investment trust) and other at prices lower than the public offering price set forth on the cover page of this Official Statement.

FINANCIAL ADVISOR

Stifel, Nicolaus & Company, Incorporated, Montgomery, Alabama, has served as Financial Adviser to the Building Authority in connection with the offer and sale of the Series 2021 Warrants. As such, it has participated in the preparation and review of various financing documents related to the Series 2021 Warrants. The Financial Advisor will be paid from the proceeds of the Series 2021 Warrants.

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 pre-existing 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.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee and the owners of the Series 2021 Warrants upon the occurrence of an Event of Default under the Indenture are in many respects dependent upon regulatory and judicial actions which are subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under the Indenture may not be readily available or may be limited.

The various legal opinions to be delivered concurrently with delivery of the Series 2021 Warrants will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally and by the exercise of judicial discretion.

APPROVAL OF LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Series 2021 Warrants are subject to the approval of Bradley Arant Boult Cummings LLP, Bond Counsel, whose approving legal opinion will be delivered at the time of delivery of the Series 2021 Warrants. The proposed form of that opinion is included in this Official Statement as Appendix A.

The various legal opinions to be delivered concurrently with the delivery of the Series 2021 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 the future performance of parties to the transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

In the opinion of Bradley Arant Boult Cummings LLP, Bond Counsel to the Building Authority, assuming continuing compliance by the Building Authority and the County with certain conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Series 2021 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 Series 2021 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 Building Authority has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Building Authority and the County and others in connection with the Series 2021 Warrants, and Bond Counsel to the Building Authority has assumed compliance with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2021 Warrants from gross income under Section 103(a) of the Code.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Series 2021 Warrants. Bond Counsel 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 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 Series 2021 Warrants.

Bond Counsel is also of the opinion that interest on the Series 2021 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 Series 2021 Warrants.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2021 Warrants. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a Series 2021 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 Series 2021 Warrants.

Prospective owners of the Series 2021 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 Series 2021 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 Series 2021 Warrants could be affected by post-issuance events. Various requirements of the Code must be observed or satisfied after the issuance of the Series 2021 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 Series 2021 Warrants, use of the facilities financed by the Series 2021 Warrants, investment of proceeds of the Series 2021 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 Series 2021 Warrants in gross income retroactive to the date of issuance of the Series 2021 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 Series 2021 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 Series 2021 Warrants would have limited rights to participate in the audit process. The initiation of an audit with respect to the Series 2021 Warrants could adversely affect the market value and liquidity of the Series 2021 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 Series 2021 Warrants do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Series 2021 Warrants.

The IRS has publicly stated that jail transactions are among its top enforcement priorities due in part to the increased use of state and local facilities by federal agencies. The County has agreed in the Lease with the Building Authority that no federal prisoners will be held in the Building.

Future Legislation

Current and future legislative proposals, if enacted into law, may cause interest on the Series 2021 Warrants to be subject, directly or indirectly, to federal income taxation or otherwise prevent beneficial owners of the Series 2021 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 Series 2021 Warrants. Neither the Series 2021 Warrants nor the Indenture contains any provision for an increase in the rate of interest applicable to the Series 2021 Warrants or for the mandatory redemption of the Series 2021 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 Series 2021 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 Series 2021 Warrants

The Indenture does not provide for mandatory redemption of the Series 2021 Warrants or payment of any additional interest or penalty if a determination is made that the Series 2021 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 Series 2021 Warrants or the economic benefit of investing in the Series 2021 Warrants.

Original Issue Premium

The initial public offering prices of certain of the Series 2021 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 Series 2021 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.

Original Issue Discount

The initial public offering price of the March 1, 2034 maturity of the Series 2021 Warrants (the "Original Issue Discount Warrants") is less than the principal amount thereof. Under existing law, the difference between (i) the amount payable at the maturity of each Original Issue Discount Warrants, and (ii) the initial offering price to the public of such Original Issue Discount Warrants constitutes original issue discount with respect to such Original Issue Discount Warrants in the hands of any owner who has purchased such Original Issue Discount Warrants in the initial public offering of the Series 2021 Warrants. Such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Warrants equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Warrants continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Warrants prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Warrants in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Warrants was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Warrant is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Series 2021 Warrants and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Warrant for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other taxable disposition thereof. The amount (if any) to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods (if any) multiplied by the yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Series 2021 Warrants.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Warrants which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount 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 Discount 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 Discount Warrants.

Not Bank Qualified

The Building Authority has not designated the Series 2021 Warrants as "qualified tax-exempt obligations." The Series 2021 Warrants are not "bank-qualified."

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 Indenture 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 2021 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 2021 Warrants, or other material events affecting the tax status of the Series 2021 Warrants; (g) modifications to the rights of the Series 2021 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 2021 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 Trustee, (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 2021 Warrants, within the meaning of the Rule. The County will, in the Indenture, 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 2021 Warrants and shall be enforceable by the holders of the Series 2021 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 Indenture 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 2021 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 with respect to its general obligation indebtedness, 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 2020 unaudited financials and operating data for fiscal year 2020 on March 11, 2021 and its 2021 budget on March 11, 2021, its 2019 audit on the EMMA website on July 2, 2020, 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.

The County and the Building Authority have engaged DAC to assist with continuing disclosure for the Series 2021 Warrants.

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 "Aa2" and "AA", respectively, to the Series 2021 Warrants. The ratings are independent and each rating reflects that individual rating agency's own assessment of the Building Authority's ability to pay the Warrants as herein described 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 Series 2021 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 Series 2021 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.

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 Series 2021 Warrants.

CERTIFICATE

The execution and delivery of this Official Statement on behalf of the Building Authority and the distribution and use thereof by the Underwriter for the purpose of making a public offering of the Series 2021 Warrants have been duly authorized by the Building Authority.

**THE PUBLIC BUILDING AUTHORITY
OF BALDWIN COUNTY**

By: /s/ Locke W. Williams
Its President

APPENDIX A

[Proposed Form of Approving Opinion]

BRADLEY ARANT BOULT CUMMINGS LLP
One Federal Place
1819 Fifth Avenue North
Birmingham, Alabama 35203

[date]

The Public Building Authority of Baldwin County
Bay Minette, Alabama

We have examined certified copies of proceedings and other documents showing the organization under the laws of Alabama of THE PUBLIC BUILDING AUTHORITY OF BALDWIN COUNTY (the "Building Authority"), together with certified copies of proceedings of the Building Authority and other documents submitted to us pertaining to the issuance and validity of

\$19,735,000
THE PUBLIC BUILDING AUTHORITY OF BALDWIN COUNTY
Building Revenue Warrants
Series 2021 (Jail Project)

(the "Warrants"). We have not examined the title of the Building Authority to the Site hereinafter referred to, but we have, for purposes of this opinion, assumed that the Building Authority has good and marketable title to said real property subject only to Permitted Encumbrances (as defined in the Indenture hereinafter referred to and herein called "Permitted Encumbrances"). The statements hereinafter made and the opinions hereinafter expressed are based upon our examination of said proceedings, documents and said assumption of title.

The documents submitted to us show as follows:

(a) that the Warrants have been issued under and are secured by a Mortgage Indenture and Deed of Trust dated as of March 5, 2020, supplementing by a First Supplemental Mortgage Indenture and Deed of Trust dated as of July 27, 2021 (collectively the "Indenture") between the Building Authority and Regions Bank, as trustee (the "Trustee");

(b) that the Building Authority and Baldwin County (the "County") have entered into a Lease Agreement, dated as of March 5, 2020, supplemented by a First Supplemental Lease Agreement dated July 27, 2021 (collectively the "Lease"), wherein the Building Authority has leased to the County certain real property (the "Site") upon which the Building Authority has begun and intends to complete a new jail facility (the "Building") for lease to the County (the Site, the Building, and other Improvements and Equipment (as defined in the Lease) located thereon are herein collectively referred to as the "Project");

(c) that the Lease provides for the lease of the Project by the County for a current term ending September 30, 2021, and further provides for the renewal of the Lease thereafter, at the option of the County, for the successive annual terms coinciding with the fiscal year of the County (such fiscal year being a period of twelve consecutive months beginning on each October 1 and continuing until the next succeeding September 30 and being herein called a "Fiscal Year") until and including the Fiscal Year (or part thereof) during which Warrants shall be paid in full;

(d) that the Lease provides that during each Fiscal Year for which it shall be in effect, the County will pay to the Building Authority certain amounts in cash and, further, will pay each of the following: (a) the premiums that will come due during such Fiscal Year for all insurance required in the Indenture, and (b) all expenses during such Fiscal Year of operating the Project and maintaining it in good repair, all such payments by the County for each Fiscal Year to be made solely from current revenues of the County for the same fiscal year; and

(e) that in the Indenture the Building Authority has reserved the right to issue Additional Warrants (the "Additional Warrants") on a parity of lien with the Warrants and the Building Authority's outstanding Building Revenue Warrants, Series 2020, dated March 5, 2020 (the "Series 2020 Warrants"), upon compliance with the applicable conditions specified in the Indenture.

We are of the following opinion:

(1) that the Building Authority has been duly organized as and is a validly existing public corporation pursuant to and under the laws of Alabama and has corporate power to issue the Warrants, to execute and deliver the Lease and the Indenture and to perform the agreements on its part contained in each of said instruments;

(2) that the Warrants have been duly authorized, sold, executed, authenticated and issued in the manner provided by the applicable provisions of the constitution and laws of Alabama, are in due and legal form and evidence valid and binding special obligations of the Building Authority payable, as to principal, interest and premium (if any), solely out of revenues to be derived by the Building Authority from the Project, as it may at any time exist;

(3) that the Indenture and the Lease have been duly authorized by the Building Authority and constitute valid, binding and enforceable obligations of the Building Authority;

(4) that payment of the principal of and the interest (and premium, if any) on the Warrants is secured, on a parity of lien with the Series 2020 Warrants, by the lien of the Indenture and by a valid pledge of all revenues to be derived by the Building Authority under the Lease from the Project (including specifically the Basic Rent which the Lease requires the County to pay directly to the Trustee for the benefit of the Warrants);

(5) that, subject to bankruptcy, insolvency, reorganization and other similar laws affecting creditors' rights generally, the aforesaid pledge for the benefit of the Warrants is a valid pledge of said revenues;

(6) that the Indenture makes a valid assignment of all the Building Authority's right, title and interest in and to the Lease, insofar as such right, title and interest pertain to (i) the obligations of the County with respect to the use, maintenance and preservation of the Project, and (ii) the right to receive and collect all rentals and other payments due from the County under the Lease;

(7) that the Lease has been duly authorized, executed and delivered on behalf of the County; and

(8) that for each Fiscal Year for which it shall be renewed by the County, the Lease will constitute a valid, binding and enforceable agreement of the County, except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization and other similar laws affecting creditors' rights generally.

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 Building Authority and the County with their covenants pertaining to certain requirements of federal tax law that are set forth in the Lease and the Indenture, 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. We express no opinion with respect to the federal income tax consequences to the recipients of the interest income on the Warrants except as stated above.

We are of the opinion that the interest on the Warrants is, under existing statutes and regulations, exempt from Alabama income taxation.

The Indenture provides that in the event the Building Authority should default in any of the provisions thereof in the manner and for the time therein provided, the Trustee may declare all the Warrants secured thereby and then outstanding thereunder forthwith due and payable, and the Trustee shall be entitled to exercise the rights specified in the Indenture. The mortgage lien of the Indenture, however, is not foreclosable, and the remedies available to the Trustee and the holders of the Warrants issued under the Indenture will not include foreclosure or sale of the Project or any part thereof.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement 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 and of the Indenture and the Lease 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 or update, 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,

APPENDIX B

[2019 Audited Financial Statement]

APPENDIX C

[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>
Joe Davis III, Chairman	Retired (State Educator)
Billie Jo Underwood	CPA, local firm
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 43, and pages 72-82 (Exhibits #12-17), of the Financial Statement attached hereto as Appendix 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 2019 for Tier 1 and Tier 2 employees were 5.62% and 5.20%, respectively, and the employer contribution amount was \$1,341,573.67. The Sheriff's Office rates for the same period and tiers were 6.96% and 5.81%, respectively, and the employer contribution amount was \$1,055,310.93.

The Commission has a \$13,880,401 net pension liability, and its plan is 83.29% funded. The Sheriff's Office has an \$8,656,744 net pension liability and its plan is 80.48% funded.

Compensated Absences

The Commission has a standard policy for its full-time employees as to sick and annual leave. *See* Note D.9 (page 29) to the Financial Statement attached hereto as Appendix 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. *See* Note 11 (page 65) to the Financial Statement attached hereto as Appendix 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. *See* Note 7 (page 57) to the Financial Statement attached hereto as Appendix B for a description of such plan. The County's total OPEB liability is \$6,602,523.

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, 2018-September 30, 2019 and is attached hereto as Appendix 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</u> <u>Outstanding</u>	<u>Final</u> <u>Maturity</u>
--	---------------------------------

County Public Building Authority,

Series 2021 (Jail Project), dated July 27, 2021	\$19,735,000	March 1, 2046
Taxable General Obligation Warrants, Series 2020-B, dated October 22, 2020	\$33,545,000	February 1, 2036
County Public Building Authority, Series 2020 (Jail Project), dated March 5, 2020	\$35,135,000	March 1, 2045
General Obligation Warrants, Series 2020, dated January 23, 2020	\$9,605,000	February 1, 2030
General Obligation Warrants, Series 2015, dated March 1, 2015	\$9,310,000	May 1, 2025
General Obligation Taxable Warrants, Series 2014, dated June 1, 2014	\$1,625,000	June 1, 2025
General Obligation Warrants, Series 2013, dated February 1, 2013	\$3,140,000	January 1, 2023
General Obligation Warrants, Series 2012, dated September 1, 2012	\$795,000	June 1, 2022
County Public Building Authority Series 2007-A DHR Project Lease	<u>\$2,870,000</u>	June 1, 2028
TOTAL	<u>\$115,760,000</u>	

A summary of the County's aggregate debt service obligations are as follows:

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 (\$3,066,107.84); capital leases (\$439,000); other postemployment benefits (\$6,602,523); landfill closure and post-closure liability (\$3,671,187.46); 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, except for two short-term lines of credit from First Community Bank and Trustmark Bank in the amounts of \$35,000,000 and \$30,000,000, which will be substantially repaid with reimbursements from the Federal Emergency Management Agency (FEMA) and the State of Alabama for Hurricane Sally clean-up costs within the next two years. 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 has no plans to issue additional debt through its Public Building Authority within the next 12 months; however, 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, public safety, welfare, infrastructure, transportation, industry, recreation, and economic development, as part of long-term capital planning and/or on short-term notice. Construction costs in the County are historically high for various reasons, and it is possible that construction costs for planned capital improvements may exceed budgeted amounts and necessitate additional borrowing to complete such capital projects.

County voters recently rejected legislation permitting 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.

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 \$70,000 per year. See Note 18, page 70 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, 2020 (for which taxes became due and payable on October 1, 2020) is not less than \$5,207,596,554. The corresponding constitutional debt limit of the County is therefore not less than \$260,379,828. The County has incurred general obligation indebtedness chargeable against its constitutional debt limit in the aggregate amount of \$60,890,000. The County has a remaining debt margin of not less than \$199,489,828. The constitutional debt limit of the County and its relation to certain demographic data is as follows:

Debt Ratios

Assessed Value Oct. 1, 2020 (including motor vehicles)	\$5,207,596,554
Debt Limit (5%)	\$260,379,828
Aggregate Debt	\$115,760,000
Chargeable Debt [1]	\$60,890,000
Debt Margin	\$199,489,828
Ratio of Chargeable Debt to Assessed Value	2.38%
2018 estimated County population	218,022
Chargeable Debt per capita	\$567.72

[1] Includes the Long-Term Indebtedness hereinabove. Does not include the PBA's Series 2021, Series 2020 Warrants, and Series 2007-A Warrants, and the two short-term lines of credit for Hurricane Sally clean-up costs in the total amount of \$65,000,000.

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>
2020 (unaudited)	\$24,994,702
2019	23,254,238
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>	County's General Fund Share of Proceeds <u>of the Sales Tax</u>
2020 (unaudited)	\$23,027,023
2019	21,412,027
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, \$1,452,356 through September, 2019, and \$3,998,459 in 2020.

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>	County's General Fund Share of Proceeds <u>of the Lease Tax</u>
2020 (unaudited)	\$2,983,378
2019	3,770,393
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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES					
Taxes	\$79,319,773.26	\$69,869,171.31	\$65,179,717.28	\$61,490,825.12	\$57,206,953.41
Licenses and Permits	2,022,551.78	1,947,047.04	2,558,484.08	2,048,154.33	1,757,994.77
Intergovernmental	17,660,101.32	18,113,275.09	14,724,374.20	21,097,202.79	18,328,626.77
Charges for Services	13,899,433.73	13,675,443.80	12,570,676.34	14,027,916.40	14,224,892.68
Fines and forfeitures	34,885.76	25,913.65	39,577.17	40,289.25	26,870.12
Miscellaneous	21,665,931.50	19,600,740.50	15,540,577.34	4,509,742.82	4,416,419.67
TOTAL REVENUES	134,602,677.35	123,231,591.39	110,613,406.41	103,214,130.71	95,961,757.42
EXPENDITURES					
General Government	38,216,213.82	38,252,439.42	34,628,599.20	26,447,111.53	24,838,860.21
Public Safety	36,444,574.67	33,784,295.51	31,701,362.40	28,841,337.50	28,687,258.83
Highways and Roads	16,246,977.71	17,422,270.66	16,833,552.97	17,623,758.46	13,257,419.44
Health	2,493,751.17	2,387,517.89	2,822,176.99	2,754,080.40	2,577,752.39
Welfare	596,082.20	559,918.24	519,287.95	503,900.70	470,141.10
Culture and Recreation	1,496,723.87	1,358,307.38	1,284,361.70	1,275,737.54	1,234,469.54
Education	79,877.57	69,314.30	82,321.99	88,528.14	75,236.29
Capital Outlay	11,392,070.80	15,405,896.47	9,514,360.54	22,948,820.45	11,843,176.30
Debt Service:					
Principal Retirement	6,086,298.15	15,220,887.94	8,312,324.79	7,891,102.90	7,464,309.24
Interest and Fiscal Charges	<u>3,202,744.48</u>	<u>3,644,418.97</u>	<u>3,988,257.03</u>	<u>4,338,819.35</u>	<u>4,594,508.91</u>
TOTAL EXPENDITURES	116,255,314.44	128,105,266.78	109,686,605.56	112,713,196.67	95,043,132.25
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18,347,362.91	(4,873,675.39)	926,800.85	(9,499,066.26)	918,625.17
OTHER FINANCING SOURCES (USES)					
Operating Transfers in	30,047,130.12	35,337,129.97	25,621,204.52	25,513,744.48	23,940,433.66
Sale of Capital Assets	496,381.10	8,558,210.52	184,011.94	3,531,607.80	827,605.81
Warrant Proceeds				5,347,593.87	35,180,000.00
Premium on Warrants					4,146,749.60
Discount on Warrants					
Lease Proceeds			439,000.00		
Operating transfers out	(29,931,324.26)	(35,221,081.45)	(25,505,165.27)	(24,930,118.79)	(23,369,335.26)
Payment to Refunding Escrow Agent				(4,711,729.47)	(39,333,847.88)
Other Financing Uses			(5,000.00)	(6,000.00)	
TOTAL OTHER SOURCES (USES)	612,186.96	8,674,259.04	734,051.19	4,745,097.89	1,391,605.93
Changes in Fund Balances	18,959,549.87	3,800,583.65	1,660,852.04	(4,753,968.37)	2,310,231.10
Fund Balance Beginning	65,171,563.11	61,370,979.46	59,710,127.42 ¹	63,283,928.30	60,973,697.20 ²
Fund Balance Ending	84,131,112.98	65,171,563.11	61,370,979.46	58,529,959.93	63,283,928.30

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>
2020 (unaudited)	\$2,358,144
2019	2,531,918
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>
2020 (unaudited)	\$1,403,775
2019	1,501,550
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>
2020 (unaudited)	\$673,755
2019	723,405
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 additional increase in this statewide tax allocated to the Commission did result in \$1,333,166 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>
2020 (unaudited)	\$8,381,456
2019	9,080,433
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>
2020 (unaudited)	\$12,243,459
2019	11,390,460
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>
2020	\$4,774,758,180	\$432,838,374	\$5,207,596,554

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 2020 tax years are shown below:

<u>Name of Taxpayer</u>	<u>County Tax Due</u>	<u>Assessed Value</u>
Baldwin County Electric Coop	\$472,285	\$49,714,180
Gulf Telephone Company	236,863	25,431,180
Alabama Power Co.	213,735	22,657,120
Coroc/Riviera LLC	153,020	16,107,320
Florida Gas Transmission Co	132,845	13,983,640
Phoenix Orange Beach LLC	109,228	11,497,660
DR Horton	97,646	10,281,460
Wal-Mart Real Estate Business Trust	93,407	9,832,360
Gulf Beach Hotel Inc.	92,928	9,781,940
100 Emerald Greens LLC	86,351	9,095,560

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

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

- [1] Orange Beach is a tourist area which has a large number of housing units which are devoted to seasonal and recreational use.
- [2] The median values of owner-occupied units in the State according to the 2010 Census, the 2000 Census and 1990 Census were \$117,600, \$85,100 and \$55,700, respectively. Property values in Orange Beach have dropped as a result of the national recession and the housing downturn. The median value shown is higher than actual 2012 figures.

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.

APPENDIX D

[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 Building Authority and the Underwriter make no representation as to the accuracy of such information.

Initially, DTC will act as securities depository for the Series 2021 Warrants. The Series 2021 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 Series 2021 Warrants, in the aggregate principal amount of the Series 2021 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 Series 2021 Warrants are maintained in book-entry form with DTC, the following procedures will be applicable with respect to the Series 2021 Warrants.

Purchases of the Series 2021 Warrants under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 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 Series 2021 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 Series 2021 Warrants, except in the event that use of the book-entry system for the Series 2021 Warrants is discontinued.

To facilitate subsequent transfers, all the Series 2021 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 Series 2021 Warrants with DTC and their registration

in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Warrants; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 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 Series 2021 Warrants, redemption notices will be sent to DTC. If less than all of the Series 2021 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 Series 2021 Warrants, principal, premium, if any, and interest payments on the Series 2021 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 Trustee, 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 Trustee, 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 Building Authority or the Trustee, 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 Series 2021 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 Trustee 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 Series 2021 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 Series 2021 Warrants at any time by giving reasonable notice to the Building Authority or the Trustee. In addition, the Building Authority 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 Building Authority and the Trustee 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 Series 2021 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 Series 2021 Warrants; or

(v) any other action taken by the securities depository or any Participant.

Discontinuation of Book-Entry Only System

DTC may determine to discontinue providing its services with respect to the Series 2021 Warrants at any time by giving notice to the Building Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the book-entry only system for the Series 2021 Warrants will be discontinued unless a successor securities depository is appointed by the Building Authority. In addition, the Building Authority may discontinue the book-entry only system for the Series 2021 Warrants at any time by giving reasonable notice to DTC.

In the event that the book-entry only system for the Series 2021 Warrants is discontinued, the following provisions would apply, subject to the further conditions set forth in the Indenture.

The principal of and premium, if any, on the Series 2021 Warrants will be payable when due upon their presentation and surrender at the office of the Trustee in Birmingham, Alabama. Interest payments on the Series 2021 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 Trustee.

The Series 2021 Warrants are transferable only upon presentation to the Trustee 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 Series 2021 Warrant, the Building Authority will execute and the Trustee will authenticate and deliver, upon surrender to the Trustee of such Series 2021 Warrant and in exchange therefor, as may be requested by the person surrendering such Series 2021 Warrant, other Series 2021 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 Series 2021 Warrant so surrendered.

The Trustee will not be required to register or transfer any Series 2021 Warrant during the 15 day period next preceding any interest payment date with respect thereto. If any such Series 2021 Warrant is called for redemption, the Trustee will not be required to register, transfer or exchange such Series 2021 Warrant during the period beginning 45 days next preceding the redemption date with respect thereto.

APPENDIX E

[County's Draft FY 2020 Revenues and Expenditures and FY 21 Budget]

Baldwin County Commission
FY 2021 Monthly Fund Summary
Year to Date As Of November 30, 2020

<u>Description</u>	<u>FY 2020 Annual</u>	<u>FY 2021 Annual Budget</u>
Revenue		
Taxes	(55,751,882)	(57,018,034)
Special Assessments	0	0
Licenses & Permits	(1,224,816)	(1,289,000)
Intergovernmental	(2,445,624)	(2,039,900)
Charges For Services	(13,386,904)	(13,960,185)
Miscellaneous Revenue	(3,958,403)	(3,227,115)
Fund Balance	0	(2,011,860)
Total Revenue	(76,767,629)	(79,546,094)
Expenditures		
Employee Compensation	15,283,118	17,103,058
Services Provided By Others	5,241,071	5,679,941
Supplies, Repairs & Maintenance	5,261,471	4,692,630
Utilities & Communication	3,263,476	3,117,439
Travel	63,404	138,300
Other Operating Expenditures	29,194,329	28,345,400
Capital Expenditures	6,066,830	5,549,936
Debt Service	335,958	308,909
Intergovernmental	0	0
Total Expenditures	64,709,659	64,935,613
(Surplus)/Deficit Before Transfers	(12,057,970)	(14,610,481)
Transfers		
Transfer In/Other Sources	(4,014,751)	(609,437)
Transfer Out/Other Uses	15,159,829	15,219,918
Prior Period/Other Adjustments	0	0
Net Transfers	11,145,078	14,610,481
YTD (Surplus) / Deficit	(912,892)	0

