

**ORDINANCE NO. 2012-1157**

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**AN ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF \$22,975,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION WARRANTS, SERIES 2012, DATED OCTOBER 1, 2012 AND PROVIDING FOR THE PAYMENT THEREOF**

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BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ORANGE BEACH as follows:

**ARTICLE 1**

**Definitions; Provisions of General Application; and Representations and Warranties of Issuer**

**Section 1.01 Definitions**

For all purposes of this Series 2012 Ordinance, except as otherwise expressly provided or unless the context otherwise requires:

(a) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular.

(b) All references in this Series 2012 Ordinance to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this Series 2012 Ordinance as originally adopted.

(c) The terms "herein," "hereof" and "hereunder" and other words of similar import refer to this Series 2012 Ordinance as a whole and not to any particular Article, Section or other subdivision.

(d) The term "person" shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or agency or political subdivision thereof.

Authorized Denominations means with respect to all Series 2012 Warrants the amount of \$5,000 and any integral multiple thereof for each maturity.

Beneficial Owner shall have the meaning set forth in Section 3.04(a).

Book-Entry System means a book-entry only system of evidence of purchase and transfer of beneficial ownership interests in the Series 2012 Warrants.

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

Code shall mean the Internal Revenue Code of 1986, as amended, and all references to specific Sections of the Code shall be deemed to include any and all respective successor provisions to such Sections.

Depository means (i) The Bank of New York Mellon Trust Company, N.A., the bank designated as the registrar, authenticating agent and paying agent for the Series 2012 Warrants and as the depository for the Warrant Fund, as the successor to J.P. Morgan Trust Company, National Association, the original depository for the Series 2006 Warrants and (ii) any successor bank designated by the Issuer pursuant to the provisions of Section 7.03 hereof.

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

Enabling Law shall mean Section 11-47-2 of the Code of Alabama 1975, as amended.

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

Fiscal Year shall mean the period beginning on January 1 of one calendar year and ending on December 31 of the same calendar year or such other fiscal year as may hereafter be adopted by the Issuer.

Holder when used with respect to any Warrant shall mean the person in whose name such Warrant is registered in the Warrant Register.

Indirect Participant or Indirect Participants means securities brokers and dealers, banks, trust companies, clearing corporations and other financial institutions for which the Securities Depository holds Series 2012 Warrants as securities depository through a Direct Participant.

Issuer shall mean the City of Orange Beach and its successors and assigns.

Letter of Representation shall mean and include (i) the Letter of Representation with respect to the Series 2012 Warrants, and (ii) any other or subsequent agreement by whatever name or identification with respect to the Series 2012 Warrants among said parties from time to time in effect.

Outstanding when used with respect to Series 2012 Warrants shall mean, as of the date of determination, all Series 2012 Warrants theretofore authenticated and delivered under this Series 2012 Ordinance, except (1) Series 2012 Warrants theretofore canceled by the Depository or delivered to the Depository for cancellation; and (2) Series 2012 Warrants for whose payment money in the necessary amount has been theretofore deposited with the Depository in trust for the Holders thereof; and (3) Series 2012 Warrants for the payment of which provisions have been made in accordance with Article 9 hereof; and (4) Series 2012 Warrants in exchange for or in lieu of which other Series 2012 Warrants have been authenticated and delivered under this Series 2012 Ordinance.

Qualified Investments shall mean:

- (1) Federal Securities;
- (2) A Trust or Money Market Fund rated "AAm" or "AAm-G" or better by Standard & Poor's and customarily used by the Depository for the investment of public funds; or
- (3) A certificate of deposit or time deposit issued by (i) the Depository, or (ii) any other bank organized under the laws of the United States of America or any state thereof with capital, surplus and undivided profits of not less than \$50,000,000, provided in each case such deposit is insured by the Federal Deposit Insurance Corporation or such deposit is collaterally secured by the issuing bank by pledging Federal Securities having a market value (exclusive of accrued interest) not less than the face amount of such certificate less the amount of such deposit insured by the Federal Deposit Insurance Corporation.

Record Date means, with respect to the Series 2012 Warrants, that date which is 15 calendar days before any date on which interest is due and payable on the Series 2012 Warrants.

Refunding Trust Agreement means the Refunding Trust Agreement dated as of October 1, 2012 by and between the Issuer and the Depository.

Securities Depository means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and the successors and assigns thereof, and any substitute securities depository therefor that maintains a Book-Entry System for the Series 2012 Warrants.

Securities Depository Nominee means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Warrant Register the Series 2012 Warrants to be delivered to such Securities Depository during a period in which the Series 2012 Warrants are held pursuant to the Book-Entry System.

Series 2006 Ordinance means the ordinance duly adopted by the City Council on February 21, 2006 pursuant to which the 2006 Warrants were originally authorized.

Series 2006 Warrants means the \$21,630,000 Sewer Revenue Warrants, Series 2006, dated February 1, 2006 of the Issuer to be advance refunded and redeemed as provided for herein.

Series 2012 Ordinance shall mean this Series 2012 Ordinance as originally adopted or as it may from time to time be supplemented, modified or amended.

Series 2012 Warrants means the \$22,975,000 General Obligation Warrants, Series 2012, dated October 1, 2012, of the Issuer authorized pursuant to Section 3.01.

Warrant means any Warrant authenticated and delivered pursuant to this Series 2012 Ordinance.

Warrant Fund means the fund by that name established for the Series 2012 Warrants pursuant to Section 5.01.

Warrant Register means the register or registers for the registration and transfer of Series 2012 Warrants maintained by the Issuer pursuant to Section 3.03.

Warrant Registrar means the agent of the Issuer appointed as such pursuant to Section 3.03 for the purpose of registering Series 2012 Warrants and transfers of Series 2012 Warrants.

**Section 1.02 Effect of Headings and Table of Contents**

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

**Section 1.03 Binding Effect Upon Successors and Assigns**

All the covenants, stipulations, promises and agreements in this Series 2012 Ordinance contained by or on behalf of the Issuer shall inure to the benefit of and bind its successors and assigns.

**Section 1.04 Governing Law**

This Series 2012 Ordinance shall be construed in accordance with and governed by the laws of the State of Alabama.

**Section 1.05 Enforceability.**

The provisions of this Series 2012 Ordinance are severable. In the event that any one or more of such provisions or the provisions of the Series 2012 Warrants shall, for any reason, be held illegal or invalid, such illegality or invalidity shall not affect the other provisions of this Series 2012 Ordinance or of the Series 2012 Warrants, and this Series 2012 Ordinance and the Series 2012 Warrants shall be construed and enforced as if such illegal or invalid provision had not been contained herein or therein.

**Section 1.06 Repeal of Conflicting Provisions.**

All other ordinances, resolutions and orders or parts thereof in conflict with this Series 2012 Ordinance are, to the extent of such conflict, hereby repealed.

**Section 1.07 Provisions of Series 2012 Ordinance a Contract.**

The terms, provisions and conditions set forth in this Series 2012 Ordinance constitute a contract between the Issuer and the Holders from time to time of the Series 2012 Warrants and shall remain in full force and effect until the principal of and interest on the Series 2012 Warrants shall have been paid in full.

**Section 1.08 Representation and Warranties of the Issuer**

The Issuer hereby represents and Series 2012 Warrants as follows:

(a) The Issuer has heretofore issued the Series 2006 Warrants pursuant to the Series 2006 Ordinance for the purpose, among others, of providing funds to acquire and construct capital sewer system improvements.

(b) The Issuer has determined that it is in the best public interest of the Issuer and its residents and taxpayers to realize certain interest cost savings that may be available given present market conditions and to acquire additional funds for further capital sewer system improvements.

(c) The Issuer has therefore, in conjunction with (b) above, further determined that certain benefits may be achieved by advance refunding and redeeming the outstanding Series 2006 Warrants through the issuance of the Series 2012 Warrants.

(d) The net assessed valuation of the taxable property in the corporate limits of the Issuer for the fiscal year ending September 30, 2012 is not less than \$719,988,080 and the total indebtedness of the Issuer following the issuance of the Series 2012 Warrants chargeable against the debt limitation for the Issuer prescribed by the Constitution of Alabama of 1901, as amended, will not be more than twenty percent of said assessed valuation.

**ARTICLE 2**

**Source of Payment; Security**

**Section 2.01 Source of Payment of Series 2012 Warrants**

The indebtedness evidenced and ordered paid by the Series 2012 Warrants shall be a general obligation of the Issuer for the punctual payment of the principal of and interest on which the full faith, credit and taxing power of the Issuer are hereby sacredly and irrevocably pledged. The Issuer represents that ad valorem taxes have been levied and hereby covenants and agrees that such taxes will be levied and collected, insofar as such taxes may be permitted by the present or any future provisions of the Constitution of Alabama of 1901, as amended, on all taxable property in the Issuer, and applied to the maximum extent permitted by law to the payment of the principal of and interest on the Series 2012 Warrants as such principal matures and such interest comes due, in amounts sufficient for such purposes.

**Section 2.02 Officers and Members of the Governing Body of the Issuer Exempt from Individual Liability**

No recourse under or upon any covenant or agreement of this Series 2012 Ordinance or of any Warrant, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future officer, employee, or member of the governing body of the Issuer, or of any successor of any thereof, and all such liability of every name and nature, either at common law or in equity or by constitution or statute, and any and all such rights and claims against every such officer, employee, or member of the governing body of the Issuer as such, are hereby expressly waived and released as a condition of, and as a consideration for, the issuance of the Series 2012 Warrants.

**Section 2.03 Expenses of Collection; Interest After Maturity.**

The Issuer covenants and agrees that, if the principal of and interest on the Series 2012 Warrants are not paid promptly as such principal and interest matures and comes due, it will pay to the Holders of the Series 2012 Warrants all expenses incident to the collection of any unpaid portion thereof, including a reasonable attorneys' fee. The Series 2012 Warrants shall bear interest at the rate of 3% per annum or the maximum rate of interest allowed by law, whichever is less, from and after the respective maturity or due dates thereof, if not then paid.

**ARTICLE 3**

**The Series 2012 Warrants**

**Section 3.01 Authorization and Description of the Series 2012 Warrants**

(a) Pursuant to the Constitution and laws of the State of Alabama, including particularly and without limitation the Enabling Law, and for the purposes set forth in Section 1.08(b), there is hereby authorized to be issued a series of Series 2012 Warrants designated "General Obligation Warrants, Series 2012" in aggregate principal amount of \$22,975,000, in fully registered form without coupons, in Authorized Denominations, and numbered separately from one upward in the order of issuance.

(b) The Series 2012 Warrants shall be dated October 1, 2012 and shall bear interest from such date at the applicable per annum rates hereinafter set forth below (computed on the basis of a 360-day year of 12 consecutive 30-day months), payable on February 1, 2013 and thereafter on February 1 and August 1 in each year.

(c) The Series 2012 Warrants shall mature on the first day of February in years and in principal amounts as follows and shall bear interest at the per annum rates set forth below:

<u>Year</u>	<u>Principal Maturing</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Maturing</u>	<u>Interest Rate</u>
2013	\$ 85,000	2.000%	2022	\$1,445,000	5.000%
2014	75,000	2.000	2023	1,520,000	5.000
2015	720,000	3.000	2024	1,595,000	5.000
2016	745,000	3.000	2025	1,675,000	5.000
2017	765,000	3.000	2026	1,760,000	5.000
2018	790,000	4.000	2027	1,855,000	5.000
2019	1,240,000	5.000	2028	1,950,000	3.000
2020	1,305,000	5.000	2029	2,005,000	3.000
2021	1,375,000	5.000	2030	2,070,000	3.125

(d) The principal of and interest on the Series 2012 Warrants shall be payable as provided in this Series 2012 Ordinance and in the Series 2012 Warrants.

(e) The Series 2012 Warrants with maturities on February 1, 2023 and thereafter are subject to redemption, at the option of the Issuer on any date on or after August 1, 2022 at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium or penalty.

(f) The Series 2012 Warrants are not subject to mandatory redemption prior to maturity.

(g) The form of the Series 2012 Warrants and the requisite certificates thereof shall be substantially as follows, with appropriate changes, variations and insertions as provided herein:

**UNITED STATES OF AMERICA  
STATE OF ALABAMA  
CITY OF ORANGE BEACH  
GENERAL OBLIGATION WARRANT  
SERIES 2012**

No. R-\_\_\_\_\_ \$\_\_\_\_\_

MATURITY DATE \_\_\_\_\_ INTEREST RATE \_\_\_\_\_ CUSIP \_\_\_\_\_

The CITY OF ORANGE BEACH, a municipal corporation organized and existing under and by virtue of the laws of the State of Alabama (the "Issuer"), for value received, hereby acknowledges itself indebted to CEDE & CO., INC., or registered assigns in the principal amount of

\_\_\_\_\_ DOLLARS (\$\_\_\_\_\_)

and hereby orders and directs the Finance Director/Treasurer of the Issuer to pay to said payee or registered assigns solely from the Warrant Fund hereinafter designated said principal amount on the Maturity Date specified above, and to pay to said payee from said Warrant Fund interest on said principal amount from the date hereof at the Interest Rate per annum specified above, computed on the basis of a 360-day year of 12 consecutive 30-day months, payable on February 1, 2013 and on February 1 and August 1 in each year thereafter.

This warrant is one of a duly authorized issue of \$22,975,000 General Obligation Warrants, Series 2012, dated October 1, 2012 (the "Series 2012 Warrants"), issued pursuant to the authority of the Constitution and laws of the state of Alabama and an ordinance and proceedings of the Issuer duly held, passed and conducted on October 16, 2012 (the "Series 2012 Ordinance"). Capitalized terms used herein without definition shall have the respective meanings assigned thereto in the Series 2012 Ordinance. The Bank of New York Mellon Trust Company, N.A., Birmingham, Alabama serves as paying agent and depository bank under the Series 2012 Ordinance and is herein referred to as the "Depository."

The Series 2012 Warrants are initially issued in Authorized Denominations pursuant to a Book-Entry System to be administered by the Securities Depository and registered in the name of and held by the Securities Depository Nominee, all as more particularly provided in the Series 2012 Ordinance. In the event the Book-Entry System for the Series 2012 Warrants is discontinued, Series 2012 Warrants in certificated form in Authorized Denominations will be physically distributed to the Beneficial Owners thereof, the Series 2012 Warrants will be registered in the names of the owners thereof on the registration books of the Depository pertaining thereto, the Depository shall make payments of principal of and interest on the Series 2012 Warrants to the registered owners thereof as provided in the Series 2012 Warrants and the Series 2012 Ordinance, and the provisions of this warrant and of the Series 2012 Ordinance with respect to registration, transfer and exchange of warrants by the registered owners thereof shall apply.

If the Book-Entry System is discontinued, this warrant shall be registered on the register to be maintained by the Issuer for that purpose at the designated corporate office of the Depository and this warrant in certificated form shall be transferable only upon said register at said office by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the registered owner hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid and evidence satisfactory to the Issuer of the satisfaction of all transfer restrictions shall be presented by the registered owner requesting such transfer as a condition precedent to the exercise of such privilege. Upon surrender for transfer of this warrant, the Issuer shall execute, and the Depository shall authenticate and deliver, in exchange for this warrant, a new warrant or warrants of like tenor hereof, registered in the name of the transferee, in an aggregate principal amount equal to the unpaid or unredeemed portion of principal of this warrant. Provision is made in the Series 2012 Ordinance for the replacement of any Warrant in certificated form which shall be or become mutilated, lost, stolen or destroyed, by the issuance, authentication and registration of a new Warrant of like tenor, subject, however, to the terms, conditions and limitations contained in the Series 2012 Ordinance with respect thereto. The Depository shall not be required to transfer or exchange this warrant during the period

between the Record Date and the then next succeeding interest payment date.

The Issuer, the Depository, and any Warrant Registrar may deem and treat the person in whose name this warrant is registered as the absolute owner hereof for all purposes and neither the Issuer, any Depository, nor any Warrant Registrar shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for money payable on this warrant.

The indebtedness evidenced by the Series 2012 Warrants is a general obligation of the Issuer and the full faith and credit of the Issuer are hereby sacredly and irrevocably pledged to the punctual payment of the principal thereof and interest thereon. The Issuer has established in the Series 2012 Ordinance a special fund designated "Series 2012 Warrant Fund" (the "Warrant Fund") for the payment of the principal of and interest on the Series 2012 Warrants and has obligated itself to pay or cause to be paid into the Warrant Fund, from the proceeds of the taxes, revenues or funds of the Issuer, sums sufficient to provide for the payment of the principal of and interest on the Series 2012 Warrants as the same mature and come due.

Reference is hereby made to the Series 2012 Ordinance, copies of which are on file at the designated corporate office of the Depository, for a description of the nature and extent of the security afforded by the Series 2012 Ordinance, the rights and duties of the Issuer and the Depository with respect thereto, and the terms and conditions upon which the purchase, transfer and exchange of beneficial ownership interests in the Series 2012 Warrants are to be made by means of the Book-Entry System administered by the Securities Depository, to and by all of which terms, conditions and provisions of the Series 2012 Ordinance the owner of any warrant, by the acquisition hereof, hereby assents and agrees to be bound.

The Series 2012 Warrants will initially be issued in book-entry form, as described in the Series 2012 Ordinance and the method and place of payment will be as provided in the book-entry system and pursuant to the Letter of Representation.

The Series 2012 Warrants with maturities on February 1, 2023 and thereafter are subject to redemption, at the option of the Issuer on any date on or after August 1, 2022 at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium or penalty.

The Series 2012 Warrants are not subject to mandatory redemption prior to maturity.

No covenant or agreement contained in this warrant or in the Series 2012 Ordinance shall be deemed to be a covenant or agreement of any officer, agent, employee, or member of the governing body of the Issuer or of the Depository in its individual capacity and none of such parties or persons nor any officer executing this warrant shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance of this warrant.

This warrant shall not be valid or become obligatory for any purpose until the Certificate of Authentication and Registration inscribed hereon shall have been executed by the Depository by the manual signature of one of its authorized officers.

It is hereby recited, certified and declared that the indebtedness evidenced and ordered paid by this warrant is lawfully due without condition, abatement or offset of any description, that this warrant has been registered in the manner provided by law, that the Series 2012 Warrants represent valid claims against the Warrant Fund, that all acts, conditions and things required by the Constitution and laws of the State of Alabama to happen, exist and be performed precedent to and in the execution, registration and issuance of this warrant and the adoption of the Series 2012 Ordinance have happened, do exist and have been performed as so required and that the principal amount of this warrant, together with all other indebtedness of the Issuer, are within every debt and other limit prescribed by the Constitution and laws of the State of Alabama.

IN WITNESS WHEREOF, the Issuer, acting by and through the City Council as the governing body thereof, has caused this warrant to be manually executed in its name and on its behalf by the Mayor of the Issuer, has caused its corporate seal to be affixed hereto and the same attested by the City Clerk of the Issuer, who has manually signed this Warrant, and has caused this warrant to be dated October 1, 2012.

**CITY OF ORANGE BEACH**

By \_\_\_\_\_  
Mayor

CITY SEAL

Attest:

\_\_\_\_\_  
City Clerk

AUTHENTICATION AND REGISTRATION DATE: \_\_\_\_\_

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This warrant is hereby authenticated and has been registered by the City of Orange Beach, Alabama on the registration books maintained with the Depository in the name of the above registered owner on the Authentication and Registration Date noted above.

THE BANK OF NEW YORK  
MELLON TRUST COMPANY, N.A.

By \_\_\_\_\_  
Its Authorized Officer

**REGISTRATION CERTIFICATE**

The undersigned hereby certifies that this Warrant has been duly registered as a claim against the City of Orange Beach, in the State of Alabama, and the Warrant Fund referred to herein pledged to the payment hereof.

\_\_\_\_\_  
Finance Director/Treasurer of the City of Orange Beach

**ASSIGNMENT**

For value received \_\_\_\_\_ hereby sell(s), assign(s), and transfer(s) unto \_\_\_\_\_ the within Warrant and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_, attorney, with full power of substitution in the premises, to transfer this Warrant on the books of the within mentioned Depository.

Dated this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

NOTE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Warrant in every particular, without alteration, enlargement or change whatsoever.

Signature Guaranteed:\*

\_\_\_\_\_  
(Bank, Trust Company or Firm)

By \_\_\_\_\_  
(Authorized Officer)

\* Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

**Section 3.02 Execution, Authentication, and Delivery of Series 2012 Warrants**

(a) The Series 2012 Warrants shall be manually executed for and on behalf of the Issuer by the Mayor and attested by the manual signature of the City Clerk, and the corporate seal of the Issuer shall be affixed to each Warrant. The Series 2012 Warrants shall be registered by the Finance Director/Treasurer of the Issuer as a claim against the Issuer and the Warrant Fund established with respect to such series of Series 2012 Warrants, which registrations shall be made simultaneously as to all the Series 2012 Warrants. The Registration Certificate shall be executed by the manual signature of the Finance Director/Treasurer of the Issuer. The Mayor of the Issuer and the City Clerk are hereby authorized and directed to so execute and register the Series 2012 Warrants as provided above. In the event that any officer whose signature appears on any of the Series 2012 Warrants or who shall have sealed any of the Series 2012 Warrants shall cease to be

such officer before the authentication, registration, and delivery of such Series 2012 Warrants, or in the event that the seal imprinted on the Series 2012 Warrants shall cease to be an accurate representation of the seal of the Issuer, such Series 2012 Warrants may, upon the request of the Issuer, be authenticated, registered, and delivered, as herein provided, as though the person who signed such Series 2012 Warrants had not ceased to be such officer of the Issuer or as though the Issuer had not altered its corporate seal prior to the delivery of such Series 2012 Warrants.

(b) At any time and from time to time after the execution and delivery of this Series 2012 Ordinance the Issuer may deliver Series 2012 Warrants executed by the Issuer to the Depository for authentication and the Depository shall authenticate and deliver such Series 2012 Warrants as in this Series 2012 Ordinance provided and not otherwise.

(c) No Warrant shall be valid or obligatory for any purpose unless there appears on such Warrant a certificate of authentication and registration substantially in the form provided for herein, executed by the Depository by manual signature, and such certificate upon any Warrant shall be conclusive evidence, and the only evidence, that such Warrant has been duly authenticated, registered, and delivered hereunder.

### **Section 3.03 Registration of Series 2012 Warrants**

The Issuer shall cause to be kept at the designated corporate office of the Depository a register (the "Warrant Register") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Series 2012 Warrants and registration of transfers of Series 2012 Warrants entitled to be registered or transferred as herein provided. The Depository is hereby appointed "Warrant Registrar" for the purpose of registering Series 2012 Warrants and transfers of Series 2012 Warrants as herein provided.

### **Section 3.04 Book-Entry System**

(a) The Series 2012 Warrants shall be issued pursuant to a Book-Entry System administered by the Securities Depository with no physical distribution of any Warrant to any person. One Warrant for each maturity will be issued, registered in the name of the Securities Depository Nominee, and immobilized in the custody of the Securities Depository. Beneficial ownership interests in Series 2012 Warrants held by the Securities Depository may be purchased by or through Direct Participants. The holders of these beneficial ownership interests in such Series 2012 Warrants are referred to as the "Beneficial Owners." The Beneficial Owners will not receive certificated warrants representing their beneficial ownership interests. Ownership of the interests in Series 2012 Warrants in Authorized Denominations will be evidenced on the records of the Securities Depository and the Direct Participants and Indirect Participants pursuant to rules and procedures established by the Securities Depository. During a period in which the Book-Entry System is in effect for the Series 2012 Warrants the Issuer and the Depository shall treat the Securities Depository or the Securities Depository Nominee as the only registered owner of such Series 2012 Warrants for all purposes under this Series 2012 Ordinance, including, without limitation, receipt of all principal of and interest on the Series 2012 Warrants, receipt of notices, voting, and requesting or directing the Depository or Issuer to take or not to take, or consenting to, certain actions under this Series 2012 Ordinance. In the event the Securities Depository or the Securities Depository Nominee assigns its rights to consent or vote under this Series 2012 Ordinance to any Direct Participant or Indirect Participant, the Issuer and the Depository shall treat such assignee or assignees as the only registered owner or owners of the Series 2012 Warrants for the purpose of exercising such rights so assigned.

(b) During a period in which the Book-Entry System is in effect for the Series 2012 Warrants, payments of principal and interest with respect to such Series 2012 Warrants will be paid by the Depository directly to the Securities Depository, or the Securities Depository Nominee, as Holder, and as provided in the Letter of Representation; provided, that payment of the principal of such Series 2012 Warrants due at final maturity shall be made only upon surrender thereof at the designated corporate office of the Depository. The Securities Depository and the Direct Participants and the Indirect Participants shall be responsible for the disbursement of such payments to the Beneficial Owners. All such payments to the Securities Depository or the Securities Depository Nominee, as Holder of principal of and interest on such Series 2012 Warrants on behalf of the Issuer or the Depository shall be valid and effectual to satisfy and discharge the liability of the Issuer and the Depository to the extent of the amounts so paid, and the Issuer and the Depository shall not be responsible or liable for payment to any Beneficial Owner by the Securities Depository or by any Direct Participant or by any Indirect Participant, or for sending transaction statements or for maintaining, supervising or reviewing records maintained by the Securities Depository or Direct Participants or Indirect Direct Participants.

(c) Transfers of ownership interests in the Series 2012 Warrants by the Beneficial Owners thereof, and conveyance of notices and other communications by the Securities Depository to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners of the Series 2012 Warrants, will be governed by arrangements among the Securities Depository,



Direct Participants, Indirect Participants and the Beneficial Owners, subject to any statutory and regulatory requirements as may be in effect from time to time. For every transfer and exchange of beneficial ownership in such Series 2012 Warrants, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

(d) In the event that the Securities Depository ceases to act as the securities depository for the Series 2012 Warrants, the Issuer may discontinue the Book-Entry System for such Series 2012 Warrants. If the Issuer fails to appoint another qualified securities depository to replace the then acting Securities Depository, the Issuer will cause the Depository to authenticate and deliver fully registered certificated Series 2012 Warrants to each Beneficial Owner in evidence of the ownership interests thereof. If the Book-Entry System is discontinued for the Series 2012 Warrants, payments to, and transfers of Series 2012 Warrants by, the Beneficial Owners shall be governed by the provisions set forth in this Series 2012 Ordinance with respect thereto.

(e) The Issuer may enter into a custody agreement with any bank or trust company serving as custodian (which may be the Depository serving in the capacity of custodian) to provide for a Book-Entry System or similar method for the registration and transfer of the Series 2012 Warrants.

**(f) During a period in which the Book-Entry System is in effect for the Series 2012 Warrants in accordance herewith, the provisions of this Series 2012 Ordinance and such Series 2012 Warrants shall be construed in accordance with the Letter of Representation and to give full effect to such Book-Entry System.**

(g) The Beneficial Owners of all the Series 2012 Warrants, by their acquisition of any beneficial interest in a Warrant or Series 2012 Warrants, and the Securities Depository, the Securities Depository Nominee, and all Direct Participants and all Indirect Participants, severally agree that the Issuer and the Depository shall not have any responsibility or obligation to any Direct Participant or any Indirect Participant or any Beneficial Owner with respect to (1) the accuracy of any records maintained by the Securities Depository or any Direct Participant or any Indirect Participant; (2) the payment by the Securities Depository or any Direct Participant or any Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Series 2012 Warrants; (3) the delivery or timeliness of delivery by the Securities Depository or any Direct Participant or any Indirect Participant of any notice due to any Beneficial Owner which is required or permitted under the terms of this Series 2012 Ordinance to be given to Beneficial Owners; or (4) any consent given or other action taken by the Securities Depository, or the Securities Depository Nominee, as owner.

**Section 3.05 Discontinuation of Book-Entry System; Registration, Transfer, and Exchange of Series 2012 Warrants; Replacement of Mutilated, Lost, Destroyed or Stolen Series 2012 Warrants**

(a) The Securities Depository may determine to discontinue the Book-Entry System with respect to the Series 2012 Warrants at any time upon notice to the Issuer and the Depository and upon discharge of its responsibilities with respect thereto under applicable law. Upon such notice and compliance with law the Book-Entry System for the Series 2012 Warrants will be discontinued unless a successor securities depository is appointed by the Issuer.

(b) In the event the Book-Entry System for the Series 2012 Warrants is discontinued, Series 2012 Warrants in certificated form in Authorized Denominations will be physically distributed to the Beneficial Owners thereof and such Series 2012 Warrants will be registered in the names of the owners thereof on the Warrant Register, the Depository will make payments of principal of and interest on such Series 2012 Warrants to the registered owners thereof as provided in the Series 2012 Warrants and this Series 2012 Ordinance, and the following provisions with respect to registration, transfer and exchange of such Series 2012 Warrants by the registered owners thereof shall apply:

(1) Upon surrender for transfer of any Warrant at the designated corporate office of the Warrant Registrar, the Issuer shall execute, and the Depository shall authenticate, register and deliver, in the name of the designated transferee or transferees, one or more new Series 2012 Warrants of the same series, of any Authorized Denominations and in a principal amount equal to the unpaid or unredeemed portion of the principal of the Warrant so presented.

(2) If and to the extent so provided with respect to the Series 2012 Warrants, at the option of the Holder, Series 2012 Warrants of such series may be exchanged for other Series 2012 Warrants of the same series, of any Authorized Denominations and of a like aggregate principal amount, upon surrender of the Series 2012 Warrants to be exchanged at the designated corporate office of the Warrant Registrar. Whenever any Series 2012 Warrants are so surrendered for exchange, the Issuer shall execute, and the Depository shall authenticate, register and deliver, the Series 2012 Warrants which the Holder making the exchange is entitled to receive.

- (3) All Series 2012 Warrants surrendered upon any exchange or transfer provided for in this Series 2012 Ordinance shall be cancelled.
- (4) All Series 2012 Warrants issued upon any transfer or exchange of Series 2012 Warrants shall be the valid obligations of the Issuer and be entitled to the same security and benefits under this Series 2012 Ordinance as the Series 2012 Warrants surrendered upon such transfer or exchange.
- (5) Every Warrant presented or surrendered for transfer or exchange shall (if so required by the Issuer or the Warrant Registrar) be duly endorsed or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Warrant Registrar duly executed by the Holder thereof or his attorney duly authorized in writing.
- (6) No charge shall be made to the Holder for any transfer or exchange of Series 2012 Warrants, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 2012 Warrants.
- (7) The Depository shall not be required to transfer or exchange any Warrant during the period between the Record Date and the then next succeeding interest payment date.
- (8) If (i) any mutilated Warrant is surrendered to the Depository, or the Issuer and the Depository receive evidence to their satisfaction of the destruction, loss or theft of any Warrant, and (ii) there is delivered to the Issuer and the Depository such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer or the Depository that such Warrant has been acquired by a bona fide purchaser, the Issuer shall execute and the Depository shall authenticate, register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Warrant, a new Warrant of the same series and of like tenor and principal amount, bearing a number not contemporaneously outstanding.
- (9) Upon the issuance of any new Warrant under this Section, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.
- (10) Every new Warrant issued pursuant to this Section in lieu of any destroyed, lost or stolen Warrant shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Warrant shall be at any time enforceable by anyone.
- (11) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Series 2012 Warrants.

**Section 3.06 Application of Proceeds of Series 2012 Warrants**

The proceeds of the Series 2012 Warrants shall be applied as follows:

- (a) The Accrued Interest of \$59,493.96 shall be deposited in the Warrant Fund and applied to the first interest payment due February 1, 2013.
- (b) \$22,712,970.37 shall be deposited in the Escrow Fund established in the Refunding Trust Agreement, along with the sum of \$2,090,301.41 transferred thereto from the Series 2006 Sewer Revenue Reserve Fund and the sum of \$175,024.85 transferred thereto from the Series 2006 Sewer Revenue Warrant Fund, and be applied in the combined amount of \$24,977,530.38 to the advance refunding and redemption on February 1, 2016 of the outstanding Series 2006 Sewer Revenue Warrants by purchasing Open Market Securities from Key Banc Capital Markets in the name of the Depository in the amount of \$24,977,530.38 and depositing therewith the sum of \$766.25 as an initial cash deposit.
- (c) \$106,060.00 shall be used to pay issuance expenses as set forth on Exhibit A attached hereto and incorporated herein by reference.
- (d) \$2,759,807.93 shall be wire-transferred to \_\_\_\_\_ Bank and deposited in a separate, segregated construction account and applied to the Series 2012 Improvements described in the Series 2012 Authorizing Ordinance.

## ARTICLE 4

### Redemption of Series 2012 Warrants

(a) The Series 2012 Warrants with maturities on February 1, 2023 and thereafter are subject to redemption, at the option of the Issuer on any date on or after August 1, 2022 at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium or penalty.

(b) The Series 2012 Warrants are not subject to mandatory redemption prior to maturity.

## ARTICLE 5

### The Warrant Fund

#### **Section 5.01 Creation of Warrant Fund**

(a) There is hereby established a special fund which shall be designated the "Series 2012 Warrant Fund." The Depository shall be the depository, custodian and disbursing agent for the Warrant Fund. The money in the Warrant Fund shall be used only to pay principal of and interest on the Series 2012 Warrants as the same shall become due and payable.

(b) There shall be deposited in the Series 2012 Warrant Fund the following amounts on the following dates:

(1) Simultaneously with the delivery of Series 2012 Warrants to the original purchaser thereof, the amount received as accrued interest on the Series 2012 Warrants which shall be credited against the deposits required by paragraph (2) of this subsection until exhausted.

(2) On or before the last Business Day of each calendar month, beginning October, 2012, and continuing through January, 2013, an amount equal to one-fourth (1/4th) of the interest coming due on the Series 2012 Warrants on the first ensuing interest payment date of February 1, 2013.

(3) On or before the last Business Day of each calendar month, beginning February, 2013, an amount equal to one-sixth (1/6th) of the interest coming due on the Series 2012 Warrants on the next ensuing interest payment date with respect to the Series 2012 Warrants.

(4) On or before the last Business Day of each calendar month, beginning October, 2012, and continuing through January, 2013, an amount equal to one-fourth (1/4th) of the principal coming due on the first ensuing principal payment date of February 1, 2013.

(5) On or before the last Business Day of each calendar month, beginning February, 2013, an amount equal to one-twelfth (1/12th) of the principal of the Series 2012 Warrants maturing on the next ensuing principal payment date with respect to the Series 2012 Warrants.

(c) The Depository will deposit in the Warrant Fund all money received by the Depository when accompanied by directions that such money is to be deposited in the Warrant Fund.

(d) The Issuer and Depository covenant and agree that (i) all money transferred to or deposited in the Warrant Fund shall be applied to the payment of principal of or interest on the Series 2012 Warrants within 13 months from the date of such transfer or deposit and (ii) all income and profits received from investment of money in the Warrant Fund shall be applied to the payment of principal of or interest on the Series 2012 Warrants within 12 months from the date of receipt of such income or profits.

(e) The Issuer acknowledges that deposits and transfers to the Warrant Fund required by this Section have been calculated to provide amounts which will be sufficient to pay the principal of and interest on the Series 2012 Warrants as the same becomes due and payable. If on any principal or interest payment date the amount on deposit in the Warrant Fund is insufficient to pay the principal of and interest on the Series 2012 Warrants due and payable on such date, the Issuer will forthwith pay any such deficiency into the Warrant Fund.

(f) The Issuer hereby authorizes and directs the Depository to withdraw sufficient money from the Warrant Fund to pay the principal of and interest on the Series 2012 Warrants as the same become due and payable, whether at maturity, by call for redemption, prepayment, or otherwise.

(g) The Issuer shall collect the revenues, income, taxes, assets and resources of the Issuer and the Issuer shall promptly deposit into the Warrant Fund from the aforesaid sources all amounts required to be

deposited in the Warrant Fund at the times therefor.

**Section 5.02 Investment of and Security for Warrant Fund**

(a) Money in the Warrant Fund shall be invested by the Depository at the written direction of the Issuer in Qualified Investments. Investments shall be made so that a sufficient principal amount shall mature or be redeemable at the option of the holder on or prior to the date or dates the Issuer and the Depository anticipate that money from the fund invested will be required hereunder. The Depository shall not be liable or responsible for any loss resulting from any such investment if made in compliance herewith.

(b) All income derived from the investment of money on deposit in the Warrant Fund shall remain in such fund and be credited against the next ensuing deposit specified therefor, and all losses resulting from liquidation of investments in the Warrant Fund shall be charged to such fund and added to the next ensuing deposit specified therefor.

(c) The moneys at any time on deposit in the Warrant Fund shall be and at all times remain public funds impressed with a trust for the purpose for which each of said funds was created. The Depository shall at all times keep the moneys on deposit in the Warrant Fund continuously secured for the benefit of the Issuer and the registered owners of the Series 2012 Warrants, either (1) by holding on deposit as collateral security Federal Securities or other marketable securities eligible as security for the deposit of public trust funds under regulations of the Comptroller of the Currency, United States Treasury, having a market value at any date of calculation (exclusive of accrued interest) not less than the amount of moneys on deposit in the fund being secured, or (2) if the furnishing of security in the manner provided in (1) above is not permitted by the then applicable law and regulations, then in such other manner as may be required or permitted by the then applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of public trust funds; provided, however, that it shall not be necessary for the Depository to secure any portion of the moneys on deposit in any such fund that may be insured by the Federal Deposit Insurance Corporation or by any agency of the United States of America that may succeed to its functions, or to secure any portion of the moneys that are invested as herein provided.

**ARTICLE 6**

**Special Covenants of the Issuer**

**Section 6.01 Covenants With Respect to Tax Exemption for Interest**

(a) The Issuer agrees that the Series 2012 Warrants are being sold on the basis that the interest payable on the Series 2012 Warrants is excludable from gross income of the registered owners thereof for federal income taxation under Section 103 of the Code.

(b) The terms used in this Section in quotation marks shall have the definitions and meanings provided by the Code.

(c) The Issuer hereby covenants and agrees with the registered owners from time to time of the Series 2012 Warrants that:

(1) the proceeds of the Series 2012 Warrants will be used solely for the governmental purposes for which the Series 2012 Warrants were issued;

(2) none of the proceeds of the Series 2012 Warrants will be applied for any "private business use" nor will any part of the proceeds of the Series 2012 Warrants be used (directly or indirectly) to make or finance loans to persons other than a governmental unit;

(3) the payment of the principal of or interest on the Series 2012 Warrants is not (under the terms of the Series 2012 Warrants or any underlying arrangements) directly or indirectly (i) secured in any way by any interest in property used or to be used for a "private business use" or by payment in respect of such property or (ii) to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a "private business use";

(4) the proceeds of the Series 2012 Warrants shall not be used or applied by it, and funds shall not be accumulated in the Warrant Fund in such a manner, and no investment thereof shall be made, as to cause the Series 2012 Warrants to be or become "arbitrage bonds", as that term is defined in Section 148 of the Code;

(5) the Issuer will comply with the requirements of Section 148(f) of the Code with respect to any required rebate to the United States; and

(6) the Issuer will make no use of the proceeds of the Series 2012 Warrants that would cause the Series 2012 Warrants to be "federally guaranteed" under Section 149(b) of the Code and the payment of the principal of and interest on the Series 2012 Warrants shall not be (directly or indirectly) "federally guaranteed" (in whole or in part) as described in said Section, except as otherwise permitted in said Section.

(d) The Issuer hereby further covenants and agrees with the registered owners of the Series 2012 Warrants that, to the extent permitted by law, it will not take any action, or omit to take any action, with respect to the Series 2012 Warrants that would cause the interest on the Series 2012 Warrants not to be and remain excludable from gross income pursuant to the provisions of Section 103 of the Code.

(e) The Issuer will not designate the Series 2012 Warrants as "qualified tax-exempt obligations" for the purposes of paragraph (3) of subsection (b) of Section 265 of the Code. The Series 2012 Warrants are not "bank-qualified."

#### **Section 6.02. Continuing Disclosure Undertaking**

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the Issuer agrees to provide, or cause to be provided,

(i) to the Municipal Securities Rulemaking Board ("MSRB"), certain annual financial information, including audited financial statements. Such annual financial information is to be available on or before June 30 of each year for the fiscal year ending on the preceding December 31 and will be made available to MSRB and to the Depository, provided that the Issuer's audited financial statements will be provided within five Business Days of receipt by the Issuer.

(ii) within ten Business Days after the occurrence of a reportable event, to the Depository and to MSRB, notice of the occurrence of any of the following events with respect to the Warrants: (a) principal and interest payments delinquencies, (b) non-payment related defaults, (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 or events affecting the tax-exempt status of the Warrants, (g) modifications to rights of holders of the Warrants, (h) calls for redemption, (i) defeasances, (j) release, substitution or sale of property securing repayment of the securities, (k) rating changes, if any are then in effect, (l) bankruptcy, insolvency, receivership or similar events, (m) merger, consolidation, acquisition or sale of assets involving an Obligated Party, and (n) appointment of a successor or additional depository or the change of name of a depository.

(iii) in a timely manner, to the Depository and to the MSRB, notice of a failure by the Issuer to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

The Issuer reserves 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 Issuer; provided that, the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer reserves the right to terminate its obligation to provide the annual operating information and financial information and notices of material events, as set forth above, if and when the Issuer no longer remains an obligated person with respect to the Warrants within the meaning of the Rule. The Issuer acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the registered owners of the Warrants and shall be enforceable by the holders; provided that, the holders' rights to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder and any failure by the Issuer to comply with the provisions of this undertaking shall not be an event of default with respect to the Warrants and shall not subject the Issuer to money damages in any amount, whether compensatory, penal or otherwise. The name, address and telephone number of the initial contact person at the Issuer are as follows:

Cathy F. Constantino or successor as City Clerk  
City of Orange Beach  
City Hall  
PO Box 458  
Orange Beach, Alabama 36561  
Telephone: (251) 981-6979  
Facsimile: (251) 981-2551  
Email: [cconstantino@cityoforangebeach.com](mailto:cconstantino@cityoforangebeach.com)

Effective July 1, 2009, The Securities and Exchange Commission (SEC) made two procedural changes to the way in which these annual reports and event notices are filed. They are as follows: (1) the Municipal Securities Rulemaking Board (MSRB) must receive all continuing disclosure filings, and (2) continuing disclosure filings must also be submitted in electronic pdf format to the Electronic Municipal Market Asset (EMMA) system. Rule 15c2-12 was amended by Release No. 34-62184 dated May 26, 2010 and MSRB Notice 2010-32 approved by the SEC on August 19, 2010. The Issuer will comply with these changes and further agrees to comply with all future SEC regulations, several of which are presently under consideration, which may affect the Issuer's continuing obligations hereunder.

Effective July 1, 2009, The Securities and Exchange Commission (SEC) implemented the following two changes to the filing procedure for annual reports and event notices: (1) the Municipal Securities Rulemaking Board (MSRB) must receive all continuing disclosure filings, and (2) continuing disclosure filings must also be submitted electronically in pdf format to the Electronic Municipal Market Asset (EMMA) system, which may be accessed at [emma.msrb.org](http://emma.msrb.org). Effective January 1, 2010, submissions to the EMMA System must be in word-searchable pdf format and must not be password-protected for viewing, saving and printing. The Issuer will comply with these changes and further agrees to comply with all future SEC regulations, several of which are presently under consideration, which may affect the Issuer's obligations hereunder.

## ARTICLE 7

### The Depository

#### **Section 7.01 Designation of Depository**

The Issuer does hereby designate and appoint The Bank of New York Mellon Trust Company, N.A. as the Depository for the Warrant Fund and as Depository, Warrant Registrar and authenticating agent for and with respect to the Series 2012 Warrants.

#### **Section 7.02 Duties of Depository; Payments at Par**

(a) The Depository, by acceptance of its duties hereunder, shall have undertaken to perform only such duties as are specifically set forth in this Series 2012 Ordinance and no implied covenants or obligations shall be read in this Series 2012 Ordinance against the Depository. The Depository is not required to risk or expend its own funds in the performance of its duties hereunder.

(b) The Depository, by acceptance of its duties hereunder, shall be construed to have agreed thereby with the registered owners from time to time of the Series 2012 Warrants that it will make all remittances of principal of and interest on the Series 2012 Warrants from money supplied by the Issuer for such purpose in bankable funds at par and without discount or deduction for exchange, fees or expenses. The Issuer hereby covenants and agrees with the registered owners of the Series 2012 Warrants and with the Depository that it will pay all charges for exchange, fees or expenses which may be incurred by the Depository in the making of remittances in bankable funds at par.

#### **Section 7.03 Resignation and Removal; Appointment of Successor**

(a) The Depository may resign and be discharged of all duties imposed upon it as Depository, Warrant Registrar and transfer agent by giving written notice of such resignation by certified or registered mail to the Issuer at least thirty (30) days prior to the date when such resignation shall take effect.

(b) If at any time the Depository shall resign or be or become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Depository or of its property shall be appointed or any public officer shall take charge or control of the Depository or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the Issuer may remove the Depository and the Issuer shall promptly appoint a successor Depository.

#### **Section 7.04 Qualification of and Acceptance of Appointment by Successor**

(a) Any successor Depository shall be a bank or trust company authorized to act as Depository and Warrant Registrar and having, at the time of its acceptance of such appointment, combined capital and surplus of at least \$75,000,000.

(b) Every successor Depository appointed hereunder shall execute, acknowledge and deliver to the Issuer and to the retiring Depository an instrument accepting such appointment and thereupon the resignation or removal of the retiring Depository shall become effective and such successor Depository, without any further act, deed or conveyance, shall become vested with all the rights, powers, and duties of the retiring

Depository.

**Section 7.05 Merger or Consolidation**

Any corporation into which the Depository may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Depository shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Depository, shall be the successor of the Depository hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Series 2012 Warrants shall have been authenticated, but not delivered, by the Depository then in office, any successor by merger or consolidation to such authenticating Depository may adopt such authentication and deliver the Series 2012 Warrants so authenticated with the same effect as if such successor Depository had itself authenticated such Series 2012 Warrants.

**ARTICLE 8**

**Sale of Series 2012 Warrants; Official Statements**

**Section 8.01 Sale and Delivery of Series 2012 Warrants; Closing Papers.**

(a) The Series 2012 Warrants are hereby sold to Merchant Capital, L.L.C. (the Underwriter), upon the payment to the Issuer of the purchase price of \$25,578,838.30 (par amount of the Series 2012 Warrants of \$22,975,000 less an underwriting discount of \$195,287.50 and plus a net original issue premium of \$2,799,125.80), plus accrued interest to the date of delivery of the Series 2012 Warrants. The City Council has determined that the sale of the Series 2012 Warrants as herein provided is most advantageous to the Issuer.

(b) The Mayor, the City Clerk and the Finance Director/Treasurer, or any one of them, are hereby authorized and directed to effect such delivery and in connection therewith to deliver such closing papers containing such representations as are required to demonstrate: the legality and validity of the Series 2012 Warrants; the exclusion of the interest on Series 2012 Warrants from the gross income of the registered owners thereof for federal income taxation; the exemption of interest on the Series 2012 Warrants from State of Alabama income taxation; and the absence of pending or threatened litigation with respect to any of such matters. The Finance Director/Treasurer shall give a receipt to the purchaser for the purchase price paid, and such receipt shall be full acquittal to the purchaser and said purchaser shall not be required to see to, or be responsible for, the application of the proceeds of the Series 2012 Warrants. Nevertheless, the proceeds of the Series 2012 Warrants shall be held in trust and applied solely for the purposes specified in this Series 2012 Ordinance.

**Section 8.02. Approval of Official Statements for the Series 2012 Warrants.**

(a) The Preliminary Official Statement with respect to the Series 2012 Warrants in substantially the form and of substantially the content as the Preliminary Official Statement presented to and considered by the City Council, is hereby authorized, approved and adopted.

(b) The City Council does hereby find and determine that the Preliminary Official Statement is true and correct and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(c) The Mayor of the Issuer is hereby authorized to execute and deliver a final Official Statement for and on behalf of and in the name of the Issuer, with such changes or additions thereto or deletions therefrom as he may deem necessary or desirable in order to state fully and correctly the pertinent facts concerning the Issuer and the Series 2012 Warrants.

(d) The Mayor of the Issuer is authorized and directed to cause distribution of the Preliminary Official Statement and final Official Statement to be made to prospective purchasers of the Series 2012 Warrants. Any prior distribution of the Preliminary Official Statement is hereby authorized, approved, and ratified.

**ARTICLE 9**

**Payment of Series 2012 Warrants**

(a) Series 2012 Warrants for the payment of which moneys shall have been set aside and held by the Depository on the maturity date thereof shall be deemed to have been paid and no longer Outstanding under this Series 2012 Ordinance.

(b) Series 2012 Warrants shall, prior to the maturity date thereof, be deemed to have been paid and no longer Outstanding under this Series 2012 Ordinance if (1) there shall have been deposited with the Depository either moneys in an amount which shall be sufficient, or Federal Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Depository at the same time and available for such purpose, shall be sufficient, to pay when due the principal of and interest due and to become due on said Series 2012 Warrants on and prior to the maturity date thereof, as the case may be, and (2) in the event said Series 2012 Warrants are not by their terms subject to payment within the next succeeding 90 days, the Issuer shall have given the Depository in form satisfactory to it irrevocable instructions to mail a notice to the Holders thereof that the deposit required by clause (1) of this subsection has been made with the Depository and that said Series 2012 Warrants are deemed to have been paid in accordance with this Section and no longer Outstanding under this Series 2012 Ordinance and stating such maturity date or dates upon which moneys are to be available for the payment of the principal of and interest on said Series 2012 Warrants.

(c) Neither Federal Securities nor moneys deposited with the Depository pursuant to this Section nor principal nor interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Series 2012 Warrants; provided that any cash received from such principal or interest payments on such Federal Securities deposited with the Depository, if not then needed for such purpose, shall, to the extent practicable, be reinvested, at the written direction of the Issuer, in Federal Securities maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Series 2012 Warrants on and prior to such maturity date thereof, as the case may be.

(d) Any amounts remaining in the Warrant Fund after payment in full of the Series 2012 Warrants (or provision made therefor in accordance with this Article 9), and payment of the fees, charges and expenses of the Depository and all other amounts required to be paid hereunder, shall be paid to the Issuer.

## ARTICLE 10

### **Approval of Refunding Trust Agreement; Redemption of Series 2006 Warrants.**

(a) The Series 2006 Warrants with stated maturities on February 1, 2017 and thereafter shall be redeemed by the Issuer on February 1, 2016 at a redemption price (expressed as a percentage of principal amount) for each Series 2006 Warrant to be redeemed of 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium or penalty.

(b) The Issuer does hereby call for redemption on February 1, 2016 the Series 2006 Warrants having stated maturities on February 1, 2017 and thereafter and said Series 2006 Warrants will become due and payable on February 1, 2016 at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon until the date fixed for redemption, without premium or penalty. All interest on the Series 2006 Warrants so called for redemption will cease to accrue on February 1, 2016.

(c) The Issuer is not in default under the Series 2006 Ordinance and no such default is imminent. The Depository is hereby authorized and directed to take all such action as may be customary or required by the Series 2006 Ordinance to notice and effect the redemption of the Series 2006 Warrants as described herein.

(d) The Issuer hereby agrees it will not alter, amend, repeal or revoke this Series 2012 Ordinance calling the Series 2006 Warrants for redemption as provided herein except for manifest error and this Ordinance shall constitute an irrevocable trust agreement with the Depository for the retirement of the Series 2006 Warrants.

(e) The Refunding Trust Agreement with respect to the Series 2006 Warrants, in substantially the form and of substantially the content as the Refunding Trust Agreement presented to and considered by the City Council, is hereby authorized, approved and adopted.

(f) The Mayor of the Issuer is hereby authorized to execute and deliver the Refunding Trust Agreement for and on behalf of and in the name of the Issuer, with such changes or additions thereto or deletions therefrom as he may approve, which approval shall be conclusively evidenced by his executing the same. The City Clerk is hereby authorized and directed to affix the Issuer's seal to the Refunding Trust Agreement and to attest the same.



The motion for unanimous consent was seconded by Councilmember Silvers and upon the question, the vote thereon was as follows:

Ayes: Anthony T. Kennon, Mayor  
Jeffrey H. Silvers, Mayor Pro Tem  
Edward H. Carroll, Sr.  
Brett Holk  
Pattisue Simpson  
Joni P. Blalock

Nays: None

After said ordinance had been discussed and considered in full by the Council, Councilmember Holk then moved for the adoption of Ordinance No. 2012-1157. The motion was seconded by Councilmember Silvers. The motion was regularly put and, upon roll call, the vote thereon was as follows:

Ayes: Anthony T. Kennon, Mayor  
Jeffrey H. Silvers, Mayor Pro Tem  
Edward H. Carroll, Sr.  
Brett Holk  
Pattisue Simpson  
Joni P. Blalock

Nays: None

The Mayor thereupon declared said ordinance passed and adopted as introduced.

\* \* \*

It was moved and seconded that the meeting be adjourned. Motion carried.

Minutes approved:

\_\_\_\_\_  
Mayor

CITY SEAL

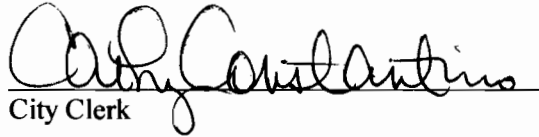
Attest: \_\_\_\_\_  
Clerk

STATE OF ALABAMA        )  
BALDWIN COUNTY         )

**CERTIFICATE OF CITY CLERK**

I, the undersigned, do hereby certify that (1) I am the duly elected, qualified and acting Clerk of the City of Orange Beach, Alabama (the "Municipality"); (2) as Clerk of the Municipality I have access to all original records of the Municipality and I am duly authorized to make certified copies of its records on its behalf; (3) the above and foregoing pages constitute a complete, verbatim and compared copy of excerpts from the minutes of a special meeting of the City Council of the Municipality duly held on the 16th day of October, 2012, the original of which is on file and of record in the minute book of the City Council in my custody and (4) the ordinance set forth in such excerpts is a complete, verbatim and compared copy of such ordinance as adopted by the City Council on such date.

IN WITNESS WHEREOF, I have hereunto set my hand as Clerk of the Municipality and have affixed the official seal of the Municipality, this 16th day of October, 2012.

  
City Clerk

CITY SEAL

**EXHIBIT A**

The following is a summary of all approved expenses incurred in connection with the issuance of the Series 2012 Warrants which the Depository is directed to disburse on the Closing Date:

(1)	Bond Counsel Jones, Walker, LLP	\$55,000.00
(2)	Rating Agency Moody's	22,000.00
(3)	Rating Agency Standard & Poor's	17,000.00
(4)	Escrow, Acceptance and Annual Fee The Bank of New York Mellon Trust Company, N.A.	2,560.00
(5)	Verification Report	3,000.00
(6)	Closing Costs (MSRB, CUSIP, DTC)	5,000.00
(7)	Miscellaneous (Printing, travel, postage)	<u>1,500.00</u>
	TOTAL	<u>\$106,060.00</u>

The City Clerk of the City of Orange Beach, Alabama hereby certifies that the foregoing Ordinance 2012-1157 was posted on 10/19/12 in the following three

(3) public places:

Orange Beach City Hall \_\_\_\_\_  
Orange Beach Post Office \_\_\_\_\_  
Orange Beach Public Library \_\_\_\_\_

Cathy Constantino  
Cathy Constantino, City Clerk

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