

STATE OF ALABAMA)

BALDWIN COUNTY)

CERTIFICATE OF CITY CLERK

_____, 2019

- Re: (a) Policy for Incurrence and Management of Debt;**
 (b) Policy for Compliance of Tax-Exempt Bonds with the Internal
 Revenue Code; and
 (c) Policy for Continuing Disclosure under SEC Rule 15c2-12.

I, the undersigned, do hereby certify that (1) I am the duly elected, qualified and acting City Clerk of the City of Foley, 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 attached pages constitute a complete, verbatim and compared copy of excerpts from the minutes of a regular meeting of the City Council of the Municipality duly held on _____, 2019, the original of which is on file and of record in the minute book of the City Council in my custody; and (4) the Resolution set forth in such excerpts is a complete, verbatim and compared copy of such Resolution as introduced and adopted by the City Council on such date and is in full force and effect and has not been repealed, amended or changed.

IN WITNESS WHEREOF, I have hereunto set my hand as Clerk of the Municipality and have affixed the official seal of the Municipality on the above date.

City Clerk of the City of Foley, Alabama

SEAL

**EXCERPTS FROM THE MINUTES OF A REGULAR MEETING
OF THE CITY COUNCIL OF THE CITY OF FOLEY, ALABAMA**

Policy for Incurrence and Management of Debt

Policy for Compliance of Tax-Exempt Bonds with the Internal Revenue Code

Policy for Continuing Disclosure under SEC Rule 15c2-12

The City Council of the City of Foley, Alabama met in regular public session at City Hall in the City of Foley, Alabama, at _____ p.m. on _____, 2019.

The meeting was called to order by the Council President and the roll was called with the following results:

Present: J. Wayne Trawick, President
 Vera J. Quaites
 Ralph G. Hellmich
 C. Rick Blackwell
 Charles J. Ebert III

Absent: _____

The Mayor, Hon. John Koniar, was also present.

* * *

The Council President stated that a quorum was present and that the meeting was open for the transaction of business.

* * *

Thereupon, the following Resolution was introduced in writing by the Council President and considered by the City Council:

A RESOLUTION TO AUTHORIZE THE FOLLOWING POLICIES OF THE CITY OF FOLEY, ALABAMA:

Policy for Incurrence and Management of Debt

Policy for Compliance of Tax-Exempt Bonds with the Internal Revenue Code

Policy for Continuing Disclosure under SEC Rule 15c2-12

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FOLEY, ALABAMA (the "City"), as follows:

1. The City does hereby approve, adopt, authorize, direct, ratify and confirm the following policies (the "Policies") of the City in the form and of the content as attached hereto as Exhibit A and presented to and considered by the City, and effective as provided therein:

- (a) Policy for Incurrence and Management of Debt;
- (b) Policy for Compliance of Tax-Exempt Bonds with the Internal Revenue Code; and
- (c) Policy for Continuing Disclosure under SEC Rule 15c2-12.

2. The officers of the City are hereby authorized and directed to take such actions as may be necessary or desirable to carry out and effect the provisions of this Resolution.

3. All actions heretofore taken by officers of the City with respect to the development of the Policies are hereby ratified and confirmed.

4. This Resolution shall take effect immediately.

The foregoing Resolution was adopted this _____ day of _____, 2019.

SEAL

President of City Council of the City of
Foley, Alabama

Authenticated and Attested:

City Clerk

Transmitted to and approved by the Mayor this _____ day of _____, 2019.

Mayor of the City of Foley, Alabama

Exhibit A to Resolution

Debt Policies

CITY OF FOLEY, ALABAMA

OCTOBER 1, 2019

POLICY FOR INCURRENCE AND MANAGEMENT OF DEBT

**POLICY FOR COMPLIANCE OF TAX-EXEMPT BONDS
WITH THE INTERNAL REVENUE CODE**

POLICY FOR CONTINUING DISCLOSURE UNDER SEC RULE 15C2-12

POLICY FOR INCURRENCE AND MANAGEMENT OF DEBT

I. PURPOSE

This Policy shall provide for the continuing security and stability of the credit and financial position of the City by establishing comprehensive policies and standards for the incurrence and management of indebtedness by the City in compliance with applicable federal and state law and generally accepted accounting principles as applied to governmental units and consistent with related policies of the City for the management of public revenues and maintenance of fund balances.

II. DEFINITION OF TERMS

The following terms shall have the following meanings herein:

Alabama Constitution means the Constitution of Alabama of 1901, as amended.

Bond Counsel means an attorney or firm of attorneys, licensed and qualified to practice law in the State of Alabama, of recognized standing and with experience in matters relating to the issuance of obligations by or on behalf of state and local government units.

City means the City of Foley, Alabama.

City Administrator means the City Administrator of the City and any successor to the duties and functions thereof.

Debt means any direct, indirect or contingent obligation of the City to pay money.

Debt Management Team shall mean the Mayor, City Administrator and City Administrator of the City.

Financial Advisor means a registered municipal advisor as defined in Section 15B of the Securities Exchange Act of 1934, as amended.

Fiscal Year means an accounting period of 12 consecutive months beginning on October 1 in a year and ending on the next succeeding September 30, or such other annual accounting period as shall be established by the City.

Governing Body means the City Council of the City and any successor to the duties and functions thereof.

Mayor shall mean the Mayor of the City and any successor to the duties and functions thereof.

Private Placement means an offering of Debt by or on behalf of the City pursuant to Rule 506 of Regulation D, or Rule 144A, of the Securities and Exchange Commission under the Securities Act of 1933, as amended.

Public Offering means an offering of Debt by or on behalf of the City which is not a Private Placement.

Tax-Exempt Bonds means any Debt of the City the interest on which is excludable under Section 103 of the Internal Revenue Code of 1986, as amended, from the gross income of the owner thereof for purposes of federal income taxation.

Underwriter means an underwriter as defined in Section 2(a)(11) of the Securities Act of 1933, as amended.

III. LEGAL, PUBLIC POLICY, AND FINANCIAL QUALIFICATIONS

A. Legal

The City may incur Debt subject to the limitations under the Alabama Constitution and in accordance with the applicable laws of the State of Alabama with respect to the purpose and type of Debt to be incurred.

1. Alabama Constitution Section 225: Debt Limit for General Public Purposes
 - a. The City has the authority to incur Debt in a principal amount, including the aggregate principal amount of all Debt of the City then outstanding and chargeable against the limitation thereupon under Section 225, which shall not exceed twenty percent (20%) of the assessed value of the taxable property in the City for the Fiscal Year next preceding the date on which such Debt is to be incurred.
 - b. For purposes of determining the constitutional debt limit of the City, the following types of Debt shall be exempt from, and shall not be chargeable against, such limitation:
 - i. Temporary loans to be paid in less than one year and not exceeding one-fourth of general revenues;
 - ii. Debt incurred for school houses, waterworks and sewers;
 - iii. Debt incurred for street or sidewalk improvements payable in whole or in part from assessments;
 - iv. Debt (including capital and operating leases) subject to unilateral termination by the City at the end of each Fiscal Year, without recourse;

- v. Debt incurred for capital improvements to water, electric, gas or sewer facilities of the City and payable solely from the revenues thereof;
 - vi. Under certain circumstances, Debt incurred solely for the purpose of refunding existing Debt to the extent the principal amount of such Debt does not exceed the principal amount of the Debt to be refunded;
 - vii. Debt incurred pursuant to Alabama Constitution Amendment No. 772.
2. Alabama Constitution Amendment No. 772: Debt Limit for Economic Development Purposes
- a. The City has the authority to incur Debt for the economic development purposes set forth in Amendment No. 772 in a principal amount, including the aggregate principal amount of all Debt of the City then outstanding and chargeable against the limitation thereupon under Amendment No. 772, which shall not exceed fifty percent (50%) of the assessed value of the taxable property in the City for the Fiscal Year next preceding the date on which such Debt is to be incurred.
 - b. The City shall, prior to the incurrence of any Debt under Amendment No. 772:
 - i. Comply with the procedural and substantive requirements of Amendment No. 772(c).
 - ii. Obtain the opinion of Bond Counsel that the Circuit Court of Baldwin County, Alabama, shall have entered a judgment validating and confirming the proposed Debt, that no appeal therefrom shall have been taken, and that the time period for such an appeal shall have expired.

3. Determination of Assessed Value

For purposes of determining the constitutional debt limit of the City under Section 225 and Amendment No. 772, the assessed value of the City is determined by reference to the assessed value of the taxable property in the City, after exemptions and after any amount included for penalties, as determined under Section 217 of the Alabama Constitution for each class of property defined therein.

B. Public Policy

1. Debt for the City

The City may incur Debt for the account of the City for any lawful purpose under the laws of the State of Alabama.

a. Capital Expenditures and Projects

- i. The City shall maintain a program for the annual budget and payment of the costs of the capital maintenance, repair and replacement of public facilities of the City on an annual basis from the operating revenues of the City.
- ii. The City may incur Debt for new capital facilities and for the substantial improvement or renovation of capital facilities.

b. Working Capital

The City may incur Debt for working capital purposes to the extent provided by Section 11-81-51 of the Code of Alabama 1975 (as at any time amended), including, without limitation, for the payment of obligations arising from emergencies or judgments, the expenses of administering the City, interest on obligations, and revenue deficiencies.

c. Refunding of Debt

The City may incur Debt to refinance or refund any outstanding Debt of the City in amounts determined by law and for any one or more of the following purposes:

- i. the realization of interest costs savings;
- ii. the restructure of annual payments of principal or interest;
- iii. the elimination of restrictive covenants.

2. Debt for Political Subdivisions and Related Public Corporations

The City may incur Debt as authorized by law to make loans to, acquire property for, or provide for the payment of the obligations of, any of the following:

- a. a related public corporation of the City;
- b. a cooperative district;
- c. a public authority of which the City is a member;
- d. a board of education operating public schools within the City.

3. Debt for Economic Development and Private Business

The City may incur Debt pursuant to Amendment No. 772 to the Alabama Constitution for the purposes thereof and the benefit of any public or private individual, firm corporation or business entity.

C. Financial

The City shall incur Debt under the following considerations:

1. General Considerations for all Debt

a. Principal Amounts, Structure and Sources of Annual Payments

The City shall incur Debt in such principal amounts, and payable at such times and in such amounts, as shall provide for:

- i. the payment in each Fiscal Year of the principal of and interest on all Debt of the City from the operating revenues of the City for such Fiscal Year;
- ii. approximately equal annual payments of principal of and interest on all Debt of the City in each Fiscal Year;
- iii. the maintenance of such amounts and fund balances in the General Fund of the City in each Fiscal Year as the City Council shall from time to time determine to be required for the credit and financial purposes of the City; provided, however, the City may use the funds in the General Fund in any amount at any time for any lawful purpose and the City shall not be required by this Policy to maintain any amount in the General Fund for the specific benefit of any Tax-Exempt Bonds.

b. Redemption

The City shall reserve the right to redeem Debt in advance of maturity in compliance with law (including without limitation Chapter 82 of Title 11 of the Code of Alabama 1975) and on the most advantageous terms for each form of Debt.

c. Term to Maturity

The term to maturity of all Debt shall not exceed the lesser of:

- i. the period of usefulness, or economic life, of the assets financed or refinanced, or
- ii. thirty years (30) from the date of issuance of such Debt.

d. Pledge of Tax or Revenue

The City shall pledge all or a portion of the proceeds of any tax, or source of revenue, of the City for the benefit of any Debt only in compliance with law and upon the advice of a Financial Advisor.

e. Variable Rate Debt

The City shall incur Debt bearing interest at a variable rate only upon the advice of a Financial Advisor.

2. Special Considerations

a. Debt for Refunding

The City shall incur Debt to refund existing indebtedness for interest costs savings purposes if the present value of the interest costs savings shall equal or exceed three percent (3%).

b. Working Capital

The City shall incur Debt for working capital purposes only upon the advice of a Financial Advisor and for a term to maturity which shall not exceed two (2) years.

c. Tax-Exempt Bonds

The City shall issue or guarantee Tax-Exempt Bonds only upon the legal opinion of Bond Counsel with respect thereto.

d. Derivatives

The City shall incur Debt as part of a derivative or hedge agreement only upon the advice of a Financial Advisor and Bond Counsel.

e. Credit Enhancement

The City shall acquire credit enhancement for any Debt only upon the advice of a Financial Advisor.

3. Sources of Payment of Debt

- a. The City recognizes that Debt payable from, and secured by a pledge of, the full faith and credit of the City will produce the most advantageous terms for the taxpayers and citizens of the City.

- b. The City will, when authorized by law, supplement the operating revenues of the City available for the payment of Debt with the following revenue sources:
 - i. fees and revenues from particular projects;
 - ii. assessments of property specially benefited by particular capital improvements;
 - iii. tax revenues derived from a tax increment district.

IV. ISSUANCE OF DEBT

A. Engagement of Professional Advisors

1. The Debt Management Team shall recommend to the Governing Body the engagement of the following as provided by this Policy:
 - a. Bond Counsel;
 - b. Financial Advisor;
 - c. Underwriter.
2. The Governing Body shall give final approval to the engagement of Bond Counsel, Financial Advisor and Underwriter with respect to the incurrence of any Debt by the City.

B. Responsibilities of Persons

1. The Debt Management Team
 - a. The Debt Management Team shall recommend, upon consultation with Bond Counsel, the Financial Advisor, and the Underwriter, to the extent engaged, to the Governing Body the amount, terms, structure, source of payment and purposes of any proposed Debt.
 - b. The Debt Management Team shall be responsible for, and shall ensure, compliance by the City with all requirements of state and federal law for the incurrence of any Debt.

2. Governing Body

The Governing Body shall approve the incurrence of any Debt as provided by law.

3. Bond Counsel

The City shall rely upon the legal opinion of Bond Counsel with respect to the validity of, and treatment for income tax purposes of interest on, any Debt of the City for which Bond Counsel was engaged.

4. Financial Advisor

The City shall rely upon the advice of the Financial Advisor with respect to the structure, terms, source of payment and credit enhancement for any Debt of the City for which the Financial Advisor was engaged.

C. Offering and Issuance of Debt

The City may offer and issue Debt in either a Public Offering or a Private Placement.

D. Credit Ratings

The City shall obtain at least one investment grade credit rating from a nationally recognized securities or credit rating agency for any Debt issued in a Public Offering.

V. GENERAL

A. Record Retention

The City shall maintain in the office of the City Administrator appropriate records to demonstrate compliance with this policy.

B. Policy Review

The Debt Management Team shall review this Policy annually and recommend to the City Council any amendment hereto.

**POLICY FOR COMPLIANCE OF TAX-EXEMPT BONDS
WITH THE INTERNAL REVENUE CODE**

I. DEFINITIONS

Bond Compliance Officer shall mean the Treasurer of the City.

Bond Counsel means an attorney or firm of attorneys, licensed and qualified to practice law in the State of Alabama, of recognized standing and with experience in matters relating to the issuance of obligations by or on behalf of state and local government units.

City shall mean the City of Foley, Alabama and its successors and assigns.

City Administrator shall mean the City Administrator of the City and any successor to the duties and functions thereof.

Code shall mean the Internal Revenue Code of 1986, as amended, and regulations, rulings and notices issued thereunder or applicable thereto.

Investment Property shall have the meaning assigned in the Code.

Tax Certificate and Agreement shall mean the Tax Certificate and Agreement, or non-arbitrage certificate, delivered by the City with respect to any Tax-Exempt Bonds.

Tax-Exempt Bonds shall mean all bonds, notes, warrants, certificates of participation, and other obligations issued by the City the interest on which is excludable from gross income for federal income tax purposes under Section 103 of the Code.

II. PURPOSE

The Policy shall provide procedures for compliance of Tax-Exempt Bonds with the Code.

III. PROCEDURES

The City understands that:

1. Tax-Exempt Bonds must be issued in compliance with the Code on the date of issuance thereof;
2. the City will deliver a Tax Certificate and Agreement on the date of issuance of any Tax-Exempt Bonds which shall set forth certain facts and expectations of the City, and certain covenants undertaken by the City, with respect to compliance of such bonds with the requirements of the Code;
3. the opinion of Bond Counsel with respect to any Tax-Exempt Bonds shall be subject to the condition the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of such bonds in order that interest on such bonds be, or continue to be, excludable from gross income for federal income tax purposes;
4. the City shall covenant, with respect to any Tax-Exempt Bonds, in the Tax Certificate and Agreement with respect to such bonds, and in the documents and proceedings under which such bonds are issued, to comply with all such requirements;
5. failure to comply with the requirements of the Code with respect to any Tax-Exempt Bonds may cause interest on such bonds to lose the tax-exempt status thereof, retroactive to the date of issuance of such bonds, with resulting higher interest costs to the City.

The City has adopted this Policy to provide for full and continuing compliance by the City with the requirements of the Code with respect to all Tax-Exempt Bonds.

IV. RESPONSIBILITIES OF PERSONS: CONTINUING COMPLIANCE OF TAX-EXEMPT BONDS

A. Bond Compliance Officer

The Bond Compliance Officer and the City Administrator shall ensure the City complies with all requirements of the Code that must be satisfied subsequent to the issuance of any Tax-Exempt Bonds in order that interest thereon remain tax-exempt.

The Bond Compliance Officer is authorized and directed to consult with, and engage, Bond Counsel, and financial advisors and accountants and rebate consultants, for such purposes.

B. Annual Review of Tax Certificates and Agreements

The Bond Compliance Officer and the City Administrator will meet annually, in conjunction with the preparation of the annual audit of the financial statements of the City, to review the Tax Certificate and Agreement for, and to determine and verify continuing compliance of, all Tax-Exempt Bonds with the Code.

C. Compliance Reports

The Bond Compliance Officer shall maintain the following records and reports with respect to each issue of Tax-Exempt Bonds:

1. Allocation of Proceeds for Facilities, as provided on Exhibit A-1.
2. Allocation of Proceeds for Working Capital Expenditures, as provided on Exhibit A-2.
3. Private Use Analysis, as provided on Exhibit B, for each fiscal year, with respect to agreements or arrangements made by the City with any nongovernmental or private person (meaning any person who is not a state or local governmental unit) with respect to use of any facilities financed by Tax-Exempt Bonds.
4. Fund Reconciliation, as provided on Exhibit C, for each fiscal year, for each fund or account established for such bonds and containing the proceeds of such bonds or amounts reasonably expected to be used to pay principal of or interest on such bonds, setting forth the dates and amounts of deposits and expenditures therefor, which report may be maintained and provided by the trustee or paying agent for such bonds.

D. Rebate

The Bond Compliance Officer shall, with respect to each issue of Tax-Exempt Bonds, furnish to the paying agent or trustee for such bonds, within 60 days after the end of each fiscal year of the City:

1. written advice of Bond Counsel, or a report by an independent accountant, stating in effect the aggregate accrued, but unpaid, rebate liability under Section 148(f) of the Internal Revenue Code as of the end of such fiscal year with respect to such bonds, or
2. evidence that as of such date, the City has made all rebate payments to the United States Treasury Department necessary to prevent such bonds from being “arbitrage bonds” under Section 148(f) of the Code (including a copy of all forms or other documents filed with the United States Treasury Department for such purpose and any report, opinion or other document that contains the supporting conclusions and calculations).

E. Reissuance; Change in Use

The Bond Compliance Officer shall identify, and consult with Bond Counsel as to the effect of, any of the following, with respect to each issue of Tax-Exempt Bonds, which occurs subsequent to the issuance of such bonds:

1. any change to the terms of such bonds;
2. any change in the use of any facilities financed or refinanced by such bonds.

V. RETENTION OF RECORDS

The Bond Compliance Officer shall maintain, with respect to each issue of Tax-Exempt Bonds, in paper or electronic format, until three (3) years after such bonds, and all related refunding bonds of all series, shall have been paid and retired, the following:

1. Bond transcript (including without limitation Tax Certificate and Agreement and Form 8038G),
2. Rebate reports,
3. Compliance Reports, prepared in accordance herewith,
4. Trustee reports,
5. Bond Counsel advice,
6. Agreements with any nongovernmental users of facilities financed or refinanced with the proceeds of such bonds,
7. Escrow Verification Reports, and
8. Documents relating to bidding procedures for any Investment Property.

VI. CORRECTIVE AND REMEDIAL ACTION

The Bond Compliance Officer shall, upon the determination or identification of any noncompliance with, or violation of, the Code with respect to any issue of Tax-Exempt Bonds, upon consultation with Bond Counsel and counsel for the City, cause corrective or remedial action to be taken by the City, in accordance with:

1. applicable regulations under the Code; and
2. the Tax-Exempt Bonds Voluntary Closing Agreement Program of the Internal Revenue Service.

VII. POLICY REVIEW PROCESS

On an annual basis, or sooner if deemed necessary by the Bond Compliance Officer, the Bond Compliance Officer shall review this policy and assess the City's compliance with this policy. The Bond Compliance Officer shall make changes to this Policy as appropriate to ensure compliance with any covenants in the bond documents or the requirements of federal tax and securities law and any other applicable law.

Exhibit A-1

Allocation of Proceeds to Facilities

Series of Bonds: Series _____

Date of Issue: _____

<u>Amount of Proceeds</u>	<u>Allocation to Facilities Financed or Refinanced</u> ^[1]	<u>Date Placed in Service</u>	<u>Original Economic Life</u> ^[2]
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^[1] The Bond Compliance Officer shall take into account:

- (a) a single facility may be financed by multiple bond issues;
- (b) a single bond issue may finance multiple facilities;
- (c) the proceeds of refunding bonds shall be allocated to the facilities originally financed by the refunded bonds on a pro-rata basis.

^[2] That portion of an issue of Tax-Exempt Bonds (including a refunding issue) used to finance or refinance capital projects should not have a weighted average maturity greater than the remaining reasonably expected economic life of such capital projects.

Exhibit A-2

Allocation of Proceeds to Working Capital Expenditures

Series of Bonds: Series _____

Date of Issue: _____

Date of Receipt of <u>Proceeds</u>	Amount of Proceeds <u>Received</u>	Date of Allocation to Working Capital <u>Expenditures</u>	Amount of Allocation to Working Capital <u>Expenditures</u>	Available Amounts on <u>Such</u> <u>Date</u>
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Exhibit B

Private Use Analysis for Fiscal Year Ending _____

Series of Bonds: Series _____

Date of Issue: _____

<u>Asset or Facility</u>	<u>Allocable Proceeds of Tax-Exempt Bonds</u>	<u>Description of Private Use^[1]</u>	<u>Proceeds Allocable to Private Use</u>
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^[1] Private Use is use of property by any person who is not a state or local government unit in the trade or business thereof, unless the property is intended to be, and is in fact, reasonably available for use on the same basis by natural persons not engaged in a trade or business.

Private Use may occur by reason of lease or license agreement, management agreement, take or pay contract, sale agreement, or other legal entitlement or special arrangement for use of facility or output or services of a facility.

Use as a member of the general public is not private use.

Exhibit C

Bond Proceeds Fund

Series of Bonds: Series _____

Date of Issue: _____

<u>Date</u>	<u>Credit or</u> <u>Deposit</u> ^[1]	<u>Disbursement</u> <u>or Expenditure</u>	Total after 6 <u>Months</u> ^[2]	Total after 18 <u>Months</u> ^[3]	Total after 24 <u>Months</u> ^[4]	Total after 36 <u>Months</u> ^[5]
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Totals \$_____ \$_____ \$_____ [2] \$_____ [3] \$_____ [4] \$_____ [5]

[1] Deposits of funds and credit of investment earnings

[2] 6 Months Total ÷ Total Credits and Deposits: _____%

[3] 18 Months Total \div Total Credits and Deposits: _____%

[4] 24 Months Total ÷ Total Credits and Deposits: _____%

[5] 36 Months Total ÷ Total Credits and Deposits: _____%

Bond Fund or Account

Series of Bonds: Series _____

Date of Issue: _____

Bond Year: _____

<u>Date</u>	Credit or <u>Deposit</u> ^[1]	Disbursement <u>or</u> <u>Expenditure</u>	Balance at Beginning of <u>Bond Year</u>	Balance at End <u>of</u> <u>Bond Year</u> ^[2]
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^[1] Deposits of funds and credit of investment earnings.

^[2] Not to exceed the greater of (1) earnings on such fund for immediately preceding bond year or (2) 1/12th of principal and interest payments on the Bonds for the immediately preceding bond year.

POLICY FOR CONTINUING DISCLOSURE UNDER SEC RULE 15C2-12

A. Purpose

To provide timely and consistent dissemination of financial information in accordance with Rule 15c2-12 of the Securities and Exchange Commission and the City's continuing disclosure undertakings.

B. Definition of Terms

The following terms shall have the following meanings herein:

Audited Financial Statements means the audited financial statements of the City.

City means the City of Foley, Alabama.

City Administrator means the City Administrator of the City and any successor to the duties and functions thereof.

DAC means Digital Assurance Certification, LLC and its successors.

Disclosure Team means the Mayor, City Administrator, and City Administrator of the City.

City Administrator means the City Administrator of the City and any successor to the duties and functions thereof.

Mayor means the Mayor of the City and any successor to the duties and functions thereof.

MSRB means the Municipal Securities Rulemaking Board and any successor thereto.

Rule means Rule 15c2-12 (17 CFR § 240.15c2.12) of the Securities and Exchange Commission, as at any time amended.

C. General Responsibility of the Disclosure Team

1. The Disclosure Team shall:
 - a. In connection with each "primary offering" subject to the Rule, as well as annually in connection with its continuing disclosure filings required by the Rule, review filings, reports and other public statements to determine whether any updating or correcting of information is appropriate;
 - b. Review and update, if necessary, this Policy on an annual basis.

2. The City, or its designated agent, will provide continuing disclosure documents and related information to the EMMA System of MSRB at <http://dataport.emma.msrb.org>.

3. The continuing disclosure documents of the City will be posted to the EMMA website by DAC.

4. The Disclosure Team shall, prior to the publication of any “preliminary official statement” or “final official statement” with respect to long-term indebtedness of the City and prior to the issuance or filing of any information or report in accordance with the Rule, meet and review the following to determine whether such official statement or report fully and accurately presents the financial condition and operations of the City and does not omit any material information regarding the City:

- a. the most recent budget and audited financial statements of the City, and any recommendations of auditors of the City;
- b. the most recent “final official statements” of the City;
- c. the current internal projections of revenues and expenditures of the City, the reasonableness of any assumptions with respect thereto, and any internal or external risks to the City that may affect such assumptions;
- d. the current insurance position of the City;
- e. the current exposure to investment losses of the City;
- f. any pending or threatened litigation affecting the City;
- g. information regarding uninsured risks affecting the City.

5. The Disclosure Team shall undertake any additional investigations or modifications that may be necessary, as a result of the review process conducted pursuant to paragraph 4, to ensure accurate and complete disclosure on the part of the City.

D. Annual Reporting Date Requirements

The City shall file the Audited Financial Statements, and annual financial information and operating data, with DAC, for further filing with MSRB, in due time, form and manner as required by the various continuing disclosure agreements delivered by the City pursuant to the Rule.

E. Event Notice Requirements

The Disclosure Team shall provide notice of the following events to DAC, for further filing with the MSRB, within ten (10) business days of their occurrence:

1. Specific Events

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulty
- Unscheduled draws on credit enhancements reflecting financial difficulty
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices of determination with respect to the tax status of the security or other material events affecting the tax status of the security
- Modifications to rights of security holders, if material
- Bond calls, if material, and tender offers
- Defeasances
- Release, substitution, or sale of property securing repayment of the securities, if material
- Rating changes
- Bankruptcy, insolvency, receivership or similar event of the obligated person
- The consummation of a merger, consolidation, or acquisition 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
- Appointment of a successor or additional trustee or the change of name of a trustee, if material
- 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
- Default, event of acceleration, 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.

2. Notice of Failure to File

Notice, in a timely manner, of a failure to provide any of the City's required annual financial information by the date specified in the continuing disclosure undertaking.

F. Voluntary Disclosure

The Disclosure Team shall consider filing of notice of any of the following events with DAC for further filing with the MSRB:

1. “amendment to continuing disclosure undertaking”;
2. “change in obligated person”;
3. “notice to investors pursuant to bond documents”;
4. “certain communications from the Internal Revenue Service”;
5. “secondary market purchases”;
6. “bid for auction rate or other securities”;
7. “capital or other financing plan”;
8. “litigation/enforcement action”;
9. “change of tender agent, remarketing agent, or other on-going party”;
10. “derivative or other similar transaction”;
11. “other event-based disclosures”;
12. quarterly/monthly financial information”;
13. “change in fiscal year/timing of annual disclosure”;
14. “change in accounting standard”;
15. “interim/additional financial information/operating data”;
16. “budget”;
17. “investment/debt/financial policy”;
18. “information provided to rating agency, credit/liquidity provider or other third party”;
19. “consultant reports”; and
20. “other financial/operating data.”

G. Coordinating Continuing Disclosure with Primary Disclosure

The Disclosure Team will:

- a. review information set forth in official statements with respect to long-term indebtedness of the City;
- b. review the “Management’s Discussion and Analysis” from the prior year’s Audited Financial Statements to ensure that any unaudited information which was provided in that portion of the financial statements is updated;
- c. review the long-term debt notes in the Audited Financial Statements and the bond ratings before each EMMA filing is made.

H. Website Disclosure; Public Statements Regarding Financial Information

1. The Disclosure Team will monitor and review the information set forth on the website of the City. Appropriate “disclaimer” language on the website will be considered in order to educate the viewer in terms of where information intended for investors can be found and the investor’s acknowledgement of the limitations of such reliance.
2. The Disclosure Team will ensure that information relating to finances of the City which is provided to the public and is reasonably expected to reach investors and the trading markets (including periodic reports, financial reports and statements contained on the City’s web site, and other financial reports and statements of the City), is complete, true, and accurate in all material aspects, and is not misleading in any material aspect.

I. Training for Disclosure Team and Issuer Officials

The Disclosure Team will undertake training regarding Rule 15c2-12 under the Securities Exchange Act of 1934, and an overview of the City’s obligations under the federal securities laws on a periodic basis, not less than once every two (2) years. Such training may include, but is not limited to, attending Continuing compliance sessions, teleconferences, or webinars presented by (1) Digital Assurance Certification, LLC, (2) the Alabama League of Municipalities, (3) Government Finance Officers Association, National Association of Bond Lawyers or other similar trade organizations, and (4) public finance law firms.

J. Disclosure Dissemination Agent

1. The SEC has recognized Digital Assurance Certification with the issuance of a “No Action” Letter. A copy of this SEC letter is posted to DAC’s website at www.dacbond.com and in Appendix A.
2. DAC also offers 15-20 hours of CPE credit annually on topics related to municipal securities, in which the City’s employees and officials may participate. Updated schedules of upcoming webinars are available on www.dacbond.com.

K. Effective Date

This Policy shall become effective immediately.

Appendix A
Digital Assurance Certification
Securities and Exchange Commission
No Action Letter
Dated September 21, 2001



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

September 21, 2001

Monty Humble, Esq.
Vinson & Elkins LLP
3700 Trammell Crow Center
2001 Ross Avenue
Dallas, Texas 75201-7700

Re: Digital Assurance Certification L.L.C.

Based on your representations and the facts presented in your letter dated September 7, 2001 (the "Request"), the Division of Market Regulation will not recommend any enforcement action to the Commission against any broker, dealer, or municipal securities dealer (each, a "dealer") for violation of Subsection (c) of Rule 15c2-12 of the Securities Exchange Act of 1934 because the dealer uses the DAC Database as its source of Information in the procedures it establishes in order to have reasonable assurance that it will receive prompt notice of any event disclosed pursuant to paragraph (b)(5)(i)(C), paragraph (b)(5)(i)(D), and paragraph (d)(2)(ii)(B) of Rule 15c2-12 for DAC Bonds.

For purposes of this letter, the "DAC Database" is an Internet-accessible database maintained by Digital Assurance Certification L.L.C. ("DAC") and a municipal security included in the DAC Database is a "DAC Bond." "Information" refers to the Annual Financial Information, Audited Financial Statements, Notice Event notices, and Voluntary Reports, as such terms are used in the Request.

In reaching this position, we note in particular that:

1. Pursuant to a Continuing Disclosure Agreement for a DAC Bond, the issuer or obligated person will name DAC as its exclusive dissemination agent. The issuer or obligated person will agree to provide DAC with the Annual Financial Information and Audited Financial Statements (certified by a designated representative of the issuer or obligated party) by deadlines described in the Agreement and with all Notice Events notices and Voluntary Reports (each certified by a designated representative of the issuer or obligated party) for filing with nationally recognized municipal securities information repositories, state information depositories and/or the Municipal Securities Rulemaking Board (collectively, "Repositories") as required by Rule 15c2-12. DAC will agree to make such filings promptly upon its receipt of the Information.

2. DAC will be irrevocably instructed by the issuer or obligated person to file Notice Event notices of failure to file annual financial information with the appropriate Repositories at the times and under the circumstances which you have described in the Request.
3. Information in the DAC Database, including Notice Event notices, will be identical to the information DAC files with the Repositories.
4. Whenever DAC enters into a Continuing Disclosure Agreement with respect to an issue of municipal securities that is already outstanding, it will use its best efforts to obtain all Information with respect to that issue from the Repositories and include that Information in the DAC Database.

This no-action position is expressly conditioned on the current and continuing accuracy of the facts and representations contained in the Request; any different facts or conditions might require a different response. This position is based on current laws, rules, and regulations governing participants in, and the markets for, municipal securities. Any changes in such laws, rules, or regulations may supersede this no-action position or require the Division to reevaluate its position. In addition, DAC shall advise the Division of any material change in its standard form of Continuing Disclosure Agreement or the operations and procedures described in the Request, and, if possible, shall provide such information 30 days prior to any contemplated change, to enable the Division to reevaluate this no-action position in light of such change.

This no-action position is subject to modification or revocation at any time the Division determines that such action is necessary or appropriate. The Division may, from time to time, request that DAC provide it with additional information concerning the DAC Database and the DAC System referred to in the Request.

The position expressed herein is the Division's position on enforcement action only; it does not represent a legal conclusion on the question presented.

Sincerely,



Martha Mahan Haines, Chief
Office of Municipal Securities

After said Resolution had been discussed and considered in full by the Council, it was moved by Councilmember _____ that said Resolution be now placed upon its final passage and adopted. The motion was seconded by Councilmember _____. The question being put as to the adoption of said motion and the final passage and adoption of said Resolution, the roll was called with the following results:

Ayes: J. Wayne Trawick, President
 Vera J. Quaites
 Ralph G. Hellmich
 C. Rick Blackwell
 Charles J. Ebert III

Nays:

The Council President thereupon declared said motion carried and the Resolution passed and adopted as introduced and read.

* * * *

There being no further business to come before the meeting, it was moved and seconded that the meeting be adjourned. Motion carried.

Approval of Minutes and Waiver of Notice

Each of the undersigned does hereby approve, and waive notice of, the date, time, place and purposes of the meeting of the City Council of the City of Foley, Alabama recorded in, the above and foregoing minutes thereof and does hereby approve the form and content of the above and foregoing minutes and Resolution therein.

Council President

Member of the City Council

Member of the City Council

Member of the City Council

Member of the City Council

SEAL

Attest: _____
City Clerk