

**CITY OF DAPHNE
CITY COUNCIL MEETING AGENDA
1705 MAIN STREET, DAPHNE, ALABAMA
NOVEMBER 3, 2014
6:30 P.M.**

1. CALL TO ORDER

2. ROLL CALL / INVOCATION / Pastor Bryant Evans / Eastern Shore Church of Christ

3. APPROVE MINUTES: Council meeting minutes / October 20, 2014

MOTION: Amend September 15, 2014 Council meeting minutes to include under Finance Report: The motion for \$1,000 to be paid to the YMCA out of the remaining Community Contribution monies Budgeted in the FY 2014 budget

ELECTION OF OFFICERS

PRESENTATION: Mickey Boykin / Daphne Museum

4. REPORT STANDING COMMITTEES:

- A. FINANCE COMMITTEE** – Conaway
- B. BUILDINGS & PROPERTY COMMITTEE** - Davis
- C. PUBLIC SAFETY** - Rudicell
- D. CODE ENFORCEMENT/ORDINANCE COMMITTEE** - Scott
- E. PUBLIC WORKS COMMITTEE / SOLID WASTE AUTHORITY** – LeJeune
Review Public Works minutes / October 20th
Review Beautification minutes / October 1st
Review Daphne Museum minutes / September 8th
Review Environmental Advisory Committee minutes / October 27th

5. REPORTS OF SPECIAL BOARDS & COMMISSIONS:

- A. Board of Zoning Adjustments** – Adrienne Jones
- B. Downtown Redevelopment Authority** – Conaway
- C. Industrial Development Board** – Davis
- D. Library Board** - Lake
- E. Planning Commission** – Scott
Review minutes / September 25th
Staff report / October 23rd meeting
- F. Recreation Board** – LeJeune
- G. Utility Board** - Fry
Review minutes / October 1st (*September meeting*)

6. Mayors Report

7. City Attorney's Report

MOTION: Appoint an Interim Treasurer for purpose of bond refunding

8. Department Heads Comments

9. City Clerk’s Report

- a.) ABC License / The Fresh Market / 040 – Retail Beer (On or Off Premises) / 060 – Retail Table Wine (On or Off Premises) (*On premises - Now doing wine tastings in the store*)
- b.) Events Permit / S.E.E.D.S. / 11th Annual 5K & 1 Mile Fun Run / March 7, 2015
- c.) Events Permit / Chick-fil-A Connect Race / May 2, 2015

10. PUBLIC PARTICIPATION:

11. RESOLUTIONS & ORDINANCES:

RESOLUTIONS:

- a.) Authorizing the Issuance of General Obligation Refunding and Improvement Warrants, Series 2014/Resolution 2014-54

ORDINANCES:

3RD READ

- a.) Adopting the FY 2015 Personnel and Capital Budget. /Ordinance 2014-46

2ND READ

- a.) Amending Ordinance 2002-34 / Garbage Collection and Amending the FY 2015 Budget for the Increased Garbage Collection Fee. /Ordinance 2014-47
- b.) Appropriating Funds: Emergency Watershed Protection on Private Property: Mazie’s Gulch & Palmetto Court (*Creekside*). /Ordinance 2014-48
- c.) Job Reclassification: Finance Director. /Ordinance 2014-49
- d.) Job Reclassification: Civic Center Director / Reclassify the Civic Center Director to the Convention/Visitor’s Bureau & Civic Center Director. /Ordinance 2014-50
- e.) Appropriation of Funds: Appraisal, Survey and Closing Fees Associated with Donated Property Located at Park Drive and Pine Hill Road. /Ordinance 2014-51

1ST READ

- a.) Authorizing the Issuance of General Obligation Refunding and Improvement Warrants, Series 2014 /Ordinance 2014-52

12. COUNCIL COMMENTS

13. ADJOURN

**CITY OF DAPHNE
CITY COUNCIL**

ROLL CALL

CITY COUNCIL:

COUNCILWOMAN CONAWAY	PRESENT___	ABSENT___
COUNCILMAN RUDICELL	PRESENT___	ABSENT___
COUNCILMAN LAKE	PRESENT___	ABSENT___
COUNCILMAN SCOTT	PRESENT___	ABSENT___
COUNCILMAN LEJEUNE	PRESENT___	ABSENT___
COUNCILMAN DAVIS	PRESENT___	ABSENT___
COUNCIL PRESIDENT FRY	PRESENT___	ABSENT___

MAYOR:

MAYOR HAYGOOD	PRESENT___	ABSENT___
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CITY CLERK:

REBECCA HAYES	PRESENT___	ABSENT___
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CITY ATTORNEY:

JAY ROSS	PRESENT___	ABSENT___
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**OCTOBER 20, 2014
CITY COUNCIL MEETING
REGULAR BUSINESS MEETING
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.**

1. CALL TO ORDER:

There being a quorum present Council President Fry called the meeting to order at 6:30 p.m.

2. ROLL CALL/INVOCATION/PLEDGE OF ALLEGIANCE:

Pastor Timothy Conaway of Restoration Place Church gave the invocation.

COUNCIL MEMBERS PRESENT:

Tommie Conaway; Pat Rudicell; John Lake; Randy Fry; Ron Scott; Robin LeJeune; Joe Davis.

Also present: Mayor Haygood; Rebecca Hayes, City Clerk; Sarah Toulson, Assistant City Clerk; Jay Ross, City Attorney; Vickie Hinman, HR Director; Michael Hoyt, Municipal Judge; Richard Johnson, Public Works Director; James White, Fire Chief; David McKelroy, Recreation Director; Tonja Young, Library Director; Adrienne Jones, Planning Director; Margaret Thigpen, Civic Center Director; Captain Scott Taylor, Police Department; Christine Ciancetta, Deputy Finance Director; Suzanne Henson, Senior Accountant; Ashley Campbell, Environmental Programs Manager; Tracey Miller, Solid Waste Coordinator; Officer Jaimie Huffman, Police Department; Dorothy Morrison, Beautification Committee and DRA; Tomasina Werner, Beautification Committee; Rebecca Trosclair, Beautification Committee; Larry Cooke, BZA; Kevin Boucher, Adams & Reese, LLC.

Absent: David Carpenter, Police Chief; Richard Merchant, Building Official.

3. APPROVE MINUTES:

October 6, 2014 Council Meeting Minutes

There were no corrections to the October 6, 2014 council meeting minutes and the minutes stand approved as written.

October 13, 2014 Council Work Session Minutes

There were no corrections to the October 13, 2014 Council Work Session minutes and stand approved as written.

PRESENTATION: Lions Club International

Mr. Ron Mitchell gave a presentation on establishing a Lions Club in Daphne. He reviewed how the club helps the citizens and improves the community. He invited everyone to a meeting being held Wednesday 12:00 noon at the Scenic Overlook.

PRESENTATION: Beautification Quarterly Awards: District 1: Terry Thompson Chevrolet
District 2: Certapro Painting

Mayor Haygood and Councilwoman Conaway presented the award to the Sales Manager for Terry Thompson Chevrolet Jim Payne.

**OCTOBER 20, 2014
CITY COUNCIL MEETING
REGULAR BUSINESS MEETING
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.**

Mayor Haygood and Councilman Rudicell presented the award to Certapro Painting owner Steve Carey, his wife Charlotte, daughter Camille and son John Charles.

PROCLAMATION: National Domestic Violence Awareness Month / Ms. Joann Sheils, Executive Director for the Lighthouse

Council President Fry read and presented the proclamation to Ms. Joann Sheils, Executive Director for the Lighthouse.

PROCLAMATION: America Recycles Day

Mayor Haygood read and presented the proclamation to the Public Works Director Richard Johnson and the Solid Waste Coordinator Tracey Miller. Mayor Haygood said that for the last three years the city has received a recycling grant with a total of \$217,000 received in funds. Mayor Haygood presented Mrs. Miller with an award from the Alabama Recycling Coalition. Tracey was chosen as the Best Individual Recycler of 2014 by The Alabama Recycling Coalition during the 2014 EXPO in July. Tracey was presented her award by the President Charmayne Watson at an award ceremony.

4. REPORT OF STANDING COMMITTEES:

A. *FINANCE COMMITTEE* – Conaway

The minutes for the October 13th meeting are in the packet.

Treasurers Report / September 2014

Total Unrestricted Funds - \$9,547,829 and Total City Funds - \$16,532,945

- Total Unrestricted Funds - \$9,547,829
- Decrease from Last Year's Unrestricted Funds – (\$782,467)
- Number of months of Unrestricted cash to cover monthly operating Expenses & Debt Service – 4.3 months compared to the previous year – 4.9 months

Sales and Use Tax Collections / August 2014

\$1,129,483 Sales & Use Tax was collected for August 2014:

- YTD Variance over Budget: +\$80,401 / 6%
- Percent change from last year's collections: +664,828 / 5.6%

Lodging Tax Collections / August 2014

Lodging Tax collections for August 2014 were \$93,733 which is up \$41,305 from August's 2013's collections of \$52,427.

- YTD Variance over Budget: \$224,422
- Percentage change from last year's collections: +25.3 %

**OCTOBER 20, 2014
 CITY COUNCIL MEETING
 REGULAR BUSINESS MEETING
 1705 MAIN STREET
 DAPHNE, AL
 6:30 P.M.**

B. BUILDINGS & PROPERTY COMMITTEE - Davis

The October 6th minutes are in the packet. Councilman Davis reported on two properties that owners want to donate property to the city, and one property acquisition. TimberCreek has 53 acres they would like to sell to the city, and would like some indication that the city is interested.

MOTION BY Councilman Davis to authorize the Mayor to pursue discussion with TimberCreek on the 53 acres. Seconded by Councilman Lake.

The City Attorney discussed this with council and asked that they go into executive session to discuss the pending purchase of real property and then come back and make the motion.

Councilman Davis withdrew his motion and Councilman Lake withdrew his second

C. PUBLIC SAFETY COMMITTEE – Rudicell

The October 8th minutes are in the packet. The next meeting will be November 12th at 4:30 p.m.

D. CODE ENFORCEMENT/ORDINANCE COMMITTEE – Scott

The October 8th minutes are in the packet. The next meeting will be November 12th after the Public Safety meeting.

E. PUBLIC WORKS COMMITTEE – LeJeune

The committee met before the council meeting. Councilman LeJeune reported that along with America Recycles Day there will be an Amnesty Day where citizens can bring things like paint, etc. and Public Works will dispose of them. He said that the funds for the ATRIP grant for resurfacing North Main Street have been reduced. He asked council to authorize the Mayor to reduce the projects limits and scope for the project.

MOTION BY Councilman LeJeune to suspend the rules to consider a motion to authorize the Mayor to change the limits, scope and shorten the ATRIP North Main Street resurfacing project. Seconded by Councilman Scott.

ROLL CALL VOTE

Conaway	Aye	LeJeune	Aye
Rudicell	Aye	Davis	Aye
Lake	Aye	Fry	Aye
Scott	Aye		

MOTION CARRIED UNANIMOUSLY

**OCTOBER 20, 2014
CITY COUNCIL MEETING
REGULAR BUSINESS MEETING
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.**

MOTION BY Councilman LeJeune to authorize the Mayor to change the limits, scope and shorten the ATRIP North Main Street resurfacing project. *Seconded by Councilman Scott.*

MOTION CARRIED UNANIMOUSLY

The next meeting will be November 24th at 5:00 p.m.

5. REPORTS OF SPECIAL BOARDS & COMMISSIONS:

***A. Board of Zoning Adjustments* – Adrienne Jones**

The August 7th minutes and staff report for the October 2nd meeting are in the packet. There will not be a meeting in November. The board elected officers at the last meeting and they are Willie Robison, Chairman; Vice Chairman, Larry Cooke; Secretary, Pat Johnson.

***B. Downtown Redevelopment Authority* – Conaway**

The next meeting will be Wednesday at 5:30 p.m.

***C. Industrial Development Board* – Davis**

The next meeting will be October 27th at 6:00 p.m. in the Executive Conference room. He reminded everyone to fill out the comment sheets for the I-10 Bridge project.

***D. Library Board* – Lake**

The board met on October 9th and the minutes will be in the next packet.

***E. Planning Commission* – Scott**

The Planning Commission meeting will be Thursday, October 23rd at 5:00 p.m. in the Council Chambers.

***F. Recreation Board* – LeJeune**

Councilman LeJeune commended the Daphne High School football team for their win over Spanish Fort Friday.

MOTION BY Councilman LeJeune to authorize the advertising of the Request for Proposal for the new recreation facilities. *Seconded by Councilman Scott.*

MOTION CARRIED UNANIMOUSLY

Councilman LeJeune thanked Richard Johnson, David McKelroy and the Mayor for their hard work on the proposal.

**OCTOBER 20, 2014
CITY COUNCIL MEETING
REGULAR BUSINESS MEETING
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.**

G. Utility Board – Fry

The board will meet next Wednesday at 5:00 p.m.

6. REPORTS OF OFFICERS:

A. Mayor's Report

Mayor Haygood reported that the city received the Recreational Trails grant to extend the boardwalk at Village Point Park Preserve. The contract was extended for the auditing firm of Smith & Buckalew, and they moved the time frame up to get the audit done in a timely fashion. He also announced that the Library received a \$32,000 donation from a citizen of Daphne that recognizes the importance of the Library.

B. City Attorney's Report

Mr. Ross stated that council should pass a motion authorizing the Mayor to sign contracts until the ordinance authorizing him to do so comes before council.

MOTION BY Councilman Scott to authorize the Mayor to execute contracts that bind the City of Daphne up to but not exceeding \$15,000, as long as the purpose of the contract has been funded or budgeted by the City Council until such time as the Council enacts an ordinance relating to this authority. *Seconded by Councilman Rudicell.*

MOTION CARRIED UNANIMOUSLY

C. Department Head Comments

Christine Ciancetta – Deputy Finance Director – reported that the GFOA has awarded the City of Daphne a Certificate of Achievement for Excellence in Financial Reporting for our FY 2013 CAFR.

Adrienne Jones, Planning Director – reported that the Planning Commission elected officers at the last meeting. Larry Chason, Chairman; Don Terry Vice Chairman; William Montgomery, Secretary. The Mayor has appointed a new member Dwayne Smith

Richard Johnson – Public Works Director – thanked Council for all that they do.

Tonja Young – Library Director – reported that the awards ceremony for the Bookmark Contest will be tomorrow at 4:00 p.m.

David McKelroy – Recreation Director – reported on the different sports and tournaments going on at Trione Sports Complex. Brown Bag by the Bay will be Thursday from 11:30 – 1:00 p.m. They are forming a new basketball league along with Spanish Fort.

James White – Fire Chief – reported the awards that were given out at the Fireman's Banquet Sunday: Community Award – Ms. Jewel Lawson; Firefighter of the Year – Firemedic Gerald D. Lanier; EMT of

**OCTOBER 20, 2014
CITY COUNCIL MEETING
REGULAR BUSINESS MEETING
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.**

the Year – Firemedic Grant M. Gruwell; Leadership Award – Lt. Adam C. Byrd; Rookie of the Year – Joshua C. Brewer.

D. City Clerk’s Report

- 1.) Event Permit / Run for Shep / 5K / January 24th, 2015

MOTION BY Councilman Lake to approve the Event Permit for Run for Shep / 5K / January 24, 2015. Seconded by Councilman Davis.

MOTION CARRIED UNANIMOUSLY

- 2.) NLC Voting Delegate / Business Meeting held Saturday, November 22nd, 2014 / Austin, Texas

MOTION BY Councilwoman Conaway to appoint Councilman Lake as the voting delegate for the NLC Conference on November 22, 2014. Seconded by Councilman Davis.

MOTION CARRIED UNANIMOUSLY

7. PUBLIC PARTICIPATION

Mrs. Dorothy Morrison – 26197 Via Del San Francesco - thanked council for helping with Keep America Beautiful. She also thanked everyone that helped with the pink ribbons for Breast Cancer Awareness month. She mentioned that the DRA gave a grant to the Pine Lodge on Main Street to cleanup around the building.

Mr. Leroy Hall – 6378 Jacksons Oak Drive – spoke regarding flooding and washing away of his property on Yancey Branch due to work done on the road at Village Point Park. He said this is the second time he has come before council with this problem and asked council to look into it and do something to correct the situation.

Mr. Henry Lawson – Daphne - spoke in opposition to the garbage rate increase.

8. RESOLUTIONS & ORDINANCES:

- a.) **Approving the City of Daphne’s Participation in the State of Alabama Severe Weather Preparedness Tax Holiday for the Year 2015. /Resolution 2014-53**

OCTOBER 20, 2014
CITY COUNCIL MEETING
REGULAR BUSINESS MEETING
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.

MOTION BY Councilwoman Conaway to waive the reading of Resolution 2014-53. *Seconded by Councilman LeJeune.*

MOTION CARRIED UNANIMOUSLY

MOTION BY Councilwoman Conaway to adopt Resolution 2014-52. *Seconded by Councilman LeJeune.*

MOTION CARRIED UNANIMOUSLY

ORDINANCES:

2ND READ

- a.) Adopting the FY 2015 Personnel and Capital Budget. /Ordinance 2014-46

1ST READ

- a.) Amending Ordinance 2002-34 / Garbage Collection and Amending the FY 2015 Budget for the Increased Garbage Collection Fee. /Ordinance 2014-47
- b.) Appropriating Funds: Emergency Watershed Protection on Private Property: Mazie's Gulch & Palmetto Court (*Creekside*). /Ordinance 2014-48
- c.) Job Reclassification: Finance Director. /Ordinance 2014-49
- d.) Job Reclassification: Civic Center Director / Reclassify the Civic Center Director to the Convention/Visitor's Bureau & Civic Center Director. /Ordinance 2014-50
- e.) Appropriation of Funds: Appraisal, Survey and Closing Fees Associated with Donated Property Located at Park Drive and Pine Hill Road. /Ordinance 2014-51

MOTION BY Councilman Lake to lay Ordinance 2014-46 over until the November 3, 2014 council meeting. *Seconded by Councilman LeJeune.*

AYE Conaway, Rudicell, Lake, Scott, LeJeune, Fry

NAY Davis

MOTION CARRIED

ORDINANCES 2014-47, 2014-47, 2014-48, 2014-49, 2014-50 AND 2014-51 ARE 1ST READ

OCTOBER 20, 2014
CITY COUNCIL MEETING
REGULAR BUSINESS MEETING
1705 MAIN STREET
DAPHNE, AL
6:30 P.M.

9. COUNCIL COMMENTS

Councilman LeJeune thanked Chief White for the invitation to the Fireman’s Banquet. He had a great time and really enjoyed the banquet.

MOTION BY Councilman Scott to enter into Executive Session to discuss the pending purchase or sale of real property and pending litigation. The session will last for 15 minutes. *Seconded by Councilman Lake.*

The City Attorney, Jay Ross, certified that the above stated reason for going into Executive Session is according to the Open Meeting Act.

ROLL CALL VOTE

Conaway	Aye	LeJeune	Aye
Rudicell	Aye	Davis	Aye
Lake	Aye	Fry	Aye
Scott	Aye		

MOTION CARRIED UNANIMOUSLY

Council entered into Executive Session at 8:15 p.m.

Council returned from Executive Session at 8:30 p.m.

MOTION BY Councilman Davis to encourage the Mayor to pursue discussion regarding the 53 acres in TimberCreek, and to authorize Mrs. Campbell to continue to pursue grants and other opportunities that might be leveraged in conjunction with the pending purchase, and to include all relevant staff that could have input in this project. *Seconded by Councilman Lake.*

MOTION CARRIED UNANIMOUSLY

10. ADJOURN:

THERE BEING NO FURTHER BUSINESS TO DISCUSS, THE MEETING ADJOURNED AT 8:35 P.M.

Respectfully submitted by,

Certification of Presiding Officer

Rebecca A. Hayes,
City Clerk

Randy Fry,
Council President

**CITY OF DAPHNE
CITY COUNCIL MEETING AGENDA
1705 MAIN STREET, DAPHNE, ALABAMA
SEPTEMBER 15, 2014
6:30 P.M.**

**AMEND MINUTES
MOTION UNDER
FINANCE REPORT**

- 1. CALL TO ORDER**
- 2. ROLL CALL / INVOCATION /** Reverend Dan Morris with Daphne United Methodist Church
- 3. APPROVE MINUTES:** Council meeting minutes / September 2, 2014
Council Work Session minutes / September 8, 2014

PRESENTATION: Al Guarisco / Bocce Courts

PUBLIC HEARING: Amending the Land Use & Development Ordinance 2011-54 / Revisions
To Appendix "H" Zoning Map

4. REPORT STANDING COMMITTEES:

- A. FINANCE COMMITTEE – Conaway**
Review minutes / September 8th

1. Ordinances:

- a.) Appropriating Funds: Drainage Repair / Donette Loop Properties / **Ordinance 2014-40**
- b.) Appropriating Funds: Lancaster Way Drainage Crossing / **Ordinance 2014-41**
- c.) Appropriating Funds: Design Engineering for Sewer Projects:
 - Whispering Pines-Dauphine Acres
 - Douglas Road;
 - Van Buren Street
 - Schieffelin Lane-Jordan Lane East;
 - 6th Street; Greystone Subdivision / **Ordinance 2014-42**

2. Resolutions:

- a.) Bid Award: Lancaster Way Road Crossing / Sunset Contracting Inc. / **Resolution 2014-50**

3. Motion:

For \$1,000 to be paid to the YMCA out of the remaining Community Contribution monies Budgeted in the FY2014 budget.

4. Financial Report:

- Treasurers Report / August 2014
- Sales & Use Tax Collections / July 2014
- Lodging Tax Collections / July 2014

- B. BUILDINGS & PROPERTY COMMITTEE - Davis**
Review minutes / September 2nd

- C. PUBLIC SAFETY - Rudicell**
Review minutes / September 10th

- D. CODE ENFORCEMENT/ORDINANCE COMMITTEE - Scott**
Review minutes / September 10th

I. CALL TO ORDER

Meeting was called to order at 5:00 p.m.

Committee Members Present: Robin LeJeune (Chairman), Councilman John Lake, Councilman Ron Scott, Councilwoman Tommie Conaway; Richard D. Johnson-Public Works Director, Dorothy Morrison-Daphne Beautification Committee, and Michele T. Hanson, PWC secretary. Mayor Haygood arrived late.

Others Present: John Peterson-Hatch Mott McDonald; Randy Davis-Volkert; Councilman Pat Rudicell; Councilman Randy Fry; Ashley Campbell.

II. PUBLIC PARTICIPATION & CORRESPONDENCE

A. Work Request Report - The report for September 2014 was reviewed. Mr. LeJeune asked for a year to date fiscal year 13 & 14.

B. Vehicle/Equipment Maintenance Report – The report for September 2014 was reviewed. Mr. Scott asked about the PD’s non-routine cost, Mr. Johnson stated most of this amount was for equipping the new Tahoe’s that came in. Mr. Johnson also stated there was an accident with the street sweeper and that will be sent to the insurance; the sweeper caught a man hole cover and bent the broom unit.

C. Correspondence – No Correspondence.

D. Public Participation – No one present to address the committee.

Richard announced that Frank Barnett had resigned on Monday. Shane Friday will be the interim supervisor until the position is filled. A memo has been sent to the Mayor’s office to approve the advertising of this position, waiting on his approval. A temp employee will be brought in to help cover the shortage in the department.

III. OLD BUSINESS

A. Minutes – The minutes from the September 15, 2014 meeting were reviewed and approved. **Motion by Tommie Conaway, Seconded by John Lake** to approve the minutes as presented. **Motion carried.**

B. Mosquito Report – The September 2014 report was reviewed by the committee. Richard reported that mosquito spraying will stop at the end of this month, final report will be at the next meeting; Graham will return to service calls and other grounds duties. John Lake said that Pinehill still needs to be sprayed; there is a big gully there with standing water. Mr. Scott noted that Justina Avenue sign has been knocked down – Richard noted to have a work order done to have this sign repaired.

C. Street Sweeper Report – The September 2014 report was reviewed by the committee.

D. Project Limitation Letter – ATRP (002) North Main St. Resurfacing

Mr. Johnson stated that we have had great success with ATRP funding and at the end of the project the State came back and said whatever you were granted for all the phases is what you are getting. The first phase in Lake Forest we were right on the money with a little bit of savings on that project (\$100,000), on the second phase the bid came in \$400,000 higher than expected which ATRP said that it was covered. When it came time to bid and let the Main Street phase, ATRP came to us and said we were \$400,000 short and if we had stayed on track they would have flipped the ratio and it would be cheaper if we did the rest of the project on our own. So the scope of the project has been reduced, terminating the project north of the intersection of N. Main St. with D’Olive Blvd. This was discussed with the Mayor and ALDOT wants a letter stating the reduction of the project.

IV. NEW BUSINESS

A. **YMCA Access Management Proposal**

Mr. Johnson presented a proposal to the committee regarding the entrance/exits to the YMCA. During certain times of the day, if a driver is going around the round-about turning east on Whispering Pines and someone has stopped to turn in the first entrance of the Y, you can catch you by surprise and can bottle-neck during peak times. Mr. Johnson submitted a few options:

- 1) Make the first entrance/exit (western entrance/exit) a right in, right out only, using paving markers and striping.
- 2) Install a truncated domes along that center line, so when someone drives over it, they know they shouldn't have.
- 3) Install delineator strips (like those on 98 at I-10).

Motion by John Lake, seconded by Ron Scott to forward this to the Public Safety Committee for their review. Motion carried.

Sidewalks on 98

Mr. Lake stated that he has been approached by several residents at Pelican Bay Apt., Sea Cliff Condo's and other apt. in that area petitioning for a sidewalk from Publix to Yacht Club Drive. Many people walk this area and it's dangerous because of the traffic and where the guardrails are situated. Mr. Lake has spoken to the LF Improvement Committee and they support it and he will talk to Park City Civic Association for their support.

Mr. Johnson stated there is no north to south sidewalk on Hwy 98, there is some on the service road. Mr. Lake would like this put on our sidewalk list. Mr. LeJeune will get Public Safety's opinion on this matter and get their feedback.

Round-A-Bout at 13

Mr. LeJeune asked about the timeline for this project. Mr. Johnson stated right now the utility locates are being done by Daphne Utilities and Belforest Water; The ATRP project will be let in December 2014 with construction starting in February 2015. There will be some lane closures with the majority of the closures being done during the summer when the kids are out of school. Hopefully everything will be completed by the August 2015 start of the school year.

May Day Boat Ramp

Mr. LeJeune asked about the status of the boat ramp. Mr. Johnson stated he has not heard anything recently, maybe we could request an update from the City Attorney. Mayor Haygood stated there will be some upcoming activity with that.

V. DIRECTOR'S REPORT

A. **No Report**

VI. DAPHNE SOLID WASTE DISPOSAL AUTHORITY

A. **Monthly Equipment Use Report** – The report for September 2014 was reviewed. Mr. Johnson stated he will be tweaking these reports for FY2015.

B. **Monthly Recycle Tonnage Report (Tonnage Comparison)** – The report for September 2014 was reviewed. Mr. Johnson stated that we're going through a transition in this department, our buyer is having difficulties and we have started negotiations with other buyers. Big picture idea is to have a facility that takes in a clean mrf (materials recovering facility) and have enough room to store commodity recycling until the price is optimistic to sell. Ultimately we envision a cooperative to establish a facility between the 3 eastern shore cities and the urbanize part of Baldwin County would produce enough volume to make it an at least break even facility and the city's get a return based on the tonnage that was brought in. Who's putting up the seed money, who's going to manage it, etc. This is our future.

Solid Waste New Customer Report – The report for September 2014 was reviewed. We have 9 new residential customers and 2 new businesses. America's Recycle Day is November 15th at Daphne City Hall.

VII. MUSEUM COMMITTEE

A. Minutes – September 8, 2014.

Committee reviewed the minutes of the meeting. Mr. Johnson commented that he took a group of Boy Scouts to the museum and they had the best time. Kudos to the volunteers for what they do.

VIII. BEAUTIFICATION COMMITTEE

A. Minutes from October 1, 2014 meeting were reviewed. Dorothy thanked the city for their participation with the Keep America Beautiful program. She attended a conference and learned a lot about the program. Training is coming up on November 3rd, would love to have all the committee to attend. Will be getting more information about grant money to use for beautification. Gator Alley improvements are getting closer to happening. Will start working on a cigarette butt campaign. Ashley also has a cigarette campaign called “butts in the bay” and could team together to educate.

IX. ENVIRONMENTAL ADVISORY COMMITTEE

A. Minutes - Next meeting will be October 27th

B. Tiawasse Creek Land Donation

Ashley stated there is a parcel of land in Tiawasse Creek that the property owner is interested in assisting the city with a project in conjunction with the CIAP Tiawasse Creek Stream Restoration. This parcel of land has a severe head cut in the rear of the lots and he would like to donate the 26.16 acres where we could restore the cut and have some land for recreational use or management use. It’s a large section of Tiawasse Creek, it’s a beautiful wetland area. The owner has paid to have the survey done. This is on the Planning Commission agenda this week to annex and subdivide.

There is another parcel of land that is available for partial sale/donation to the city in TimberCreek for the appraised value + tax credits. There is 53 acres (30 acres of upland, the rest is wetland) that could be used for several things including the interchange, a water management structure that could reduce the flow of water under the interstate by 52%. If we own and control the land, when the interchange plans begin, we can bring that to the table with ALDOT.

X. ENGINEER’S REPORT

A. Hatch Mott MacDonald – John Peterson reported that the Rolling Hill/Donette bidding is next month to run concurrent with one another. Main Street – putting together the budget, will get to Richard.

B. HMR – Randy Davis reported County Road 13 plans should be completed this week, let in November. Main Street flume repair; topographic survey is finished, design is starting this week.

C. Preble-Rish – No one present.

D. Jade Consulting – No one present.

XI. FUTURE BUSINESS

A. Next Meeting is November 17, 2014.

XII. ADJOURNMENT

Meeting adjourned @ 6:07 p.m.



CITY OF DAPHNE
PO Box 400
DAPHNE, AL 36526

**Daphne Beautification Committee
October 1, 2014 Minutes**

District 1
Dorothy Morrison,
Chair
Walter Gray

Breast Cancer Awareness Month.....about 70 pink bows were made and hung in the area of City Hall and the lamp poles on Main Street....2 Up lifted Hands sandwich boards will ordered....

Beautification winners are Terry Thompson Chevrolet and CertaPro Painters on Main Street.....

District 4
Selena Vaughn
Tomasina Werner
Dana Sawyer

A- Gator Alley- approval is coming soononly \$5,000 apart on the price.....

B- Patriots Point possible inspiration for Gateway signs.....The council wants the Mayor, the Beautification Committee, and PW to all have input on this project.....

District 5
David Dueitt
Rebecca Trosclair

C- Treasurer's ReportNew year with our \$15,000.....

District 6
Hollie LeJeune

D- Top Ten

- * Weeds still growing under the Overpass on I-10 curve to Mobile – both sides of the road
- * I-10/181 still needs massive attention-years
- * Master Plan for Mal- Function Junction-10 years
- * Create berms/ or something on Daphne Ave in front of the Shopping Center- 12 months
- * Master Plan for all Gateways- 42 months
- * HWY 64 island need a Crape Myrtle and ground cover as part of the Flower Program- 12 months

City Liaisons
Richard Johnson
Dwayne Coley
Marjorie Bellue
Denise Penry
Michele Hanson
Christine Ciancetta
David McKelroy

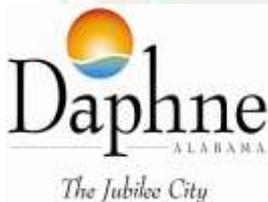
E- PW Report

- ◆ Keep America Beautiful meeting in Florence, Al. Richard & Dorothy are going Oct 15
- ◆ Coastal Clean-Up got more than 6 tons of trash collected huge success
- ◆ Christmas decoration will focus on City Hall and Main Street
- ◆ The Star will be placed at KFC Hill
- ◆ Season Greeting sign has been reworked to stay lit .. will add the Crab Pot Trees
- ◆ Christmas tree lighting will be December 4 at 5:30 pm
- ◆ Monday, Dec. 1st 8:30 to decorate the inside tree...our children are once again creating ornaments [Thank you, Jane]
- ◆ Parade will be Dec 13th there will be snow for kids to play in
- ◆ Santa's visit will be from 10 to 1

F- Margorie will be at the Barn every Wednesday until the light are placed and needs help anytime.....

G- Crape Myrtles are looking beautiful....

H- Hwy 181.....



I- DRA is working on a grant for the Pine Lodge to start a clean up project.....

J- Birdhouse Brochures have been reprinted as well as Gator Alley; taken to the Chamber ...

K- American flags will go up again just before Veterans Day for the last time this year we are adding another 30 or so.....

L- Endowment – pending until 2015.....

M- The Mayor answered questions about the ravine on Hwy 90 near the Jubilee Center, discussed clean up of city streets from litter.....

N- Next meeting: November 5th at City Hall in the Mayor’s Conference Room.....

NOTE: The December Meeting will be moved to Monday, December 1st to help decorate the tree at City Hall. We will decorate first (decorating will start around 8:30 a.m.) and the meeting will follow.

DAPHNE MUSEUM BOARD MINUTES
SEPTEMBER 8, 2014

ATTENDEES: Ken Balme, Mickey Boykin, Penny Taylor, Helen Baroco, Emily Hammond, Al Guarisco

The following topics were discussed by the Board:

- **Baldwin County Fair Sep 24 -29:** The theme of the Fair is Beautiful Baldwin. The Daphne Museum will be displaying the Daphne Community Heritage Quilt which hangs in the atrium of city hall. Permission to display the quilt was obtained from Jane Robbins, Mayor's Assistant, and Daphne Art Center members. Daphne citizens and members of Daphne Art Center worked together to create the 12 individual squares representing events and places in the history of Daphne. Fabric, yarn, and other embellishments were used to design the squares.
- **Daphne Jubilee Festival Sep 27-28:** The museum will have a booth at the festival in front of City Hall as it has in past years. Museum volunteers will be needed to man the booth during festival hours.
- **Two Grants Report:** The Alabama Historical Commission has two grants available:
- (1) \$10,000 to each selected grantee for capital improvements and (2) \$1,000 to each selected grantee for the improvement of tourism. The capital improvement grant submitted by Ken was denied. He is applying for the tourism grant citing several ways to improve tourism to the area: (1) Targeting Snowbirds; (2) Placing rack cards at all state welcome centers; (3) Using social media such as Facebook to reach more people; (4) Asking Gulf Shores and Orange Beach Museums to display Daphne Museum brochures.
- **Civil War Collection:** This collection was loaned to the museum by John Broadus, a former museum volunteer. Discussed what should be done with the collection now that John is deceased. Following discussion, the Board agreed not to take any action for the time being unless we hear from John's family. Meanwhile, Mickey will check the acquisition files to determine if any specific instructions concerning the collection were noted.
- **StEPs Program** (The Standards and Excellence Program for History Organizations.) The Board determined that this program is not appropriate for the Daphne Museum at this time. Rather, the MAP Program, which is similar and was used in the recent past, will be revisited. Some suggestions were discussed for getting volunteer assistance on special projects.
- (1) Check with library about advertising for volunteers by displaying a poster for signups; (2) making presentations to school Key Clubs, National Honor Societies, and other school organizations that require student members to obtain community service hours.
- **Exhibits: Combo Normal School and Daphne Women's Study Club:** Mickey proposed this idea for next exhibit. All in agreement.
- **Antique Car Group:** Mickey will contact group when weather is cooler for a possible photo op with several members driving antique cars to museum site where they will remain for a couple of hours to allow time for visitors to come and see the vehicles.

- **New Business:** Mickey brought up the subject of approaching the city once again about the possibility of hiring a part time director for the museum. She gave Ken the file containing all the information concerning the former request, which was denied. This matter will be revisited.

There being no further business, the meeting was adjourned.

Respectfully submitted

Mickey Boykin, Secretary

Meeting Minutes
Monday, October 27, 2014 - 4:00 PM
City of Daphne - Environmental Advisory Committee
Daphne City Hall – Executive Boardroom

I. CALL TO ORDER

John Peterson called the meeting to order at 4:05 p.m.

Members Present: *John Peterson, Carl Pinyerd, Chester McConnell, Elliott Riser, Richard Johnson, Councilman John Lake, Councilman Pat Rudicell, Ashley Campbell and Michele T. Hanson.*

Absent: *Stan Arbaczauskas, Fred Nation, Art Hosey*

II. APPROVAL OF MINUTES & AGENDA:

A. Approval of Minutes:

Motion by Chester McConnell, seconded by Elliott Riser to approve the August 25, 2014 minutes. All in favor. Motion carried. Minutes were adopted.

B. Approval of Agenda:

Motion by Elliott Riser, seconded by Chester McConnell to approve the October 27, 2014 agenda with the addition under Old Business to nominate and elect a Chair and Vice Chair. All in favor. Motion carried.

III. PUBLIC PARTICIPATION:

No one present to address the committee.

IV. OLD BUSINESS:

A. Nominate Chair and Vice Chair

Motion by Don Ouellette, seconded by Elliott Riser to nominate Dr. Bret Webb as EAC Chairman. All in favor. Motion carried. No other nominations were presented.

Motion by Elliott Riser, seconded by Chester McConnell to nominate John Peterson as EAC Vice Chair. All in favor. Motion carried. No other nominations were presented.

B. Elect Chair and Vice Chair

Motion by Don Ouellette, seconded by Chester McConnell to elect Dr. Bret Webb as Chairman for the EAC. All in favor. Motion carried.

Motion by Elliott Riser, seconded by Chester McConnell to elect John Peterson as EAC Vice Chair. All in favor. Motion carried.

V. NEW BUSINESS:

A. CIAP RFQ Review - EAC Representative

John Peterson stated that his firm will be submitting on this and he will recuse himself from this. Ashley stated that the RFQ is due in by 31st of October and by November 15th choose a consultant to help us design the next grant restoration. Our part of the project is \$450,000.00 and NFWF has another \$550,000.00 to add to it. We don't have to have a representative from the committee, but this would be our voice on these projects. There will be approximately 15 proposals that you will review and vote on. John Lake will help and Dr. Webb will be asked to represent Daphne EAC.

B. Hydrology Study – Potential Stormwater Management Site – Land Acquisition

This is the 53 acres that is being offered as a donation to the city; 38 acres is uplands that can be used for development for stormwater management and restoration and the other 15 acres is wetlands that can be protected. A structure could be built that would last over time and provide protection and stormwater management. The committee requested that Ashley create a resolution that outlines the environmental benefits and study of reducing stormwater from I-10 @ the 13 interchange: protection of property; a map of projects; reduction of erosion into the lake; cost savings on future project. Richard Johnson stated if we own the property out right, when future ALDOT projects come along, we would already have something to offer. John Peterson requested that Ashley draft the resolution and send to the committee by email.

Meeting Minutes
Monday, October 27, 2014 - 4:00 PM
City of Daphne - Environmental Advisory Committee
Daphne City Hall – Executive Boardroom

VI. CHAIRMAN’S REPORT:

No Report.

VII. UPDATE ON PROJECTS:

A. NFWF Grant

For the I-10 to Highway 90 project (37 mile marker) , Goodwin Mills was chosen to design the project, they are in the preliminary stage and should be implemented this winter.

- D’Olive Creek
 - o I-10: will take a while to design, probably next year
 - o Hwy 90: Head-cut in Oakstone (Greg Jennings)
 - o CR 13: Starting Preliminary work on D’Olive from 13 to Victoria

B. Gator Alley

We have additional funds to help with the landscaping. The property owner has agreed to the price and the paperwork is being processed. We hope to have the property acquired in 30 days. Bids will go out after that. This has been a long time coming and it will be a beautiful and more functional spot once it is completed. Ashley stated that the project will include LID structures that can be used for workshops and training. Richard stated that Daphne Utilities has a pump station there that they will incorporate into the master design.

C. Forever Wild

Ashley went to the last meeting at 5 Rivers and brought our project up regarding the property North of I-10, west of Scenic Overlook (Valentine Island). We currently are not in the top 3, but talking about it has kept it on their radar.

D. Tiawasee Creek – CIAP Project – Land Donation

RFQ is out and due in Friday (October 31st) and hopefully will choose a consultant by November 15th. This is for stream restoration (severe head-cut) close to Pollard Road and Park Drive.

Ashley updated the committee of the concerns for a resident (Ms. Turner) that needed to be hooked up to the sewer system. DUMC & Ecumenical Ministries helped her get her sewer done.

VIII. FUTURE BUSINESS:

A. Upcoming Training:

Ashley informed the committee on some upcoming training in the State and here in Daphne.

- LID: Birmingham on November 4th – provided link to training site
- Trimble GPS (Daphne): November 19th – 20th at Daphne Fire Training Station

John Peterson would like to attend, Ashley to send information to him and Richard Johnson.

B. Next Meeting: December 22nd

Meeting was changed to Monday, December 15th at 4:00 p.m. before the Public Works Committee.

At the December meeting we will set the meeting dates for 2015 year.

IX. ADJOURN:

Motion by Carl Pinyerd, Seconded by Chester McConnell to adjourn.

Meeting adjourned at 4:57 p.m.

**The City of Daphne
Planning Commission Minutes
Regular Meeting of September 25, 2014
Council Chamber, City Hall - 5:00 P.M.**

Call to Order:

The regular meeting of the City of Daphne Planning Commission was called to order at 5:00 p.m. The number of members present constitutes a quorum.

Call of Roll:

Members Present:

Monty Montgomery
Don Terry
Larry Chason, Chairman
Ed Kirby, Vice Chairman
Ron Scott, Councilman
Hudson Sandefur

Staff Present:

Adrienne Jones, Director of Community Development
Jan Vallecillo, Planning Coordinator
Kevin Boucher, Attorney

The first order of business is the approval of the minutes.

Chairman asked for questions, comments or corrections to the minutes of *the regular meeting of August 21, 2014. There being none, the minutes are approved as submitted.*

The next order of business under new business is a subdivision exemption review for Atlas Bolar Estes.

An introductory presentation was given by Mr. Vincent Nicholson, a representative for Dorothy Allen, Executor, requesting a family land division by probated estate be exempt from the subdivision process for twenty-seven lots northeast of County Road 64 and 54.

Chairman asked for Commission questions or comments and stated that he had discussed this matter with the City Attorney prior to the meeting. Mr. Kirby stated the plan exists and has parcel numbers; therefore, we are not dealing with a subdivision, but rather an exemption. Mr. Boucher stated this application is not a subdivision which would have to follow the exemption method.

**The City of Daphne
Planning Commission Minutes
Regular Meeting of September 25, 2014
Council Chamber, City Hall - 5:00 P.M.**

Mr. Boucher stated the Commission should authorize staff to draft correspondence with language similar to: in accordance with Section VIII, Land Use and Development Ordinance, a division of land by a probated will and testament is not by definition a subdivision and falls outside the purview of our regulations.

Chairman asked for Commission questions or comments and a motion for approval.

A Motion was made by Mr. Scott and Seconded by Mr. Kirby stated that after review of the application and supporting documentation of the probated last will & testament of Atlas Bolar, the Commission has concluded that in accordance with Article VIII of the Land Use & Development Ordinance, property divided by a probated family estate is not by definition a subdivision. Thus, the proposed division does not fall under the subdivision regulations of the City of Daphne. There was no discussion on the motion. The Motion carried unanimously.

The next order of business is a site plan review for Tiawasee Creek - Verizon Wireless Cellular Tower.

An introductory presentation was given by Ms. Doria Durham, representative of Verizon Wireless, and Mr. Logan Locicero, representative of Tower Engineering Company, for a one hundred seventy foot monopole telecommunication tower west of the intersection of Well and Public Works Road.

Chairman asked for Commission questions or comments and commented on the proposed location of the tower. He asked in what zoning district is a telecommunication tower permitted. Ms. Jones stated a wireless telecommunications facility is permitted by special exception in a B-2, General Business; and by right in a C/I, Commercial/Industrial, district. The applicant has applied for the special exception and a variance for the setback adjacent to the residential property. The Ordinance refers to the use and not the zoning of the property. Chairman asked what happens to the approval of the site plan if the BZA denies the application. Ms. Jones stated the approval would be void.

Ms. Durham stated Verizon Wireless pursued the property to the north owned by the Baldwin County Board of Education, and were not successful, then chose this site as an alternative location.

Chairman asked for Commission questions or comments and a motion for approval.

**The City of Daphne
Planning Commission Minutes
Regular Meeting of September 25, 2014
Council Chamber, City Hall - 5:00 P.M.**

A Motion was made by Mr. Scott and **Seconded** by Mr. Terry to **grant site plan approval to Tiawasee Creek - Verizon Wireless Cellular Tower, contingent upon the approval of the special exception by the Board of Zoning Adjustment. There was no discussion on the motion. The Motion carried unanimously.**

The next order of business is a site plan review for TimberCreek Office Building.

An introductory presentation was given by Mr. Stephen Pasquale, representative of WP Construction, Inc., for a professional office building northwest of the intersection of Mill Lane and Timber Circle on Lot 10, TimberCreek Business Park.

Chairman asked for Commission questions or comments and expressed support of approval contingent upon the repair of the common detention pond during construction as outlined in the correspondence from the applicant. He asked about the presentation of the drainage narrative and addition of sidewalks.

Mr. Pasquale stated those issues have been addressed.

Ms. Jones stated the engineer has obtained error and omission insurance.

Mr. Boucher asked the Chairman to recognize Mr. James Pittman, attorney for the TimberCreek Property Owners Association, to speak to this issue.

Chairman opened the floor to public participation.

Mr. James Pittman, representative of TimberCreek Property Owners Association, stated the pond functioned properly previously, but cannot accommodate the additional storm water from the commercial development of TimberCreek Village Subdivision, which caused flooding on Pine Court. The Public Works Director has asked the POA to return the structure back to the original specifications, and the applicant has agreed to payment of that modification. He requested consideration of working together to fix the pond. Ms. Campbell commented on flooding in the area.

Mr. Schild, the owner of TimberCreek Office Building, commented that of all the developments from Alabama Highway 181 to Interstate 10, his four thousand square foot building was miniscule.

**The City of Daphne
Planning Commission Minutes
Regular Meeting of September 25, 2014
Council Chamber, City Hall - 5:00 P.M.**

Mr. Sandefur expressed his concern with the decision of the owner to offer his certificate of occupancy as collateral in the event the negotiations fail.

Chairman closed public participation. He asked for Commission questions or comments and a motion for approval.

A Motion was made by Mr. Hudson and Seconded by Mr. Scott to grant site plan approval to TimberCreek Office Building, contingent upon approval by the Public Works Director of the repair of the common detention pond of TimberCreek Subdivision. There was no discussion on the motion. The Motion carried unanimously.

The next order of business is site plan review for Chicken Salad Chick.

An introductory presentation was given by Mr. Doug Bailey, representative of Hutchinson, Moore & Rauch, of a modification to the approved site plan for Ollie's Restaurant northeast of the intersection of U.S. Highway 98 and Daphne Avenue. Prior to the requirement of detention, a weir was installed in the southeast ditch.

Chairman asked for Commission questions or comments and a motion for approval.

A Motion was made by Mr. Kirby and Seconded by Mr. Terry to grant site plan approval to Chicken Salad Chick. There was no discussion on the motion. The Motion carried unanimously.

The next order of business is site plan review for Olde Towne Daphne Water Treatment Facility.

An introductory presentation was given by Mr. Danny Lyndall, General Manager of the Utilities Board of the City of Daphne, and Ray Moore, a representative of Hutchinson, Moore & Rauch, for a renovation of the residence at 1608 6th Street to a water treatment facility. The existing facilities on 6th Street and Centennial Park which serve Montrose, Olde Towne Daphne and Village Pointe, are too small, and in need of repair and/or replacement. The modification replaces the process of chlorine gas with salt/bleach to disinfect water.

Chairman asked for Commission questions or comments.

Ms. Jones asked Mr. Lyndall to address provisions to limit noise sound.

**The City of Daphne
Planning Commission Minutes
Regular Meeting of September 25, 2014
Council Chamber, City Hall - 5:00 P.M.**

Mr. Moore stated to lessen noise; the unit will be contained inside the residence.

Chairman opened the floor to public participation.

Ms. Donna Dunn, 605 Church Avenue, addressed the Commission to ask how the renovation of this residence to a water treatment facility would affect her property values.

Mr. Scott commented on the beautiful job that Daphne Utilities did with the site on Well Road and asked her to meet with Mr. Lyndall and Mr. Moore to discuss the project.

Chairman asked for Commission questions or comments and a motion for approval.

A Motion was made by Mr. Terry and Seconded by Mr. Kirby to grant subdivision replat approval to Olde Towne Daphne Treatment Facility, to Replat Lots 5 and the south one-half of Lot 4, Dryer Subdivision. There was no discussion on the motion. The Motion carried unanimously.

A Motion was made by Mr. Terry and Seconded by Mr. Kirby to grant Planning Commission approval of a water treatment facility in an R-2 zoned district. There was no discussion on the motion. The Motion carried unanimously.

A Motion was made by Mr. Kirby and Seconded by Mr. Terry to grant site plan approval to Olde Towne Daphne Treatment Facility. There was no discussion on the motion. The Motion carried unanimously.

The next order of business is site plan review for Enterprise Rent-A-Car.

An introductory presentation was given by Mr. Don Gordon, representative of Don Gordon Construction, for a two thousand five hundred square foot sales office and associated parking. The storm water runoff will be reduced by the addition of one thousand square feet of landscaping.

Mr. Gordon stated the carwash will be inside the building with an oil interceptor installed connecting the drain and trash dumpster to sanitary sewer.

Chairman commented that a NPDES permit is required. The owner has requested to waive the installation of sidewalks. He asked for Commission questions or comments and a motion for approval.

**The City of Daphne
Planning Commission Minutes
Regular Meeting of September 25, 2014
Council Chamber, City Hall - 5:00 P.M.**

A **Motion** was made by Mr. Kirby and **Seconded** by Mr. Terry **to grant site plan approval to Enterprise Rent-A-Car. There was no discussion on the motion. The Motion carried unanimously.**

The next order of business is site plan review for an unknown Franchise Hotel.

An introductory presentation was given by Mr. Pankaj "Pete" Patel, representative of P & R Property Investments, for a proposed franchised hotel northeast of the intersection of Alabama Highway 181 and Sawwood Drive. There is no plan to move forward with construction. Part of the arbitration agreement with the Architect asks for an approved site plan. Therefore, I am seeking approval conditioned upon revisions of the plans to current regulations being submitted at the time of construction. The plans presented were approved in 2010.

Chairman asked for Commission questions or comments.

Ms. Jones stated the plans may have been approved by the Building Department and the State, but not the Planning Commission. Mr. Patel asked to table the application prior to presentation to the Planning Commission. The Section(s) of the Land Use and Development Ordinance of which the plan does not comply was not revised in 2011.

Chairman stated we are not in a position to act on this application until a complete site is submitted.

Mr. Patel stated if a conditional approval cannot be done, I would like to withdraw the application.

The next order of business is an administrative presentation for Genesis Career College.

An introductory presentation was given by Mr. Pratt Thomas, representative of Merrill Thomas Company, asking for Planning Commission approval to allow Genesis Career College to operate in a B-2 zoning district at 2200 U.S. Highway 98. The tenant and a community partner would like to lease a portion of the building, with adequate associated parking in the rear, for a medical assistant program.

Chairman asked for Commission questions or comments and a motion for approval.

**The City of Daphne
Planning Commission Minutes
Regular Meeting of September 25, 2014
Council Chamber, City Hall - 5:00 P.M.**

A Motion was made by Mr. Kirby and **Seconded** by Mr. Scott **to grant Planning Commission approval to Genesis College to operate in a B-2 zoning district at 2200 U.S. Highway 98. There was no discussion on the motion. The Motion carried unanimously.**

The next order of business is an administrative presentation for Apalachee Residential Community.

An introductory presentation was given by Dr. Barry Booth and Ms. Celia Wallace, the owners, requesting consideration of the approval of a two-year extension for the site disturbance permit issued for Apalachee Residential Community.

Chairman asked for Commission questions or comments. He commented that the Site Preview meeting, Dr. Booth agreed to present a complete set of plans at the time of construction.

Mr. Scott commented that he had voted for the project while on Planning Commission and City Council and asked if this extension is approved will it be the last request.

Dr. Booth stated no.

Chairman asked for Commission questions or comments and a motion for approval.

A Motion was made by Mr. Kirby and **Seconded** by Mr. Sandefur **to grant a two-year extension for the site disturbance permit issued to the Apalachee Residential Community set to expire on November 15, 2016. The Motion carried. Five members voted in the affirmative and one dissented (Mr. Scott).**

The next order of business is Planning Commission discussion.

Ms. Campbell referenced the D'Olive Creek Watershed study and requested review and comments from the Commission. The information contained in the study will provide assistance with the restoration of watersheds, retrofitting, and indicates areas eligible for common detention that may be limited because of topography. The Planning Commission asked questions and Ms. Campbell asked for additional comments in writing.

The next order of business is public participation.

Chairman asked for public participation. No one came forward. He closed public participation.

Chairman commented on correspondence received regarding annexation and development of the property at County Road 13 and 64, and asked Staff to prepare a letter to acknowledge receipt of the correspondence.

The next order of business is the attorney's report.

Mr. Boucher stated no report.

The next order of business is commissioner's comments.

Chairman opened the floor for nominations for Chairman. Mr. Scott nominated Mr. Chason. The nominations were closed. With no other nominations, Mr. Chason is Chairman.

Chairman opened the nominations for Vice Chairman. Mr. Scott nominated Mr. Kirby. Mr. Kirby stated his term expires October 31, 2014, has not been reappointed, and could not accept the nomination. Mr. Scott nominated Mr. Terry. The nominations were closed. With no other nominations, Mr. Terry is Vice Chairman.

Chairman opened the nominations for Secretary. Mr. Terry nominated Mr. Montgomery. The nominations were closed. With no other nominations, Mr. Montgomery is Secretary.

Mr. Kirby commented on the expiration of his term, the length of service on the Planning Commission, and expressed his gratitude to the Commission if he is not reappointed for another term.

The next order of business is director's comments.

Ms. Jones presented the following:

The announcement of appointment of the new Planning Commission member of Dwayne Smith by Mayor Dane Haygood to fill the remaining one-year term of Joe Lemoine.

The Mobile River Bridge meetings will be held at 5 Rivers on September 29, 2014 from 4 to 8 p.m., and requested members to complete a comment form in support of the project.

The upcoming meeting dates are site preview, October 15, and regular meeting, October 23, 2014.

Expressed appreciation for Mr. Kirby's service to the Planning Commission.

There being no further business, the meeting was adjourned at 6:52 p.m.

Respectfully submitted by:



Jan Vallecillo, Planning Coordinator

Approved: October 23, 2014



Larry Chason, Chairman



1. **CALL TO ORDER: DATE OF REPORT: OCTOBER 27, 2014**
2. **CALL OF ROLL: LARRY CHASON, ED KIRBY, RON SCOTT, HUDSON SANDEFUR AND DWAYNE SMITH**
3. **APPROVAL OF MINUTES:**

Review of minutes for the regular meeting of September 25, 2014. (**APPROVED AS SUBMITTED**)
4. **NEW BUSINESS:**

A. SUBDIVISION EXEMPTION REVIEW:

1. **File SRP14-11: (APPROVED)**

Subdivision: Replat of a part of property for George Kalasountas

Zoning(s): *RSF-1, Single Family Residential, Baldwin County District 15, in the Extraterritorial Planning Jurisdiction of Daphne*

Location: On the south side of U.S. Highway 90 at Renaissance Boulevard

Area: 14 Acres \pm , (2) lots

Owner: George Kalasountas

Engineer: Coleman Engineering Group of McCrory & Williams - Daryl Russell

2. **File SRP14-12: (APPROVED)**

Subdivision: A replat of property for George Kalasountas

Present Zoning(s): *RSF-1, Single Family Residential, Baldwin County District 15, in the Extraterritorial Planning Jurisdiction of Daphne*

Proposed pre-zoning: *(See Z14-02) & propopsed annexation (See ANX14-04)*

Location: On the south side of U.S. Highway 90 at Renaissance Boulevard

Area: 17.82 Acres \pm , (3) lots

Owner: George Kalasountas

Engineer: Coleman Engineering Group of McCrory & Williams - Daryl Russell

B. BROOKHAVEN SUBDIVISION, UNIT TWO, PART B:

1. **File SDF14-04: FINAL PLAT REVIEW (APPROVED)**

Subdivision: Brookhaven, Unit Two, Part B

Present Zoning: *R-3, High Density Single Family Residential*

Location: Northwest of the intersection of Whispering Pines Road and County Road 13

Area: 6.74 Acres \pm , (18) lots

Owner: Feliciter Investment Group, L.L.C. - Nathan Cox

Engineer: Preble-Rish - Steve Pumphrey or Jason Estes

**CITY OF DAPHNE
PLANNING COMMISSION AGENDA
REGULAR MEETING OF OCTOBER 23, 2014 REPORT
COUNCIL CHAMBERS, CITY HALL - 5:00 P.M.**

2. File AP14-13: PETITION FOR STREET ACCEPTANCE

Presentation to be given Adrienne Jones, Director of Community Development or Richard Johnson, Public Works Director, recommending acceptance of all right-of-ways contained within Brookhaven Subdivision, Unit Two, Part B. Said right-of-ways being named Gramercy Lane (388 linear feet), Riverton Court (105 linear feet), and Bainbridge Drive (633 linear feet). UNANIMOUS FAVORABLE RECOMMENDATION TO CITY COUNCIL

C. PRELIMINARY/FINAL PLAT REVIEW:

1. File SDPF14-11: PUBLIC HEARING - (DUE TO THE LACK OF A SUPER MAJORITY OF MEMBERS PRESENT, ITEM TABLED UNTIL OCTOBER 30, 2014 MEETING)

Subdivision: Brookins Subdivision (*Resubdivision of Lots 40 - 43, Riverside Farm Estates, Unit 1*)

Zoning(s): *RSF-E, Residential Single Family Estate, Baldwin County District 15, in the Extraterritorial Planning Jurisdiction of Daphne*

Location: The intersection of County Road 54 and River Road

Area: 20.59 Acres \pm , (6) lots

Owner(s): Henry Brookins

Agent: Barton & Shumer Engineering - David Shumer

Engineer: Geo-Surveying - Matt or Jima Kountz

2. File SDPF14-13: PUBLIC HEARING - (DUE TO THE LACK OF A SUPER MAJORITY OF MEMBERS PRESENT, ITEM TABLED UNTIL OCTOBER 30, 2014 MEETING)

Subdivision: The Preserve at Tiawasee

Present Zoning(s): *RSF-2, Single Family Residential, Baldwin County District 15, in the Extraterritorial Planning Jurisdiction of Daphne*

Proposed Annexation: (*See ANX14-03*)

Location: West of the Estates of Tiawasee Subdivision and southeast of the intersection of Park Drive and Pollard Road

Area: 51.33 Acres \pm , (3) lots

Owner(s): Provision Investments, L.L.C. - Geoff Lane

Engineer: Preble-Rish - Steve Pumphrey

**CITY OF DAPHNE
PLANNING COMMISSION AGENDA
REGULAR MEETING OF OCTOBER 23, 2014 REPORT
COUNCIL CHAMBERS, CITY HALL - 5:00 P.M.**

3. File SDPF14-13: PUBLIC HEARING - (DUE TO THE LACK OF A SUPER MAJORITY OF MEMBERS PRESENT, ITEM TABLED UNTIL OCTOBER 30, 2014 MEETING)

Subdivision: Lot 1 & 2, Resubdivision of Lot 1, TimberCreek Business Park, Unit 2

Zoning(s): *B-2, General Business*

Location: Southwest of the intersection of Mill Lane and McSara Court

Area: 1.11 Acres \pm , (2) lots

Owner(s): BPC Land, L.L.C. - Patricia Boltz

Developer: J. Steddman McMurphy, Jr. and Gregory Sweeney, Jr.

Engineer: Jade Consulting - Trey Jinright

D. SITE PLAN REVIEW:

1. File SP14-13: (APPROVED)

Site: Trustmark Bank Service Road

Zoning(s): *B-3, Professional Business, and B-2, General Business*

Location: South of the right-of-way of Millwood Circle, west of Alabama Highway 181

Area: 0.14 \pm Acres

Owner: Strickland Family Limited Partnership

Developer: Trustmark Banking & Financial Solutions

Engineer: Hutchinson, Moore & Rauch - Scott Hutchinson

E. ADMINISTRATIVE PRESENTATION - Extension Requests for Projects Approved Prior to September 1, 2011:

1. Presentation to be given by Mr. Steve Pumphrey, representing Preble-Rish, requesting an extension of time for the approval of the preliminary plat for Caroline Woods Subdivision, Phase Two C and D. The preliminary plat was approved by the Planning Commission on April 22, 2010. One year extension was granted on December 15, 2011 and a two-year extension on November 15, 2012. (APPROVAL OF A ONE-YEAR EXTENSION SET TO EXPIRE ON OCTOBER 23, 2015)

2. Presentation to be given by Mr. Steve Pumphrey, representing Preble-Rish, requesting an extension of time for the approval of the preliminary plat for Caroline Woods Subdivision, Phase Three A & B. The preliminary plat was approved by the Planning Commission on November 18, 2010. One-year extension was granted on December 15, 2011 and a two-year extension on November 15, 2012. (APPROVAL OF A ONE-YEAR EXTENSION SET TO EXPIRE ON OCTOBER 23, 2015)

CITY OF DAPHNE
PLANNING COMMISSION AGENDA
REGULAR MEETING OF OCTOBER 23, 2014 REPORT
COUNCIL CHAMBERS, CITY HALL - 5:00 P.M.

F. PETITIONS:

1. PROVISIONS INVESTMENTS, L.L.C.

- (a) ANNEXATION REVIEW: (DUE TO THE LACK OF A SUPER MAJORITY OF MEMBERS PRESENT, ITEM TABLED UNTIL OCTOBER 30, 2014 MEETING)**

File ANX14-03:

Presentation to be given by Mr. Steve Pumphrey, representing Preble-Rish, requesting annexation of a fifty-one point three three acre parcel into the City of Daphne located west of the Estates of Tiawasee Subdivision and southeast of the intersection of Park Drive and Pollard Road with R-1, Low Density Single Family, zoning. The subject property is currently zoned RSF-2, Single Family Residential, Baldwin County District 15, in the Extraterritorial Planning Jurisdiction of Daphne. Provision Investments, L.L.C. - Geoff Lane.

2. GEORGE KALASOUNTAS:

- (a) PRE-ZONING AMENDMENT: PUBLIC HEARING - (DUE TO THE LACK OF A SUPER MAJORITY OF MEMBERS PRESENT, ITEM TABLED UNTIL OCTOBER 30, 2014 MEETING)**

File Z14-02: George Kalasountas

Present Zoning(s): RSF-1, Single Family Residential, Baldwin County District 15, in the Extraterritorial Planning Jurisdiction of Daphne

Proposed Zoning(s): B-2, General Business, R-7 (T) Townhouse and R-1, Low Density Single Family Residential

Location: On the south side of U.S. Highway 90 at Renaissance Boulevard

Area: 17.82 Acres ±

Owner(s): George Kalasountas

Engineer: Coleman Engineering Group of McCrory & Williams - Daryl Russell

CITY OF DAPHNE
PLANNING COMMISSION AGENDA
REGULAR MEETING OF OCTOBER 23, 2014 REPORT
COUNCIL CHAMBERS, CITY HALL - 5:00 P.M.

- (b) **ANNEXATION REVIEW: (DUE TO THE LACK OF A SUPER MAJORITY OF MEMBERS PRESENT, ITEM TABLED UNTIL OCTOBER 30, 2014 MEETING)**

File ANX14-04:

Presentation to be given by Mr. Daryl Russell, representing Coleman Engineering Group of McCrory & Williams, requesting annexation of a seventeen point eight two acre parcel into the City of Daphne located southwest of the intersection of U.S. Highway 90 and Alabama Highway 181 with B-2, General Business, R-7 (T) Townhouse and R-1, Low Density Single Family Residential, zoning. The subject property is currently zoned RSF-1, Single Family Residential, Baldwin County District 15, in the Extraterritorial Planning Jurisdiction of Daphne. George Kalasountas.

- G. **PLANNING COMMISSION DISCUSSION: PLANNED UNIT DEVELOPMENT -**
No discussion

5. **PUBLIC PARTICIPATION**

6. **ATTORNEY'S REPORT: Tiawasee POA vs. the City of Daphne Planning Commission & City Council trial set for Thursday, January 8, 2014 in Bay Minette**

7. **COMMISSIONER'S COMMENTS**

8. **DIRECTOR'S COMMENTS: Special Meeting set for Thursday, October 30, 2014**

9. **ADJOURNMENT**



Accepted by:
Robert Segalla
Chairman, Daphne Utilities

Daphne Utilities

APPROVED MINUTES

Utilities Board Meeting

City of Daphne Council Chambers ♦ October 1 (September), 2014 ♦ 5:00 p.m.

I. Call to Order

The regular September 2014 Board meeting for the Utilities Board of the City of Daphne was held on October 1, 2014 and called to order by Chairman Robert Segalla, at 5:01 p.m., proceeded by the Roll Call:

II. Roll Call

Members Present: Robert Segalla, Chairman
Randy Fry, Vice Chairman
Fenton Jenkins, Secretary/Treasurer
Dane Haygood, Mayor – arrived at 5:16 pm
Billy Mayhand

Others Absent:

Others Present: Jerry Speegle – Board Attorney
Danny Lyndall –General Manager
Drew Klumpp – Administrative Services Manager
Teresa Logiotatos – Finance Manager
Lori May-Wilson – Executive Assistant
Melinda Immel – Volkert & Associates
Ray Moore – HMR

Others Absent:

III. Pledge of Allegiance

The Chairman led the Board and meeting attendees in the Pledge of Allegiance.

IV. Approval of Minutes

A. Utilities Board Minutes from August 27, 2014:

The Chairman inquired if there were any corrections noted for the submitted Minutes for the August 27th, 2014, Utilities Board meeting. No corrections were recommended.

MOTION BY Billy Mayhand to approve the Minutes for August 27, 2014 as submitted; Seconded by Fenton Jenkins.

AYE: FRY, JENKINS, MAYHAND, SEGALLA

NAY:

ABSENT: HAYGOOD

ABSTAIN:

MOTION CARRIED

V. OLD BUSINESS –

A. Items in Abeyance:

1. Update on Franchise Agreement for Natural Gas and Wastewater in Spanish Fort

Danny Lyndall advised the Board that while there was no new information to report, a meeting has been scheduled for him to meet with Mayor McMillan.

VI. NEW BUSINESS –

A. Election of Utility Board officers (Board Action – Motion)

a) Chairman

The Chairman requested nominations for Chairman.

MOTION BY Randy Fry to nominate Bob Segalla as Chairman

AYE:

NAY:

ABSENT:

ABSTAIN:

Fenton Jenkins requested that the elections take place in the Board Action section of the meeting. Randy Fry withdrew his Motion.

b) Vice-Chairman

c) Secretary/Treasurer

B. Recommendation for Award: Bypass Pumping Facilities for the I-10 Lift Station - Phase B (Volkert Proj. #408154.06 B) (Board Action – Motion)

The Chairman advised that this will be handled in the Board Action portion of the meeting.

C. FY2015 Proposed Budget (to be distributed at October 1 Board meeting)

The Chairman advised that this will be handled in the Board Action portion of the meeting.

VII. BOARD ATTORNEY'S REPORT

Mr. Speegle advised that he had nothing further to add to his report.

VIII. FINANCIAL REPORT

Teresa Logiotatos reported to the Board that inventory is underway and will be reported in the coming months. She then reviewed various reports in the financials and answered questions from the Board.

IX. GENERAL MANAGER'S REPORT

A. GM Report

Mr. Lyndall advised the Board of the concern regarding the proposed budget and the current rate structure and a discussion followed regarding the proper protocol for amending Resolution 2013-05 that instituted the 3-year rate increase.

Mayor Haygood arrived at 5:16 pm.

B. Operations Report

Danny Lyndall noted for the Board the insert in their board books from ADEM and UNC Environmental Finance Center regarding Water and Sewer Rates and Rate Structures in Alabama. He then acknowledged Melinda Immel and she informed the Board of the project for the Bypass Pumping Facilities for the I-10 Lift Station – Phase B, for which the Board would vote under Board Action. Mr. Ray Moore made a presentation for the Board regarding the completion of sewerage areas in the City of Daphne and answered questions from the Board. Board member Billy Mayhand requested a copy of the map that Mr. Moore presented; Mayor Dane Haygood requested a breakdown with a prospective number of customers for sewer for each project and the incremental revenue that could be generated assuming percentages of hookups to understand how it affects the top line numbers. A discussion followed regarding referencing pumps for customers and the possibility of potential insurance for grinder pumps.

C. **Engineering & Consulting Reports**

Ray Moore of HMR updated the Board on the water storage projects on Douglas Road and Sixth Street Water Treatment Facility and advised of lost capacity on Wells #1 and #2.

X. **BOARD ACTION –**

A. **MOTION** to Elect Utility Board officers:

a) Chairman

MOTION BY Randy Fry to nominate Bob Segalla as Chairman

AYE: Fry, Haygood, Jenkins, Mayhand, Segalla

NAY:

ABSENT:

ABSTAIN:

MOTION CARRIED

b) Vice-Chairman

MOTION by Billy Mayhand to nominate Fenton Jenkins as Vice-Chairman.

MOTION by Bob Segalla to nominate Randy Fry as Vice-Chairman.

Fenton Jenkins requested that since there were two nominations that the vote be polled and recorded.

MOTION by Billy Mayhand to nominate Fenton Jenkins as Vice-Chairman

AYE BY A SHOW OF HANDS: Haygood, Jenkins, Mayhand

NAY:

ABSENT:

ABSTAIN:

MOTION CARRIED

c) Secretary/Treasurer

MOTION by Mayor Dane Haygood to nominate Randy Fry as Secretary/Treasurer:

AYE: Fry, Haygood, Jenkins, Mayhand, Segalla

NAY:

ABSENT:

ABSTAIN:

MOTION CARRIED

B. MOTION TO AWARD: Bypass Pumping Facilities for the I-10 Lift Station - Phase B (Volkert Project #408154.06 B) (Board Action – Motion)

MOTION by Randy Fry to accept the low bidder of W. R. Mitchell, Contractor, Inc. without the Additive Alternate for Bypass Pumping Facilities for the I-10 Lift Station – Phase B - Volkert Contract No. 408154.06B in the amount of \$375,300; Seconded by Mayor Dane Haygood.

AYE: *Fry, Haygood, Jenkins, Mayhand, Segalla* NAY: ABSENT: ABSTAIN: **MOTION CARRIED**

XI. PUBLIC PARTICIPATION –

Mrs. Wilson reminded the Board members of the training brochure from Alabama Rural Water Association and the Chairman advised that the members should notify Mrs. Wilson by October 7th if they will be attending in order to register.

The Chairman requested input to schedule a Finance Committee Meeting to discuss the proposed budget. It was recommended to hold the meeting on October 8th at 6:30 PM at the Daphne Utilities Central Services Facilities.

Mr. Lyndall reiterated the inadvertent oversight of the Resolution issue relative to the concern about the rates.

XII. BOARD COMMENTS –

Mayor Haygood expressed positive comments he received from the community regarding the new General Manger.

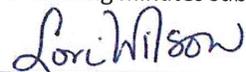
XIII. ADJOURNMENT -

MOTION BY Billy Mayhand to adjourn.

AYE: *Fry, Haygood, Jenkins, Mayhand, Segalla* NAY: ABSENT: ABSTAIN: **MOTION CARRIED**

The meeting adjourned at 5:53 p.m.

Preceding minutes submitted to the Daphne Utilities Board by:



Lori Wilson, Executive Assistant, Daphne Utilities

Oct 27 2014 1:42PM HP Fax

Fresh Market

They currently have an alcohol license
They are only changing from "off premises"
to "on or off premises"

acct
11600

CASE NO. _____

Thank you

ABC LICENSE ROUTING

DATE RECEIVED BY REVENUE DIV. 10-27-14 (initial) aa

DATE FORWARDED TO POLICE DEPT. 10-27-14 aa

DATE RECEIVED BY POLICE DEPT. 10-27-14 JH

DATE: APPROVED DISAPPROVED _____

POLICE DEPT SIGNATURE [Signature]

DATE RETURNED TO REVENUE DIV. 10-27-14 JH

DATE FORWARDED TO CITY CLERK 10-28-14 [Signature]

DATE RECEIVED BY CITY CLERK 10-28-14 RH

SCHEDULED DATE ON AGENDA 11-03-14 RH

Council Action: _____ APPROVED _____ DISAPPROVED _____ TABLED

COMMENTS: _____

Rescheduled for Council Agenda Date: _____

Council Action: _____ APPROVED _____ DISAPPROVED _____ TABLED

COMMENTS: _____

DATE RETURNED TO REVENUE DIV.: _____

DATE RETURNED TO TAXPAYER _____
OR TO ABC FIELD OFFICE _____ (per taxpayer request)

Please fax back to Revenue @ 621-6904-



**STATE OF ALABAMA
ALCOHOLIC BEVERAGE CONTROL BOARD
ALCOHOL LICENSE APPLICATION**



Confirmation Number: 20141020160906497

Type License: 040 - RETAIL BEER (ON OR OFF PREMISES) **State:** \$150.00 **County:** \$75.00

Type License: 060 - RETAIL TABLE WINE (ON OR OFF PREMISES) **State:** \$150.00 **County:** \$75.00

Trade Name: THE FRESH MARKET **Filing Fee:** \$100.00

Applicant: THE FRESH MARKET INC **Transfer Fee:**

Location Address: 6900 US HIGHWAY 90; SUITE 2 DAPHNE, AL 36526

Mailing Address: 628 GREEN VALLEY ROAD; SUITE 500 GREENSBORO, NC 27408

County: BALDWIN **Tobacco sales:** YES **Tobacco Vending Machines:** 0

NO **Type Ownership:** CORPORATION

Book, Page, or Document info: 000000

Date Incorporated: 11/05/2010 **State incorporated:** DE **County Incorporated:**

Date of Authority: 11/05/2010 **Alabama State Sales Tax ID:** 680017751

Name: **Title:** **Date and Place of Birth:** **Residence Address:**

JEFFREY CLARK ACKERMAN 33222826 - NC	SENIOR VICE PRESIDENT	05/13/1963 LANSING, MICHIGAN	5 FERN BLUFF COURT GREENSBORO, NC 27410
RONALD CRAIG CARLOCK JR 23459918 - NC	PRESIDENT	11/10/1966 KANSAS CITY, KS	725 HOOD PLACE GREENSBORO, NC 27408
SCOTT FRANCIS DUGGAN 34254767 - NC	SVP / GEN COUNSEL / SECR	11/06/1965 BOSTON, MA	1811 TIFFANY PLACE GREENSBORO, NC 27408

Has applicant complied with financial responsibility ABC RR 20-X-5-.14? YES

Does ABC have any actions pending against the current licensee? NO

Has anyone, including manager or applicant, had a Federal/State permit or license suspended or revoked? NO

Has a liquor, wine, malt or brewed license for these premises ever been denied, suspended, or revoked? NO

Are the applicant(s) named above, the only person(s), in any manner interested in the business sought to be licensed? YES

Are any of the applicants, whether individual, member of a partnership or association, or officers and directors of cooperation itself, in any manner monetarily interested, either directly or indirectly, in the profits of any other class of business regulated under authority of this act? NO

Does applicant own or control, directly or indirectly, hold lien against any real or personal property which is rented, leased or used in the conduct of business by the holder of any vinous, malt or brewed beverage, or distilled liquors permit or license issued under authority of this act? NO

Is applicant receiving, either directly or indirectly, any loan, credit, money, or the equivalent thereof from or through a subsidiary or affiliate or other licensee, or from any firm, association or corporation operating under or regulated by the authority of this act? NO

Contact Person: JAMES BASLER

Business Phone: 251-626-1422

Fax: 251-626-8018

Home Phone: 251-626-1422

Cell Phone:

E-mail: SMSTORE151@THEFRESHMARKET.NET

PREVIOUS LICENSE INFORMATION:

Trade Name: THE FRESH MARKET

Applicant: THE FRESH MARKET INC

Previous License Number(s)

License 1: 050-010118302-420

License 2: 070-010118302-420



**STATE OF ALABAMA
ALCOHOLIC BEVERAGE CONTROL BOARD
ALCOHOL LICENSE APPLICATION**



Confirmation Number: 20141020160906497

If applicant is leasing the property, is a copy of the lease agreement attached? **YES**
 Name of Property owner/lessor and phone number: L-A DAPHNE LLC 205-618-9455
 What is lessors primary business? **LANDLORD**
 Is lessor involved in any way with the alcoholic beverage business? **NO**
 Is there any further interest, or connection with, the licensee's business by the lessor? **NO**

Does the premise have a fully equipped kitchen? **YES**
 Is the business used to habitually and principally provide food to the public? **YES**
 Does the establishment have restroom facilities? **YES**
 Is the premise equipped with services and facilities for on premises consumption of alcoholic beverages? **YES**

Will the business be operated primarily as a package store? **NO**
 Building Dimensions Square Footage: **19907** Display Square Footage:
 Building seating capacity: **16** Does Licensed premises include a patio area? **YES**
 License Structure: **ONE STORY** License covers: **ENTIRE STRUCTURE**
 Number of licenses in the vicinity: **3** Nearest: **.1**
 Nearest school: **1 miles** Nearest church: **1 miles** Nearest residence: **.2 miles**
 Location is within: **CITY LIMITS** Police protection: **CITY**

Has any person(s) with any interest, including manager, whether as sole applicant, officer, member, or partner been charged (whether convicted or not) of any law violation(s)?

Name:	Violation & Date:	Arresting Agency:	Disposition:



STATE OF ALABAMA ALCOHOLIC BEVERAGE CONTROL BOARD

ALCOHOL LICENSE APPLICATION



Confirmation Number: 20141020160906497

Initial each

Signature page

JP

In reference to law violations, I attest to the truthfulness of the responses given within the application.

JP

In reference to the Lease/property ownership, I attest to the truthfulness of the responses given within the application.

JP

In reference to ACT No. 80-529, I understand that if my application is denied or discontinued, I will not be refunded the filing fee required by this application.

JP

In reference to Special Retail or Special Events retail license, I agree to comply with all applicable laws and regulations concerning this class of license, and to observe the special terms and conditions as indicated within the application.

JP

In reference to the Club Application information, I attest to the truthfulness of the responses given within the application.

JP

In reference to the transfer of license/location, I attest to the truthfulness of the information listed on the attached transfer agreement.

JP

In accordance with Alabama Rules & Regulations 20-X-5-.01(4), any social security number disclosed under this regulation shall be used for the purpose of investigation or verification by the ABC Board and shall not be a matter of public record.

JP

The undersigned agree, if a license is issued as herein applied for, to comply at all times with and to fully observe all the provisions of the Alabama Alcoholic Beverage Control Act, as appears in Code of Alabama, Title 28, and all laws of the State of Alabama relative to the handling of alcoholic beverages.

The undersigned, if issued a license as herein requested, further agrees to obey all rules and regulations promulgated by the board relative to all alcoholic beverages received in this State. The undersigned, if issued a license as herein requested, also agrees to allow and hereby invites duly authorized agents of the Alabama Alcoholic Beverage Control Board and any duly commissioned law enforcement officer of the State, County or Municipality in which the license premises are located to enter and search without a warrant the licensed premises or any building owned or occupied by him or her in connection with said licensed premises. The undersigned hereby understands that he or she violate any provisions of the aforementioned laws his or her license shall be subject to revocation and no license can be again issued to said licensee for a period of one year. The undersigned further understands and agrees that no changes in the manner of operation and no deletion or discontinuance of any services or facilities as described in this application will be allowed without written approval of the proper governing body and the Alabama Alcoholic Beverage Control Board.

JP

I hereby swear and affirm that I have read the application and all statements therein and facts set forth are true and correct, and that the applicant is the only person interested in the business for which the license is required.

Applicant Name (print): *James B. Pittman Jr Attorney in Fact*

Signature of Applicant: *[Handwritten Signature]*

Notary Name (print): *Andrea L. Willis*

Notary Signature: *Andrea L Willis*



Commission expires:

Application Taken:	App. Inv. Completed:	Forwarded to District Office:
Submitted to Local Government:	Reviewed by Supervisor:	Received from Local Government:
Received in District Office:		Forwarded to Central Office:

Receipt Confirmation Page

Receipt Confirmation Number: **20141020160906497**
Application Payment Confirmation Number: 11998556

Payment Summary	
Payment Item	Fee
Application Fee for License 040 and License 060	\$100.00
Total Amount to be Charged	\$100.00

License Payment Confirmation Number:

Payment Summary			
Payment Item	County Fee	State Fee	Total Fee
040 - RETAIL BEER (ON OR OFF PREMISES)	\$75.00	\$150.00	\$225.00
060 - RETAIL TABLE WINE (ON OR OFF PREMISES)	\$75.00	\$150.00	\$225.00
Total Amount to be Charged	\$150.00	\$300.00	\$450.00

Application Type

Application Type: APPLICATION

Applicant Information

License Type 1: 040 - RETAIL BEER (ON OR OFF PREMISES)
License Type 2: 060 - RETAIL TABLE WINE (ON OR OFF PREMISES)
License County: BALDWIN
Business Type: CORPORATION
Trade Name: **THE FRESH MARKET**
Applicant Name: **THE FRESH MARKET INC**
Location Address: 6900 US HIGHWAY 90; SUITE 2
DAPHNE, AL 36526

Mailing Address: 628 GREEN VALLEY ROAD; SUITE 500
GREENSBORO, NC 27408

Contact Person: JAMES BASLER
Contact Phone: 251-626-1422
Contact Business Phone: 251-626-1422
Contact Fax: 251-626-8018
Contact Cell Phone:
Contact Email Address:
Contact Web Address:



City of Daphne Event Permit Application

Date of Application: October 28, 2014 Permit Requested: Event/Fundraiser Parade/Run Band

Contact Information

Organization Name: S.E.E.D.S.

Contact Name: Gale Croft E-mail Address: seedsindaphne@gmail.com

Address: _____

Primary Phone Number: 655-7333 Street / P.O. Box City/State/Zip Code Secondary: _____

Event Information

Event Name: 11th Annual Classic Rock 5K & 1 Mi. Fun Run Event Date: March 7, 2015

Event Location: See Attached Map # Participants/Vehicles: 1,500 People

Start Time: 8:00 a.m. Stop Time: 11:30 a.m. Assembly Time: 7:00 a.m.

Special Requests: The same support provided previously by Public Works, Police, Fire and Recreation Departments

Road Closures Requested: Yes No

Special Instructions

Approval: Internal Use Only

Date Routed: October 28, 2014

Fire Dept: *[Signature]*

Police Dept: *[Signature]*

Public Works: *[Signature]*

Parks & Recreation: *[Signature]*

Only required if event interrupts traffic near Daphne parks

For Special Event/Band Permits:

Council Member: _____
District # Signature

For Parade/Run Permits & Use of City Grounds:

City Council: _____
Date of Approval

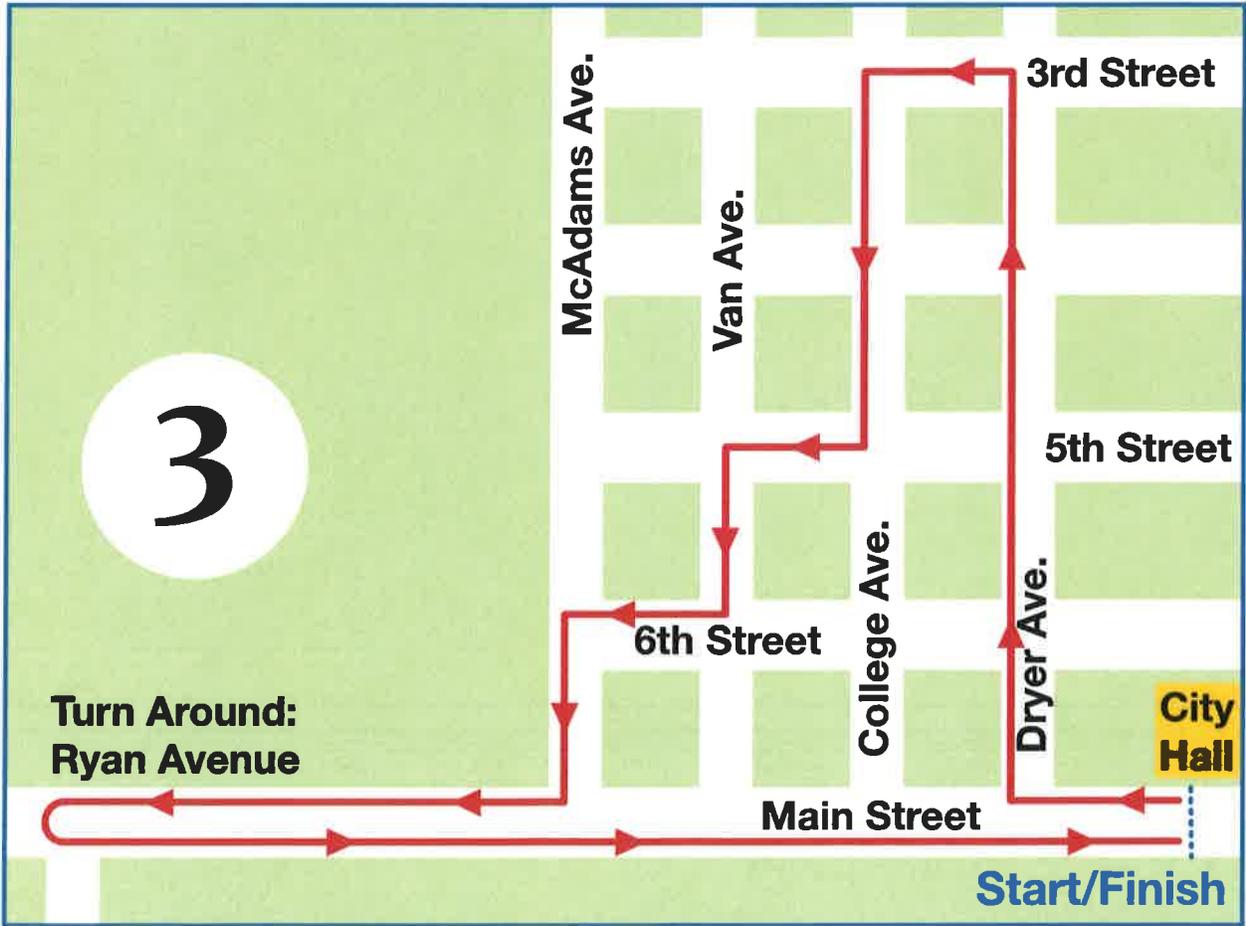
Not valid unless stamped "Approved"

Parade/Run Permits ONLY

Fee Paid: \$ _____ N/A Waived

Insurance Filed N/A

Route Selection: 1 2 3 4





City of Daphne Event Permit Application

Date of Application: 10/23/2014 Permit Requested: Event/Fundraiser Parade/Run Band

Contact Information

Organization Name: Connect Events
Contact Name: Bobby Callahan E-mail Address: bobby@connectevents.net
Address: 1431 Capital Ave Suite 123 Watkinsville, GA 30677
Primary Phone Number: Street / P.O. Box 706.310.6053 ext. 116 City/State/Zip Code Secondary: n/a

Event Information

Event Name: Chick-fil-A Connect Race Daphne, AL Event Date: 5/2/2014^S
Event Location: City Hall, Daphne, AL # Participants/Vehicles: 250
Start Time: 7:00AM Stop Time: 10:00AM Assembly Time: 8:00AM
Special Requests: Permission to arrive on site earlier in the morning to set up race equipment
(scaffolding and course directional aides) Road Closures Requested: Yes No

Special Instructions

Approval: Internal Use Only

Date Routed: 10-28-14
Fire Dept: [Signature]
Police Dept: [Signature]
Public Works: [Signature]
Parks & Recreation: [Signature]
Only Required if event interrupts traffic near Daphne parks

rec'd 10/23/2014

Not valid unless stamped "Approved"

For Special Event/Band Permits:

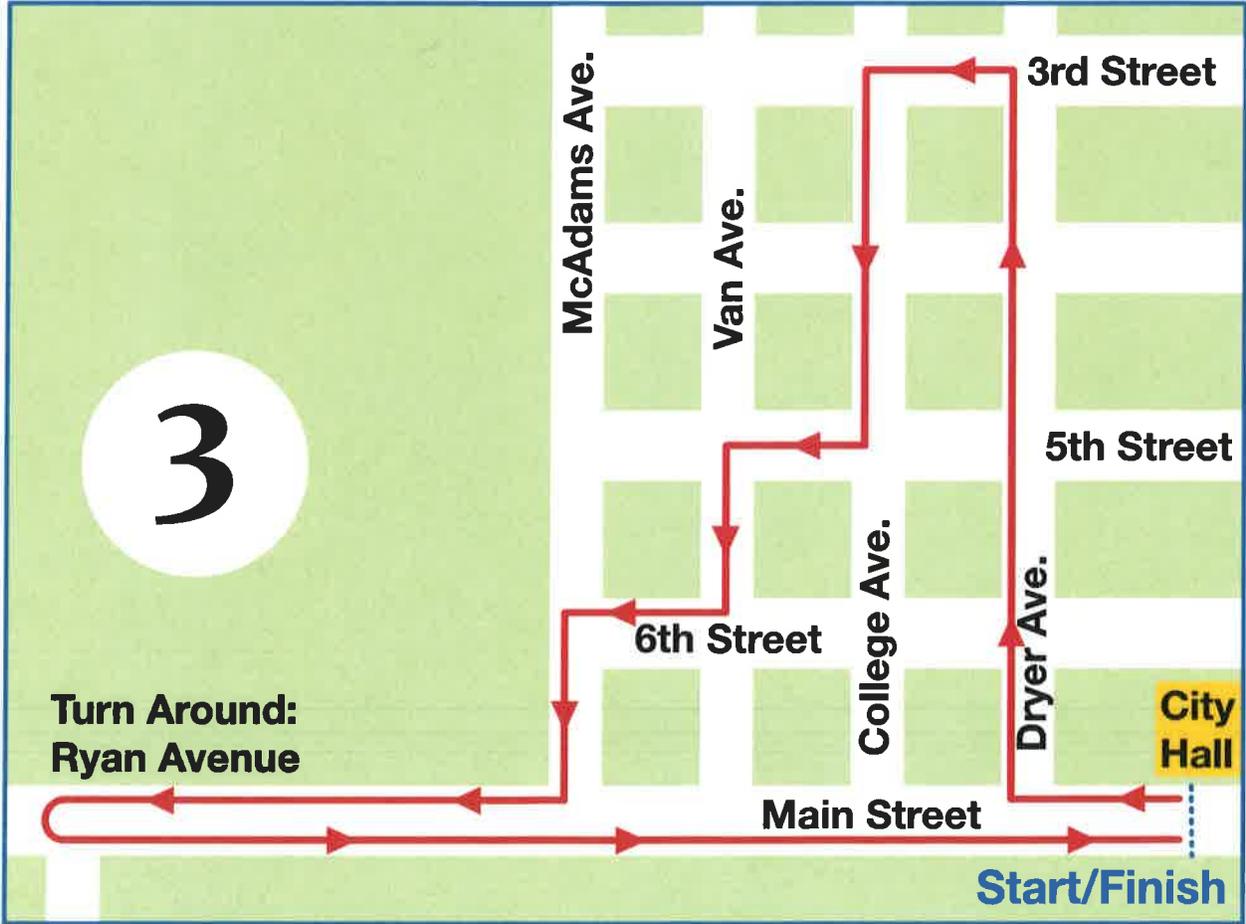
Council Member: _____
District # Signature

For Parade/Run Permits & Use of City Grounds:

City Council: _____
Date of Approval

Parade/Run Permits ONLY

Fee Paid: \$ _____ N/A Waived
 Insurance Filed N/A
Route Selection: 1 2 3 4



EXCERPTS FROM THE MINUTES OF A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA HELD ON _____, 2014

The City Council of the City of Daphne, Alabama met at the City Hall in the City of Daphne on Monday, _____, 2014 at 6:30 p.m., Central Time. The following members of the City Council of the City of Daphne, Alabama were:

PRESENT

ABSENT

_____ acted as Chairman of the meeting and Rebecca A. Hayes, City Clerk, acted as Clerk of the meeting. The chairman stated that a quorum was present and declared the meeting open for the transaction of business.

* * * * *

The Chairman then stated that it would be appropriate to consider a resolution providing for the early call and redemption of certain of the City's outstanding debt obligations. The following resolution and order was thereupon introduced in writing by Councilmember _____:

**CITY OF DAPHNE
RESOLUTION 2014-54**

**A RESOLUTION CALLING FOR THE REDEMPTION OF THE CITY'S
GENERAL OBLIGATION WARRANTS, SERIES 2003 AND THE REDEMPTION OF A
PORTION OF THE CITY'S GENERAL OBLIGATION AND IMPROVEMENT
WARRANTS, SERIES 2006**

BE IT RESOLVED by the City Council of the City of Daphne, Alabama (the "Council"), as follows:

Section 1. Findings of Fact. The Council has determined and hereby finds and declares that the following facts are true and correct:

(a) The City of Daphne, Alabama (the "City") has heretofore issued, pursuant to an Ordinance adopted by the Council on May 19, 2003 (the "2003 Ordinance"), its City of Daphne General Obligation Refunding Warrants, Series 2003, dated May 1, 2003, originally issued in the aggregate principal amount of \$6,455,000 (the "Series 2003 Warrants").

(b) The City has heretofore issued, pursuant to an Ordinance adopted by the Council on April 17, 2006 (the "2006 Ordinance"), its City of Daphne General Obligation Refunding and Improvement Warrants, Series 2006, dated April 1, 2006, originally issued in the aggregate principal amount of \$25,230,000 (the "Series 2006 Warrants").

(c) The Series 2003 Warrants are currently outstanding in the aggregate principal amount of \$2,015,000.

(d) The Series 2006 Warrants are currently outstanding in the aggregate principal amount of \$17,185,000.

(e) The City desires to refund all of the outstanding Series 2003 Warrants and a portion of the outstanding Series 2006 Warrants.

(f) The City is not in default in the payment of principal of or interest on the Series 2003 Warrants or the Series 2006 Warrants or under the 2003 Ordinance or the 2006 Ordinance.

Section 2. Call for Redemption of the Series 2003 Warrants. Acting pursuant to the provisions of the Series 2003 Warrants and the 2003 Ordinance, the City does hereby elect to redeem and pay, and does hereby call for redemption and payment on December 9, 2014 (the "2003 Call Date") \$2,015,000 in aggregate principal amount of the Series 2003 Warrants (being all of the Series 2003 Warrants currently outstanding), the redemption of which shall be effected at a redemption price equal to 100% of the principal amount of each Series 2003 Warrant so called for redemption plus accrued interest thereon to the 2003 Call Date.

Section 3. Call for Redemption of the Series 2006 Warrants. Acting pursuant to the provisions of the Series 2006 Warrants and the 2006 Ordinance, the City does hereby elect to redeem and pay, and does hereby call for redemption and payment on April 1, 2016 (the “2006 Call Date”) \$6,600,000 in aggregate principal amount of the Series 2006 Warrants (being a portion of the portion of the Series 2006 Warrants maturing after April 1, 2017 allocable to the proceeds of the Series 2006 Warrants used for capital improvements and as provided on Exhibit A attached to this Resolution), the redemption of which shall be effected at a redemption price equal to 100% of the principal amount of each Series 2006 Warrant so called for redemption plus accrued interest thereon to the 2006 Call Date.

Section 4. Provisions for Notice for the Series 2003 Warrants. The Bank of New York Mellon Trust Company, N.A. in Birmingham, Alabama is hereby directed, in its capacity as paying agent for the Series 2003 Warrants, to cause written notice of such redemption and prepayment to be given in the manner and at the time prescribed in the 2003 Ordinance.

Section 5. Provisions for Notice for the Series 2006 Warrants. The Bank of New York Mellon Trust Company, N.A. in Birmingham, Alabama is hereby directed, in its capacity as paying agent for the Series 2006 Warrants, to cause written notice of such redemption and prepayment to be given in the manner and at the time prescribed in the 2006 Ordinance.

Section 6. Authorization to Call. The Mayor of the City, the City Clerk of the City and the City Treasurer of the City are each hereby authorized and directed to take or cause to be taken, in the name and behalf of the City, all of the actions required by the provisions of the 2003 Ordinance under which the Series 2003 Warrants were issued and all of the actions required by the provisions of the 2006 Ordinance under which the Series 2006 Warrants were issued to be taken in order to effect the redemption of the Series 2003 Warrants and the Series 2006 Warrants as herein called for.

Councilmember _____ moved that the forgoing resolution be adopted and spread upon the minutes of this meeting, which motion was seconded by Councilmember _____, and, on roll call the following vote was registered:

YEAS

NAYS

The Chairman thereupon announced that said resolution had been carried by _____
vote of the Council present.

RESOLUTION 2014-54

**ADOPTED AND APPROVE BY THE CITY COUNCIL OF THE CITY OF DAPHNE,
ALABAMA** this _____ day of _____, 2014.

Council President

Dane Haygood, Mayor

[SEAL]

ATTEST:

Rebecca A. Hayes, City Clerk

Exhibit A to Resolution 2014 - 54

<u>Maturity</u> <u>Date</u>	<u>Amount</u> <u>Maturing</u>
04/01/2021	\$ 65,000
04/01/2022	695,000
04/01/2023	725,000
04/01/2024	765,000
04/01/2025	795,000
04/01/2026	830,000
04/01/2027	870,000
04/01/2028	905,000
04/01/2029	950,000

* * * * *

The Chairman then stated that it would be appropriate to consider the issuance of \$10,000,000 in aggregate principal amount of the City's General Obligation Refunding and Improvement Warrants, Series 2014, for the purpose of refunding certain of the City's outstanding general obligation indebtedness, paying a portion of the cost of various sewer construction and improvements projects, land acquisition and infrastructure improvements for a technology park or other authorized projects for the City, and paying the expenses of issuing the City's General Obligation Refunding and Improvement Warrants, Series 2014. The following ordinance was thereupon introduced in writing by Councilmember _____:

ORDINANCE NO. 2014-52

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF
\$10,000,000 OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT
WARRANTS, SERIES 2014**

BE IT ORDAINED by the City Council of the City of Daphne, Alabama, as follows:

ARTICLE I

**DEFINITIONS, USE OF WORDS AND
PHRASES, AND FINDINGS BY THE CITY**

Section 1.1 Definitions. The following words and phrases and others evidently intended as the equivalent thereof shall, in the absence of clear implication herein otherwise, be given the following respective interpretations:

“Bank” means The Bank of New York Mellon Trust Company, N.A., in its role as Warrant Registrar and Paying Agent.

“Business Day” means any day other than a Saturday, Sunday or day on which banking institutions are required or authorized to close in the city in which the designated corporate trust agency office of the Bank is located, or on which the Federal Reserve Bank is closed.

“Capital Improvements” shall have the meaning given that term in Section 1.3(f) hereof, subject to being amended and supplemented as provided in Section 8.2 hereof.

“City” means the municipal corporation in the State of Alabama known as the City of Daphne, Alabama, as it now exists, and any political subdivision resulting from any merger or consolidation thereof with any other political subdivision.

“City Clerk” means the city clerk of the City.

“Code” means the Internal Revenue Code of 1986 as amended.

“Council” means the governing body of the City as from time to time constituted.

“Direct Participant” means securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations which participate in the Securities Depository with respect to the Warrants.

“Escrow Trustee” means The Bank of New York Mellon Trust Company, N.A., as escrow trustee for the Series 2003 Warrants under the terms of the 2003 Escrow Trust Agreement and as escrow trustee for the Series 2006 Warrants under the terms of the 2006 Escrow Trust Agreement.

“Government Obligations” means direct obligations of the United States of America and obligations unconditionally guaranteed by the United States of America.

“Interest Payment Date” means, with respect to the Warrants, any April 1 or October 1, prior to payment thereof.

“Overdue Interest” means interest due but not paid on the Interest Payment Date on which such interest is required to be paid.

“Record Date” means, as to any Interest Payment Date, the March 15 or September 15 immediately preceding such Interest Payment Date.

“Redemption Date” means the date for redemption of the Warrants determined pursuant to the terms of this Ordinance and provided in the notice provided for in Section 5.2.

“Redemption Price” means the price for redemption of the Warrants determined pursuant to the terms of this Ordinance and provided in the notice provided for in Section 5.2.

“Securities Depository” has the meaning given that term in Section 3.5 hereof.

“Series 2003 Warrants” means the City’s General Obligation Warrants, Series 2003, dated May 19, 2003, originally issued in the aggregate principal amount of \$6,455,000.

“Series 2006 Warrants” means the City’s Limited Obligation Special Tax Warrants, dated April 17, 2006, originally issued in the aggregate principal amount of \$25,230,000.

“Treasurer” shall mean the treasurer or any assistant treasurer of the City.

“Warrant Authorizing Law” means Section 4, Chapter 81 and Section 2, Chapter 47 of Title 11, Code of Alabama, 1975.

“Warrant Fund” means the special account created pursuant to Section 8.3 hereof.

“Warrant Holder” or **“Holder”** means the registered holder, from time to time, of any of the Warrants.

“Warrants,” unless otherwise indicated, means the \$10,000,000 in aggregate principal amount of the City's General Obligation Refunding and Improvement Warrants, Series 2014, as more particularly described in Article II hereof and issued hereunder.

“2003 Escrow Trust Agreement” means the Escrow Trust Agreement – 2003 Warrants, dated as of May 1, 2003, between the City and The Bank of New York Mellon Trust Company, N.A., the successor in interest to Southtrust Bank, as Escrow Trustee.

“2006 Escrow Trust Agreement” means the Escrow Trust Agreement – 2006 Warrants, dated as of April 1, 2006, between the City and The Bank of New York Mellon Trust Company, N.A., the successor in interest to The Bank of New York Trust Company, N.A., as Escrow Trustee.

Section 1.2 Use of Words and Phrases. The following provisions shall be applied wherever appropriate herein:

Whenever used herein, any pronoun or pronouns shall be deemed to include both singular and plural and to cover all genders.

"Hereby", "herein", "hereinafter", "hereof", "hereunder" and other equivalent words refer to this Ordinance as a whole and not solely to any particular portion thereof in which any such word is used.

The definitions set forth in Section 1.1 hereof shall be deemed applicable whether the words defined are herein used in the singular or plural.

Section 1.3 Findings of Council. Having made due and proper investigation of the matters hereinafter referred to, the Council hereby finds and determines:

- (a) The City has heretofore issued the Series 2003 Warrants pursuant to an Ordinance adopted by the Council on May 19, 2003 (the “2003 Ordinance”).
- (b) The City has heretofore issued the Series 2006 Warrants pursuant to an Ordinance adopted by the Council on April 17, 2006 (the “2006 Ordinance”).
- (c) The City is not in default on the payment of the principal of and the interest on the Series 2003 Warrants or the Series 2006 Warrants.
- (d) By a resolution previously adopted, the City has called all of the outstanding Series 2003 Warrants for redemption.
- (e) By a resolution previously adopted, the City has called a portion of the outstanding Series 2006 Warrants coming due after April 1, 2017 for redemption.
- (f) It is necessary, advisable and in the interest of the public that the City pay a portion of the costs of the acquisition, construction and installation of certain sewer construction and improvement projects, land acquisition and infrastructure improvements for a technology park within the City (the “Capital Improvements”), which acquisition, construction and installation are expected to cost approximately \$3,000,000 and which shall include sewer improvements, and land acquisition and infrastructure

improvements for a technology park in an amount not to exceed the amounts in the 2014 Capital Improvements Account, and/or any other authorized purposes pursuant to a later action by the Council and in compliance with the requirements of this Ordinance.

- (g) Pursuant to the Warrant Authorizing Law the City is authorized to issue its warrants, in order to refund outstanding indebtedness of the City and to finance the Capital Improvements.
- (h) It is necessary, advisable and in the interest of the public that the City issue its General Obligation Refunding and Improvement Warrants, Series 2014 to refund the Series 2003 Warrants and the a portion of Series 2006 Warrants, to pay costs of the Capital Improvements and to pay costs of issuance and sale of such Warrants.

ARTICLE II

AUTHORIZATION, DESCRIPTION, EXECUTION, PAYMENT AND FORM OF THE WARRANTS

Section 2.1 Authorization of the Warrants. Pursuant to the applicable provisions of the constitution and laws of the State of Alabama, and for the purposes of refunding all of the Series 2003 Warrants and Series 2006 Warrants and paying the costs of issuance thereof, there is hereby authorized to be issued by the City \$10,000,000 in aggregate principal amount of its General Obligation Refunding and Improvement Warrants, Series 2014.

Section 2.2 Description of the Warrants. The Warrants shall be issued only in fully registered form, without coupons, shall be dated as the date of their delivery, shall be issued in principal amounts of \$5,000 or any integral multiple thereof, and shall be numbered from R-1 upwards in the order of their issuance and delivery. The Warrants shall bear interest from the date of their delivery (or in the case of a Warrant registered in the name of a Holder after the date of their delivery from the Interest Payment Date next preceding the date of such registration or, if the date of such registration is an Interest Payment Date, from the date of registration) at the rates shown below (calculated on the basis of a 360-day year of twelve 30-day months), payable on each April 1 and October 1 until payment of the principal amount thereof, beginning April 1, 2015 and, subject to the redemption provisions hereinafter set forth, shall mature on April 1 in the years and amounts as follows:

Year of Maturity	Amount Maturing	Interest Rate
2015	\$100,000	2.00%
2016	610,000	2.00
2017	625,000	2.00
2018	640,000	2.00
2019	645,000	2.00
2020	120,000	2.00
2021	185,000	2.00
2022	815,000	2.00
2023	830,000	2.10
2024	855,000	2.30
2025	870,000	2.40
2026	890,000	2.50
2027	915,000	2.70
2028	935,000	2.80
2029	965,000	2.90

Section 2.3 Execution of the Warrants. The Warrants shall be executed in the name of the City by the manual or facsimile signatures of the Mayor of the City and its City Clerk inscribed or printed or otherwise reproduced thereon (it being herein provided that a condition to the validity of each Warrant is the manual execution on behalf of the Bank of the Registration Certificate endorsed on each Warrant). The Warrants shall be registered by the Treasurer of the City, in the records maintained by the Treasurer, as a claim against the City and the Warrant Fund, which registration shall be made simultaneously as to all the Warrants. The certificate of registration on each of the Warrants shall be executed by the manual or facsimile signature of the Treasurer of the City. The official seal of the City shall be impressed or printed or otherwise reproduced thereon and shall be attested by the aforementioned signature of the City Clerk. The said officers are hereby directed to cause the Warrants to be executed, sealed and registered in the manner provided by this section. Anything herein to the contrary notwithstanding, any assistant city clerk shall be empowered to execute any Warrant in the absence or unavailability of the City Clerk and any assistant treasurer of the City shall be empowered to execute any Warrant in the absence or unavailability of the Treasurer.

Section 2.4 Places and Medium of Payment of the Warrants. Principal of and interest on the Warrants shall be payable in lawful money of the United States of America. The principal of the Warrants shall be payable at the designated corporate trust agency office of the Bank, upon presentation and surrender of the Warrants as the same become due and payable. Interest on the Warrants shall be payable by check or draft mailed by the Bank to the lawful holders of the Warrants at the address shown on the registry books of the Bank pertaining to the Warrants as of the Record Date and shall be deemed timely made if so mailed on the Interest Payment Date (or if such Interest Payment Date is not a Business Day, on the Business Day next following such Interest Payment Date).

Section 2.5 Forms of the Warrants and Related Certificates. The Warrants, the certificate of registration thereof, the registration thereof as a claim against the Warrant Fund, and the form of assignment thereof shall be in substantially the following forms, with appropriate changes therein to conform to the applicable provisions hereof:

[Remainder of this Page Intentionally Left Blank]

(Form of Series 2014 Warrant)

[FORM OF CAPTION FOR WARRANTS HELD IN BOOK ENTRY FORM]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-_____ \$_____

UNITED STATES OF AMERICA
STATE OF ALABAMA
CITY OF DAPHNE
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT WARRANT
SERIES 2014

MATURITY DATE

CUSIP NUMBER

INTEREST RATE

THE CITY OF DAPHNE, ALABAMA, a municipal corporation in the State of Alabama (the "City"), for value received, hereby acknowledges that it is indebted in the principal sum of

_____ DOLLARS

and hereby directs the Treasurer of the City to pay such principal sum to

or registered assigns, on the maturity date specified above or such earlier date as this Warrant may be called for redemption, and to pay (but solely out of the Warrant Fund) interest on such principal sum from the date hereof (or in the case of a Warrant registered in the name of the registered Holder hereof on or after the date hereof, as evidenced by the Certificate of Registration attached hereto, from the Interest Payment Date next preceding the date of such registration or, if the date of such registration is an Interest Payment Date, from the date of registration), until such principal sum shall become due and payable, at the per annum rate of interest specified above. Interest shall be payable on April 1 and October 1 in each year, beginning April 1, 2015 (each such date herein called an

"Interest Payment Date"), and shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest shall be payable on overdue principal (and premium, if any) on this Warrant and (to the extent legally enforceable) on any overdue installment of interest on this Warrant at the rate borne hereby.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Authorizing Ordinance hereinafter described, be paid to the person in whose name this Warrant is registered at the close of business on the 15th day of the month next preceding such Interest Payment Date.

The Warrants are being issued by means of a book-entry system with no physical distribution of warrant certificates to be made except as provided in the Authorizing Ordinance (as hereinafter defined). One warrant certificate, in the aggregate principal amount of each maturity of the Warrants, registered in the name of Cede & Co. as nominee of the DTC, is being issued and required to be deposited with DTC (or an authorized banking institution acceptable to DTC) and immobilized in its custody. The book-entry system will evidence ownership of the Warrants, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal, interest and any redemption premium payments to beneficial owners of the Warrants by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The City will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, and to participants or persons acting through such participants. While Cede & Co. is the registered owner of this Warrant, notwithstanding the provisions hereinabove contained, payments of principal, interest and any redemption premium on this Warrant will be made in accordance with the existing arrangements between the Paying Agent and DTC.

Subject to the foregoing paragraph, payment of interest on this Warrant due on each Interest Payment Date shall be made by check or draft mailed by the Paying Agent to the person entitled thereto at his address appearing in the Warrant Register maintained with respect to the Warrants. Such payments of interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if such Interest Payment Date is not a business day, on the business day next following such Interest Payment Date). Payment of the principal of (and premium, if any, on) this Warrant and payment of accrued interest on this Warrant due upon redemption shall be made only upon surrender of this Warrant at the designated corporate trust agency office of the hereinafter described Bank. Upon the terms and conditions provided in the Authorizing Ordinance, the Holder of any Warrant or Warrants in an aggregate principal amount of not less than \$100,000 may request that payment of interest on such Warrant or Warrants be made by wire transfer to an account of such Holder maintained at a bank in the continental United States or by any other method providing for same-day funds that is acceptable to the Bank. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This Warrant is one of the duly authorized issue of warrants of the City, aggregating \$10,000,000 in principal amount, entitled "General Obligation Refunding and Improvement Warrants, Series 2014" (the "Warrants") and issued under and pursuant to an ordinance duly adopted by the governing body of the City (the "Authorizing Ordinance") and the constitution and laws of the State of Alabama, including particularly Section 4, Chapter 81, and Section 2, Chapter 47, of Title 11 of the Code of Alabama, 1975. Capitalized terms not otherwise defined herein shall have the meanings assigned in the Authorizing Ordinance.

The Authorizing Ordinance provides that The Bank of New York Mellon Trust Company, N.A. (the "Bank"), will serve as Paying Agent and Registrar with respect to the Warrants unless and until a successor is appointed pursuant to the terms and conditions of the Authorizing Ordinance. For purposes of this Warrant and the Authorizing Ordinance, the principal office of the Bank shall mean the office where the Bank maintains its designated corporate trust agency office, as shall be designated by the Bank by written notice to the City and the Holders of the Warrants.

The indebtedness evidenced by the Warrants is a general obligation of the City for the payment of which the full faith and credit of the City have been irrevocably pledged, pro rata and without preference or priority of one Warrant over another.

Pursuant to the Authorizing Ordinance, the City has established a special fund for the payment of debt service on the Warrants (the "Warrant Fund") that will be held by the Bank. The City has obligated itself to pay or cause to be paid into the Warrant Fund from the taxes, revenues or other funds of the City sums sufficient to provide for the payment of debt service on the Warrants as the same becomes due and payable.

The Warrants, maturing on or after April 1, 2022 are subject to redemption prior to their maturity, at the option of the City, in whole or in part, on April 1, 2021, and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof and if less than all of the Warrants are to be redeemed, those maturities or portions thereof to be called for redemption shall be selected by the City in its discretion, and if less than all the Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), at and for a redemption price equal to 100% of the principal amount of each Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.

Written notice of the call for redemption of this Warrant (or portion of the principal thereof) shall be forwarded by United States registered or certified mail to the registered owner hereof, not less than thirty (30) days prior to the date fixed for redemption. Such notice of redemption relative to the Warrants shall state that it is conditioned on there being sufficient money on deposit to pay the full redemption price of the Warrants on the redemption date. In the event that less than all the outstanding principal of this Warrant is to be redeemed, the registered Holder hereof shall surrender this Warrant to the Bank in exchange for a new Warrant of like tenor herewith except in a principal amount equal to the unredeemed portion hereof. Upon the giving of notice of redemption in accordance with the provisions of the Authorizing Ordinance, the Warrants (or principal portions thereof) so called for redemption and prepayment shall become due and payable on the date specified

in such notice, anything herein or in the Authorizing Ordinance to the contrary notwithstanding, and the Holders thereof shall then and there surrender them for payment, and all future interest on the Warrants (or principal portion thereof) so called for prepayment shall cease to accrue after the date specified in such notice, whether or not the Warrants are so presented.

This Warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the Bank, as Registrar and Transfer Agent of the City, and only upon surrender of this Warrant to such Registrar for cancellation, and upon any such transfer a new Warrant of like tenor herewith will be issued to the transferee in exchange therefor, all as more particularly described in the Authorizing Ordinance. Each Holder hereof, by receiving or accepting this Warrant, shall consent and agree and shall be estopped to deny that this Warrant may be transferred only in accordance with the provisions of the Authorizing Ordinance. Provision is also made in the Authorizing Ordinance for the exchange of Warrants for a like aggregate principal amount and in authorized denominations, all upon the terms and subject to the conditions set forth in the Authorizing Ordinance.

The Registrar shall not be required to transfer or exchange this Warrant during the period of fifteen (15) days next preceding any interest payment date; and, in the event that this Warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Registrar shall not be required to register or transfer this Warrant during the period of sixty (60) days next preceding the date fixed for such redemption and prepayment.

Registration, transfer and exchange of Warrants, other than to replace mutilated, lost, stolen or destroyed Warrants, shall be without expense to the Holder or transferee, but the Holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange.

It has been ascertained and found, and it is hereby certified and recited, that all conditions, actions and things required by the constitution and laws of Alabama to exist, be performed or happen precedent to or in the issuance of this Warrant and the creation of the indebtedness evidenced and ordered paid, hereby exist, have been performed and have happened, that such indebtedness has been registered as a claim against the Warrant Fund and is lawfully due without condition, and that the indebtedness evidenced and ordered paid by this Warrant, together with all other indebtedness of the City, was when incurred and is now within every debt and other limit prescribed by the constitution and laws of Alabama.

Unless the Registration Certificate hereon has been executed by the Bank, as Registrar for the Warrants, by manual signature, this Warrant shall not be entitled to any benefit under the Authorizing Ordinance or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the City has caused this Warrant to be executed in its behalf by the Mayor and by the City Clerk of the City, each of whom have caused their facsimile signatures to be hereunto imprinted, has caused the official seal of the City to be imprinted hereon, and has caused this Warrant to be dated _____, 2014.

CITY OF DAPHNE, ALABAMA

(SEAL)

By _____
Its Mayor

ATTEST:

By _____
City Clerk

* * * * *

(Form of Registration as Claim against Warrant Fund)

I hereby certify that this Warrant has been registered by me as a claim against the Warrant Fund referred to in this Warrant.

Treasurer of the
City of Daphne, Alabama

[Form of Registration Certificate]

This Warrant was registered in the name of the above-registered owner on the date hereinafter set forth.

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

By _____
Its Authorized Officer

DATE OF REGISTRATION: _____

(Form of Assignment)

For value received _____ hereby sell(s), assign(s) and transfer(s) unto _____ the within Warrant and hereby irrevocably constitute(s) and appoint(s) _____, as attorney and Warrant Registrar and Transfer Agent, with full power of substitution in the premises, to transfer the Bond on the books of the within mentioned Bank.

Dated this the ____ 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)

Its Medallion Number _____

Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a 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)

ARTICLE III
FURTHER PROVISIONS WITH RESPECT TO
WARRANTS

Section 3.1 Home Office Payment Agreement. Upon the written request of the Holder of any Warrant or Warrants in an aggregate principal amount of not less than \$100,000, the Bank will make payment of interest due on such Warrant or Warrants upon any Interest Payment Date by wire transfer to an account of such Holder maintained at a bank in the continental United States or by any other method providing for payment in same-day funds that is acceptable to the Bank, provided that payment of the principal of and redemption premium (if any) on such Warrant or Warrants shall be made only upon surrender of such Warrant or Warrants to the Bank, as Paying Agent.

Section 3.2 Interest After Payment Due Date. The Warrants, any premiums thereon and, to the extent legally enforceable, overdue installments of interest thereon, shall bear interest after the maturity dates thereof or such earlier date as they may be called for redemption, until paid or until money sufficient for the payment thereof shall have been deposited for that purpose with the Bank, at the respective rates borne thereby.

Any provision hereof to the contrary notwithstanding, Overdue Interest shall not be payable to the Warrant Holder solely by reason of such Warrant Holder having been the Holder on the Record Date next preceding the Interest Payment Date on which such interest became due and payable, but shall be payable by the Bank as follows:

- (a) Not less than ten (10) days following receipt by the Bank of immediately available funds in an amount sufficient to enable the Bank to pay all Overdue Interest, the Bank shall fix an Overdue Interest Payment Date for payment of such Overdue Interest, which date shall be not more than twenty (20) days following the expiration of the ten-day period after receipt of funds by the Bank;
- (b) Overdue Interest shall be paid by check or draft mailed by the Bank to the persons in whose names the Warrants were registered in the registry books of the Bank pertaining to the Warrants on the Overdue Interest Payment Date.

Payment of Overdue Interest in the manner herein prescribed to the persons in whose names the Warrants were registered on the Overdue Interest Payment Date shall fully discharge and satisfy all liability for the same.

Section 3.3 Temporary Certificates. Pending the preparation of definitive Warrants the City may execute, and upon request of the City, the Bank shall register and deliver, temporary certificates which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Warrants in lieu of which they are issued, but numbered from R-1 upwards, without other identification numbers, and with such other appropriate insertions, omissions, substitutions and other variations as the officers

executing such temporary certificates may determine, as evidenced by their execution of such temporary certificates.

Any such temporary certificates shall be executed by the manual signatures of the appropriate officers of the City as required in Article II of this Ordinance and be executed and attested by the City Clerk. All such temporary certificates shall have impressed thereon the seal of the City.

If temporary Warrants are issued, the City will cause definitive Warrants to be prepared without unreasonable delay. After the preparation of definitive Warrants, the temporary Warrants shall be exchangeable for definitive Warrants upon surrender of the temporary Warrants at the principal office of the Bank, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Warrants the City shall execute and the Bank shall authenticate and deliver in exchange therefor a like principal amount of definitive Warrants of like tenor, and in authorized denominations. Until so exchanged, temporary Warrants shall in all respects be entitled to the security and benefits of this Ordinance.

Section 3.4 Payments Due on a Day Other Than a Business Day. If any payment on the Warrants is due on a day which is not a Business Day, such payment shall be made on the first succeeding date which is a Business Day with the same effect as if made on the day such payment was due.

Section 3.5 Book Entry System. The City may from time to time enter into, and discontinue, an agreement with a “clearing agency” (securities depository) registered under Section 17A of the Securities Exchange Act of 1934, as amended (a “Securities Depository”), which is the owner of the Warrants, to establish procedures with respect to the Warrants, not inconsistent with the provisions of this Ordinance; provided, however, that any such agreement may provide:

- (a) that such Securities Depository is not required to present a Warrant to the Paying Agent in order to receive partial payment of principal;
- (b) that a legend shall appear on each Warrant so long as the Warrants are subject to such agreement; and
- (c) that different provisions for notice to such Securities Depository may be set forth therein.

So long as an agreement with a Securities Depository is in effect, the City, the Bank and any paying agent or bond registrar shall not have any responsibility or liability with respect to the payment of principal, purchase price, premium, if any, or interest on the Warrants to the beneficial owners or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or any payments made to such beneficial owners.

ARTICLE IV

GENERAL OBLIGATION; PROVISION FOR PAYMENT OF OBLIGATIONS

Section 4.1 General Obligation. The indebtedness evidenced by the Warrants is and shall be a general obligation of the City and the full faith and credit of the City are hereby irrevocably pledged to the payment of the principal thereof and interest thereon.

Section 4.2 Continued Levy of Taxes; Maintenance of Warrant Fund. The City agrees that, so long as the principal of or interest on any of the Warrants remains unpaid, the City will annually levy and collect taxes, insofar as such taxes may be permitted by the present or any future provisions of the Constitution of Alabama, in such amounts as may be necessary to provide for the payment of the principal of and interest on the Warrants. The City further agrees that so long as the principal of or interest on any of the Warrants remains unpaid it will deposit in the Warrant Fund with respect to such Warrants, not later than the 25th day of the month next preceding an Interest Payment Date, an amount which, when added to the amounts then on deposit in such Warrant Fund, will equal the principal, interest and redemption premium (if any) to come due with respect to the Warrants on such Interest Payment Date.

Section 4.3 Provision for Payment. (a) If the principal of and interest and redemption premium (if any) on the Warrants is paid in accordance with the terms thereof and this Ordinance, then all covenants, agreements and other obligations of the City to the Holders of such Warrants shall thereupon cease, terminate and become void and be discharged and satisfied. In the event the Warrants are so paid the Bank shall pay to the City any surplus remaining in the Warrant Fund.

(b) Warrants shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 4.3 if

- (1) the City and the Bank (or another bank acting as trustee) enter into an appropriate trust agreement under which there shall be deposited, for payment or redemption of such Warrants and for payment of the interest to accrue thereon until maturity or redemption, and any redemption premium thereon, Government Obligations and cash or any combination of cash and Government Obligations which, together with the income to be derived from such, will produce monies sufficient to provide for the payment, redemption and retirement of such Warrants as and when the same become due;
- (2) the City shall have adopted all necessary proceedings providing for the redemption of any such Warrants that are required to be redeemed prior to their respective maturities and shall have instructed the Bank or other trustee under the aforesaid trust agreement to provide such notices of redemption as are required under this Ordinance;

- (3) the City and the Bank shall have been furnished with an opinion of nationally recognized bond counsel to the effect that the creation of any such trust will not result in subjecting to federal income taxation the interest on any of the Warrants that are to be paid in accordance with such trust; and
- (4) the City and the Bank shall have been furnished a certificate of a firm of certified public accountants satisfactory to the Bank stating that such trust will produce monies sufficient to provide for the full payment and retirement of such Warrants as and when the principal of and interest and redemption premium (if any) on such Warrants shall come due.

ARTICLE V

REDEMPTION PROVISIONS

Section 5.1 Optional Redemption. The Warrants, maturing on or after April 1, 2022 are subject to redemption prior to their maturity, at the option of the City, in whole or in part, on April 1, 2021, and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof and if less than all of the Warrants are to be redeemed, those maturities or portions thereof to be called for redemption shall be selected by the City in its discretion, and if less than all the Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), at and for a redemption price equal to 100% of the principal amount of each Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.

Section 5.2 Procedure for Redemption; Resolution Authorizing Redemption. Not less than thirty (30) days prior to the Redemption Date, the City (or the Bank on behalf of the City) shall give, or cause to be given, written notice of such redemption and prepayment by United States mail, registered or certified, to the Holders of each of the Warrants to be redeemed, in whole or in part, at the address of such registered Holder as such address appears on the registry books of the Registrar, stating that the Warrants (or principal portions thereof) have been called for redemption and will become due and payable at the Redemption Price, on a specified Redemption Date and that all interest thereon will cease to accrue after the Redemption Date. Such notice of redemption relative to the Warrants shall state that it is conditioned on there being sufficient money on deposit to pay the full redemption price of the Warrants so called for redemption on the redemption date. The holders of any of the Warrants to be redeemed may waive the requirements for notice with respect to the Warrants held by them without affecting the validity of the call for redemption of any other Warrants. The City shall cause to be paid and made available at the office of the Bank, on or prior to the Redemption Date, the total Redemption Price of the Warrants (or portions thereof) so called for redemption on such date. Out of the moneys so deposited with it, the Bank shall make provision for

payment of the Warrants (or principal portions thereof) so called for redemption at the Redemption Price and on the Redemption Date.

In addition to the foregoing notice, further notice shall be given by the City to all registered securities depositories and to one or more national information services that disseminate notices of redemption of obligations such as the Warrants. No defect in the further notice required in this paragraph, and no failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as described in the first paragraph of this Section 5.2.

Any optional redemption or prepayment of the Warrants or any portion thereof shall be effected upon a call by the City, as evidenced by a resolution of the Council, for redemption and prepayment of the Warrants to be so redeemed. Any such resolution pertaining to the Warrants shall state (i) that the City is not in default in the payment of the principal of or interest on any of the Warrants to be redeemed or (ii) that all of the Warrants then outstanding are to be retired on the Redemption Date.

If Warrants have been redeemed pursuant to optional redemption as described above, or if the City has delivered Warrants to the Trustee for cancellation, the City may direct that any sinking fund amount be reduced by any amount equal to all or a portion of the principal amount of any Warrants so redeemed or delivered for cancellation (and not previously used to reduce any sinking fund amount). The City shall deliver any such direction at least 75 days before the redemption date.

If amounts are being held in the Warrant Fund to be used to redeem Warrants pursuant to the mandatory sinking fund redemption provision, in lieu of such redemption, the City may, no later than 75 days before the redemption date, direct the Bank in writing to use part or all of such moneys to purchase such Warrants, in a principal amount not to exceed the next sinking fund amount, which Warrants are presented to the City by the owners of the Warrants for purchase and which the City directs the Bank to purchase. The purchase price of such Series 2014 Warrants shall not exceed the redemption price of the Warrants which would be redeemed but for the operation of this paragraph (accrued interest to be paid from the same fund or account from which accrued interest would be paid upon the redemption of such Warrants). Any such purchase shall be completed prior to the time notice would otherwise be required to be given to redeem Warrants. All Warrants so purchased shall be cancelled and applied as a credit (in an amount equal to the principal amount of such Warrants) against the next sinking fund amount.

Section 5.3 Result of Redemption of Warrants. Upon compliance with the requirements set forth in this Article V, and if the City is not on the Redemption Date in default in the payment of the principal of or interest on the Warrants, the Warrants (or principal portions thereof) called for redemption shall become due and payable at the Redemption Price and on the Redemption Date specified in the notice provided for in Section 5.2, and the Holders thereof shall then and there surrender them for redemption; provided, however, that in the event that less than all of the outstanding principal of any Warrant is to be redeemed, the registered Holder thereof shall surrender the Warrant that is to be prepaid in part to the Bank in exchange, without expense to the Holder, for a

new Warrant of like tenor except in a principal amount equal to the unredeemed portion thereof. All future interest on the Warrants (or principal portions thereof) so called for redemption shall cease to accrue after the Redemption Date.

ARTICLE VI

REGISTRATION AND TRANSFER OF THE WARRANTS

Section 6.1 Registration and Transfer of the Warrants. The Warrants shall be registered as to both principal and interest. Each Warrant shall have endorsed thereon a registration certificate substantially in the form provided in Section 2.5 hereof, and a condition to the validity of each Warrant shall be the manual execution of such certificate on behalf of the Bank. The Bank is hereby appointed as the Registrar and Transfer Agent for the Warrants, and shall be authorized to keep at its designated corporate trust agency office proper registry books in which it shall register the Warrants, as to both principal and interest, noting the registry on the Warrants so presented. Such registration shall conclusively designate the Warrant Holder as the sole person to whom or on whose order the payment of the principal of and interest on the Warrants so registered may be made. After such registration no transfer of a Warrant so registered shall be valid unless it is presented at the said office with written power to transfer, properly stamped if required, in form and with guaranty of signature satisfactory to the Registrar, and such new registration noted thereon by the Registrar. The Registrar shall not be required to transfer or exchange such Warrant during the period of fifteen (15) days next preceding any interest payment date. If any Warrant shall be duly called for redemption pursuant to the provisions hereof, the Registrar shall not be required to transfer such Warrant during the period of sixty (60) days next preceding the date fixed for its redemption.

Section 6.2 Exchange of Warrants. Upon request of the Holder of any Warrant, the City shall execute, and the Bank shall register and deliver, upon surrender to the Bank of the Warrant or Warrants, in exchange therefor, a Warrant or Warrants of the same tenor in different authorized principal amounts (of \$5,000 or integral multiples thereof), together aggregating the same principal amount as the then unpaid principal of the Warrant or Warrants so surrendered, all as may be requested by the persons surrendering such Warrant or Warrants.

Section 6.3 Costs of Registration, Transfer and Exchange. The registration, transfer and exchange of Warrants (other than pursuant to Section 6.5 hereof) shall be without expense to the Holder or transferee. In every case involving a transfer, registration or exchange, such Holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange.

Section 6.4 Effect of Registration. The City, the Registrar, and the Paying Agent may deem and treat the person in whose name a Warrant is registered on the books of the Registrar as the absolute owner thereof for all purposes; they shall not be affected by notice to the contrary; and all payments by any of them to the person in whose name a Warrant is registered shall, to the extent of such payment, fully discharge all liability thereof.

Section 6.5 Replacement of Mutilated, Lost, Stolen or Destroyed Warrants. In the event that any Warrant is mutilated, lost, stolen or destroyed, the City may execute and deliver a new Warrant of like tenor as that mutilated, lost, stolen or destroyed; provided, that (a) in the case of any such mutilated Warrant, such Warrant is first surrendered to the City and the Bank, and (b) in the case of any such lost, stolen or destroyed Warrant, there is first furnished to the City and the Bank evidence of such loss, theft or destruction satisfactory to each of them, together with indemnity satisfactory to each of them. The City may charge the Holder with the expense of issuing any such new Warrant.

Section 6.6 Provisions with Respect to Bank. (a) Appointment of Bank and Acceptance of Duties. The Bank is herein designated and appointed and shall act as registrar, transfer agent and payment agent with respect to the Warrants. By its acceptance of such duties hereunder, the Bank shall accept and agree to perform the duties required by this Ordinance, subject, however, to the following conditions:

- (i) The Bank shall undertake to perform such duties and only such duties as are specifically set forth in this Ordinance, and no implied covenants or obligations shall be read into this Ordinance against the Bank.
- (ii) In the absence of bad faith or negligence on its part, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Bank and conforming to the requirements of this Ordinance; provided, however, that in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Bank, the Bank shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Ordinance.
- (iii) The Bank shall not be answerable for other than its gross negligence or willful default and the Bank may act through its agents and attorneys with respect to any of its duties hereunder.
- (iv) No provision of this Ordinance shall be construed to relieve the Bank from liability for its own gross negligence or willful misconduct, except that no provision of this Ordinance shall require the Bank to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.
- (v) The Bank may consult counsel on any matters connected herewith and shall not be answerable for any action taken or failure to take any action in good faith on the advice of counsel, provided that its action or inaction is not contrary to any express provision hereof.
- (vi) The Bank need not recognize a Holder of a Warrant as such without the satisfactory establishment of his title to such Warrant.

- (vii) Any action taken by the Bank at the request of and with the consent of the Holder of a Warrant will bind all subsequent Holders of the same Warrant and any Warrant issued hereunder in lieu thereof.
- (viii) The Bank may be a Holder or a pledgee of any of the Warrants as if not the Bank hereunder.
- (ix) The Bank shall not be liable for the proper application of any moneys other than those that may be paid to or deposited with it.
- (x) The Bank shall not be liable to pay or allow interest on any moneys to be held by it under this Ordinance or otherwise to invest any such moneys, except as specifically required by this Ordinance or as may be required by law or other written agreement between the City and the Bank.
- (xi) The Bank may make any investments permitted or required hereby through its own investment department, and any eligible investments issued or held by it hereunder shall be deemed investments and not deposits.
- (xii) The Bank shall, upon reasonable written request, inform the City of the amount at the time on deposit in any of the special funds or accounts created hereunder.
- (xiii) The recitals of fact herein and in the Warrants are statements by the City and not by the Bank, and the Bank is in no way responsible for the validity or security of the Warrants or the validity of the security afforded hereby.

(b) Resignation by Bank. The Bank and any successor Bank may resign and be discharged from the duties under this Ordinance by causing written notice specifying the effective date, postage prepaid, to the City and to every Holder of a Warrant. Unless the effective date of the Bank's resignation shall coincide with the appointment of a successor Bank by the Holders of the Warrants as herein provided, such date shall be at least sixty (60) days after the date on which notice to the City and the Holders of the Warrants shall have been mailed.

(c) Removal of Bank. The Bank may be removed at any time by an instrument or concurrent instruments in writing delivered to the Bank and to the City and signed by the Holders of a majority in aggregate principal amount of the Warrants then outstanding.

(d) Appointment of Successor Bank; Interim Bank. In case the Bank shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, a successor may be appointed by Holders of a majority in aggregate principal amount of Warrants then outstanding through an instrument or concurrent instruments in writing signed by such Holders. In case of any such resignation or event which causes the Bank to be incapable of acting, the City, by an instrument signed by the Mayor, shall appoint an interim Bank to serve until a successor Bank shall be appointed by the Holders of a majority in aggregate principal

amount of the Warrants, as provided above. Whenever necessary to avoid or fill a vacancy in the office of Bank, the City will appoint an interim Bank in order that there shall at all times be a Bank hereunder. Any interim Bank so appointed by the City shall immediately and without further act be superseded by the Bank appointed by the holders of the Warrants.

The City shall cause notice of the appointment of an interim Bank, in the event that such an appointment is made, to be forwarded by United States registered or certified mail, postage prepaid, to every Holder of a Warrant. When the appointment of a successor Bank, as selected by the Holders of a majority in principal amount of the Warrants then outstanding, becomes effective, the City shall also cause notice of that fact to be given in the manner provided above for the notice required to be given upon the appointment of an interim Bank. Every interim or successor Bank appointed pursuant to this Section shall be a trust company or bank which is qualified to perform all duties of the Bank under this Ordinance and which has, at the time of its acceptance of such appointment, capital, surplus and undivided profits of not less than \$25,000,000, if there be such an institution willing, qualified and able to accept appointment as Bank upon reasonable or customary terms.

(e) Concerning any Successor Bank. Every successor Bank shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting its appointment as Bank hereunder, and thereupon such successor Bank, without any further act, deed or conveyance, shall become fully vested with all the rights, powers and duties of its predecessor. Such predecessor shall nevertheless, on the written request of the City or such successor Bank, execute and deliver an instrument transferring to such successor Bank all rights, powers and interests of such predecessor hereunder; and every predecessor Bank shall deliver all securities and moneys held by it as Bank hereunder to its successor.

(f) Merger or Consolidation of Bank. Any corporation into which the bank may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank, shall be the successor of the Bank hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case the registration certificates with respect to any Warrants shall have been executed by the Bank then in office, any successor by merger or consolidation to such Bank may adopt the registration of such Warrants and deliver such Warrants with the same effect as if such successor Bank had itself registered such Warrants.

(g) Compensation of Bank. Subject to the provisions of any separate agreement with the Bank, the City shall pay to the Bank from time to time reasonable compensation for all services rendered by it under this Ordinance, including its services as registrar and paying agent for the Warrants, and also all its reasonable expenses, charges, counsel fees, costs and expenses and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its duties hereunder.

(h) Extraordinary Expenses. If the Bank is required by a governmental agency or court proceeding initiated by a third party to undertake efforts beyond that which is set forth herein but related thereto (other than due to the Bank's negligence or willful misconduct), the Bank shall notify the City of the same in writing and the City shall promptly pay the Bank for such extraordinary fees, costs and expenses (including reasonable attorney's fees, costs and expenses) reasonably and necessarily incurred in connection therewith.

ARTICLE VII

EXECUTION AND DELIVERY OF THE WARRANTS; APPROVAL OF SALE; USE OF PROCEEDS THEREFROM

Section 7.1 Authority to Execute and Deliver the Warrants. The Mayor of the City, the City Clerk and the Treasurer are hereby authorized and directed to cause the Warrants to be executed, sealed, attested and registered as a claim against the City and the Warrant Fund as provided herein and delivered to the purchaser thereof upon payment to the City of the sale price therefor.

Section 7.2 Application of Proceeds of Sale; Additional Sums. The gross proceeds derived from the sale of the Warrants shall be used solely for the following purposes:

- (i) The amount of \$75,000 shall be deposited with Compass Bank in the Issuance Expense Fund and applied for the purposes described in Section 8.1.
- (ii) The amount of \$2,042,027.56 shall be paid to the Escrow Agent and deposited into the 2003 Escrow Fund created under the Escrow Trust Agreement to provide for the refunding of the Series 2003 Warrants.
- (iii) The amount of \$7,050,815.64 shall be paid to the Escrow Agent and deposited into the 2006 Escrow Fund created under the Escrow Trust Agreement to provide for the refunding of the Series 2006 Warrants.
- (iv) The remaining amount of proceeds shall be deposited with Compass Bank, a depository, in the Capital Improvements Account and applied for the purposes described in Section 8.2.

ARTICLE VIII

CREATION OF ISSUANCE EXPENSE FUND, CAPITAL IMPROVEMENT ACCOUNT AND WARRANT FUND; COVENANTS WITH RESPECT TO WARRANT PROCEEDS, DESIGNATION OF WARRANTS

Section 8.1 Issuance Expense Account. There is hereby created a special fund of the City designated the "Series 2014 Warrant Issuance Expense Account" (herein called the "Issuance Expense Account") which shall be maintained until the costs and expenses incurred by the City in connection with the issuance and sale of the Warrants shall be paid in full. Compass Bank shall be the depository for the Issuance Expense Account.

Simultaneously with the issuance and delivery of the Warrants, the City shall deposit or cause to be deposited into the Issuance Expense Account, out of proceeds derived from the sale of the Warrants, an amount equal to the amount required for payment of the expenses of issuing the Warrants. The City will apply the moneys deposited into the Issuance Expense Account solely for payment of the expenses of issuing the Warrants, as and when such expenses become due and payable.

The Mayor, the Finance Director or any other person designated in writing by the Mayor or the Finance Director, are hereby authorized and directed to cause the said expenses to be paid, as promptly as may be feasible following the closing of the sale of the Warrants, and to make withdrawals from the Issuance Expense Account for the said purpose. In the event that the moneys deposited into or transferred into the Issuance Expense Fund are not sufficient to pay all expenses of issuing the Warrants, the Mayor is hereby authorized and directed to pay, out of any funds of the City available therefor, the balance of the expenses of issuing the Warrants. Any amount remaining in the Issuance Expense Account after the City certifies that all issuance expenses have been paid in full, but in no event later than sixty days after the date of delivery of the Warrants, shall be transferred and deposited into the Capital Improvements Account.

Section 8.2 Capital Improvements Account. There is hereby created a special account the full name of which shall be the "2014 Capital Improvements Account." The 2014 Capital Improvements Account shall be maintained as a separate account until the moneys in said account shall have been fully expended as hereinafter provided. Except as hereinafter provided, the City will apply the moneys in the 2014 Capital Improvements Account solely for payment of the costs of the Capital Improvements described in Section 1.3(f) hereof. Compass Bank shall be the depository for the 2014 Capital Improvements Account.

The Mayor, the Finance Director or any other person designated in writing by the Mayor or the Finance Director, are hereby authorized and directed to make withdrawals from the 2014 Capital Improvements Account for the purpose of paying the costs of the Capital Improvements described in Section 1.3(f) hereof, and to make any transfer that may be made pursuant to the succeeding sentence of this Section. The City shall have the right to supplement or revise the list of Capital Improvements described in Section 1.3(f) hereof to be paid from proceeds of the Warrants by

resolution or ordinance; provided, that no revisions or addition to the Capital Improvements as herein approved shall adversely affect the excludability of interest on the Warrant for federal income tax purposes.

Section 8.3 Warrant Fund. There is hereby created a special account, the full name of which shall be the "City of Daphne Warrant Fund, 2014." The Warrant Fund shall be maintained as a separate fund until payment in full of the principal of and interest on the Warrants. The Bank is hereby designated as the custodian of the Warrant Fund.

On or before the 25th day of the month next preceding any Interest Payment Date, the City shall deposit into the Warrant Fund an amount which, when added to the amounts already on deposit therein, will be sufficient to provide for the payment of all principal of and interest and redemption premium on the Warrants coming due on such Interest Payment Date. Monies deposited in the Warrant Fund shall be used by the Bank for the payment of principal, interest and redemption premium (if any) on, the Warrants, and for no other purpose until the payment in full of the Warrants.

Section 8.4 Investment of Moneys in Accounts. Pending the expenditure of moneys in the Warrant Fund for any other purpose, the City shall have the privilege at any time and from time to time of investing and reinvesting, or causing to be invested and reinvested, all or part of the moneys at any time on deposit in such account, in Government Obligations or in money market funds of the Bank consisting of Government Obligations. Pending the expenditure of moneys in the Issuance Expense Account and the Capital Improvements Account for any other purpose, the City shall have the privilege at any time and from time to time of investing and reinvesting, or causing to be invested and reinvested, all or part of the moneys at any time on deposit in such account in Government Obligations, money market funds of the Bank consisting of Government Obligations, or certificates of deposit issued by banks or trust companies having at the time of the deposit combined capital, surplus and undivided profits of not less than \$5,000,000.

The Bank is hereby directed to invest and reinvest such amounts promptly upon receipt of, and in accordance with, the written instructions of the City. The Bank may conclusively rely upon the City's written instructions as to both the suitability and legality of the directed investments. In the absence of written investment instructions from the City, the Bank shall not be responsible or liable for keeping the moneys held by it hereunder fully invested. The Bank shall not be liable for any losses from such directed investments.

Section 8.5 Security for Funds. Any money on deposit in any fund or account or held by the Bank pursuant to this Ordinance shall, unless invested as provided herein or secured by the Federal Deposit Insurance Corporation (or any successor agency of the United States of America) or under the State of Alabama Security for Alabama Funds Enhancement Program, be secured for the benefit of the City and the Holders by holding on deposit as collateral security direct obligations of the United States of America or obligations unconditionally guaranteed by the United States of America, or other marketable securities eligible as security for the deposit of public funds under the

regulations of the Comptroller of the Currency, having a market value (exclusive of accrued interest) not less than the amount of money being secured.

Section 8.6 Covenants with Respect to Exemption of Interest from Federal Income Taxation; Non-Arbitrage Covenant. The City acknowledges and agrees that the Warrants are to be issued in compliance with the conditions necessary for the interest income thereon to be exempt from federal income taxation pursuant to the relevant provisions of the Code. The City hereby covenants and agrees as follows:

- (a) It will not use or apply the proceeds of the Warrants or direct the investment of moneys in any funds or accounts established or maintained with respect to the Warrants in such manner as to constitute any Warrant an "arbitrage bond" within the meaning of Section 148 of the Code;
- (b) It will make timely rebate payments to the United States of America with respect to any "excess" arbitrage profits as required by Section 148(f) of the Code;
- (c) It will maintain all records required by Section 148(f) of the Code and the applicable regulations thereunder and shall furnish such data or information regarding compliance with Section 148(f) of the Code as any Holder shall reasonably request in writing, which records shall be furnished to any Holder upon its request;
- (d) It will, within 60 days after a written request of the Bank therefor, furnish to the Bank and to any Holder a certificate by an independent certified public accountant or opinion of nationally recognized bond counsel stating that as of such date it had made all rebate payments to the United States of America necessary to prevent the Warrants from becoming "arbitrage bonds" under Section 148(f) of the Code;
- (e) It will comply with the terms of the City's Tax Certificate and Agreement with regard to use of proceeds of the Warrants in any private business use; payment of the Warrants shall not be secured by, or derived from, property used in a private business use; proceeds of the Warrants shall not be used to make or finance loans to persons other than governmental units; and proceeds of the Warrants shall not be used in any manner that would cause the Warrants to be or become private activity bonds, as defined in Section 141 of the Code;

- (f) It will not cause or permit the Warrants to be federally guaranteed, within the meaning of Section 149(b) of the Code; and
- (g) It will not in any other way cause or permit the proceeds of the Warrants to be used in a manner which would cause the interest on the Warrants to lose the exemption from federal income taxation as provided under the Code and the applicable regulations thereunder and will comply with all applicable provisions of the Code (including, without limitation, the provisions relating to post-issuance actions affecting tax exemption) to the extent necessary for interest on the Warrants to be excludable from gross income of the holders thereof.
- (h) It has in place procedures providing for compliance with each of the matters described above and for keeping records with respect to such compliance.

Section 8.7 Designation of Warrants. The Warrants are not private activity bonds as such term is defined in Section 141 of the Code, and the City does not reasonably anticipate that it, or any other subordinate entity thereto, will issue more than \$10,000,000 of qualified tax exempt obligations (other than private activity bonds) in calendar year 2014. The Warrants are hereby designated as a portion of the maximum of \$10,000,000 of qualified tax-exempt obligations to be issued by the City during calendar year 2014, within the meaning and for the purposes of Section 265(b)(3) of the Code.

ARTICLE IX

APPROVAL OF OFFICIAL STATEMENT; AUTHORIZATION OF CONTINUING DISCLOSURE AGREEMENT; AUTHORIZATION OF DISCLOSURE DISSEMINATION AGREEMENT; APPROVAL OF ESCROW TRUST AGREEMENT; APPROVAL OF SALE; MISCELLANEOUS PROVISIONS

Section 9.1 Approval of Official Statement. An official statement with respect to the Warrants, in substantially the form presented at the meeting at which this Ordinance is adopted and attached hereto as Exhibit A, is hereby approved, and the Mayor of the City is hereby authorized and directed to sign an official statement on behalf of the City in substantially the form herein approved, with such changes therein and additions thereto as shall be necessary to conform to the provisions of this Ordinance authorizing the Warrants and such other changes and additions as the Mayor of the City shall deem necessary and appropriate. The preparation and distribution of such official statement on behalf of the City by Harbor Financial Services, LLC is hereby ratified and approved and such Official Statement is hereby deemed final within the meaning of Rule 15c2-12 of the

United States Securities and Exchange Commission. The final official statement shall be in substantially the same form as the official statement herein approved, with such additions, insertions, omissions or other changes as may be approved by the Mayor of the City and the execution of the final official statement by the Mayor of the City as hereby authorized shall be conclusive evidence of any such approval.

Section 9.2 Authorization of Continuing Disclosure Certificate. Upon delivery of the Warrants to the purchaser thereof, the Mayor and Finance Director of the City are hereby authorized and directed to execute and deliver for and on behalf of the City, the Continuing Disclosure Agreement in substantially the form presented at the meeting of the Council at which this Ordinance is adopted and attached hereto as Exhibit B. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Ordinance, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered a default hereunder or with respect to the Warrants; provided, however, any Holder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section 9.4. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Warrants (including persons holding Warrants through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Warrants for federal income tax purposes.

Section 9.3 Authorization of Disclosure Dissemination Agreement. Upon the delivery of the Warrants to the purchaser thereof, the Mayor and City Clerk of the City are hereby authorized and directed to execute and deliver for an on behalf of the City, the Disclosure Dissemination Agreement in substantially the form presented at the meeting of the Council at which this Ordinance is adopted and attached hereto as Exhibit C.

Section 9.4 Authorization of Escrow Trust Agreements. Upon the delivery of the Warrants to the purchaser thereof, the Mayor and City Clerk of the City are hereby authorized and directed to execute and deliver for an on behalf of the City, the 2003 Escrow Trust Agreement and the 2006 Escrow Trust Agreement, each in substantially the form presented at the meeting of the Council at which this Ordinance is adopted and attached hereto as Exhibits D and E. The Bank of New York Mellon Trust Company, N.A., as the Escrow Trustee under the 2003 Escrow Trust Agreement and the 2006 Escrow Trust Agreement, is authorized and directed to cause the money's held by it thereunder to be invested in the manner specified therein.

Section 9.5 Sale of Warrants. The City does hereby approve (i) the sale of the Warrants to Harbor Financial Services, LLC at a purchase price of \$9,933,231.80, which amount reflects an underwriter's discount of \$50,000.00 and net original issue discount of \$16,768.20, and (ii) the execution of the Purchase Agreement dated October 29, 2014 between the City and Harbor Financial Services, LLC in the form presented at the meeting at which this Ordinance is adopted and attached hereto as Exhibit F.

Section 9.6 Further Acts. From and after the execution and delivery of the documents hereinabove authorized, the proper officers, directors, agents and employees of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed and are further authorized to take any and all further actions and execute and deliver any and all other documents as may be necessary in the issuance of the Warrants and in the delivery of the Official Statement or as contemplated by this Ordinance.

The Mayor and City Clerk are authorized and directed to prepare and furnish to the purchaser of the Warrants, when the Warrants are issued, certified copies of all the proceedings and records of the Council relating to the Warrants, and such other affidavits and certificates as may be required to show the facts relating to the legality and marketability of the Warrants as such facts appear from the books and records in such officers' custody and control or as otherwise known to them.

Section 9.7 Contractual Provisions. The provisions of this Ordinance shall constitute a contract between the City and the Holders at any time of the Warrants. Upon payment in full of the principal of and interest on the Warrants the obligations of the City hereunder shall cease with respect thereto.

Section 9.8 Warrants Payable at Par. Each bank at which the Warrants may at any time be payable, by acceptance of its duties as Paying Agent therefor, shall be construed to have agreed thereby with the Holders of the Warrants that all remittances made by it on the Warrants shall be made in bankable funds at par and without deduction for exchange, fees or expenses.

Section 9.9 Severability. The various provisions of this Ordinance are hereby declared to be severable. In the event any provisions hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this Ordinance.

Section 9.10 Repeal of Conflicting Provisions. All resolutions, orders or parts thereof in conflict with this Ordinance are to the extent of such conflict are hereby repealed.

After discussion, Councilmember _____ moved that the foregoing ordinance and order be adopted and spread upon the minutes of this meeting, which motion was seconded by Councilmember _____, and, on roll call the following vote was registered:

YEAS

NAYS

The Chairman thereupon announced that the said ordinance had been carried by unanimous vote of the Council present.

* * * * *

There being no further business to come before the meeting, the meeting was, upon motion duly made, seconded and unanimously carried, adjourned.

Council President

Dane Haygood, Mayor

[SEAL]

ATTEST:

Rebecca A. Hayes, City Clerk

CLERK'S CERTIFICATE

I, Rebecca A. Hayes, City Clerk of the City of Daphne, Alabama, DO HEREBY CERTIFY that the foregoing pages of typewritten material constitute excerpts from the minutes of a regular meeting of the City Council of Daphne, Alabama, held on _____, pertaining to the City's General Obligation Refunding and Improvement Warrants, Series 2014, which meeting was called and assembled and was open to the public and at which a quorum was present and acting throughout, and that the original of said minutes appears of record in the minute books of the City Council of Daphne, Alabama, which are in my custody and control.

Given under my hand and the seal of the City of Daphne, Alabama, this ____ day of _____, 2014.

[SEAL]

City Clerk of the City of Daphne, Alabama

Exhibit A
Preliminary Official Statement
(See Attached)

Exhibit B

Continuing Disclosure Certificate

(See Attached)

Exhibit C

Disclosure Dissemination Agreement

(See Attached)

Exhibit D

2003 Escrow Trust Agreement

(See Attached)

Exhibit E
2006 Escrow Trust Agreement
(See Attached)

Exhibit F
Warrant Purchase Agreement
(See Attached)

ORDINANCE 2014 - 46

ADOPTING THE FISCAL YEAR 2015 CAPITAL & NEW PERSONNEL BUDGET

WHEREAS, the City Council adopted the FY 2015 Operating Budget on September 23, 2014 where total revenues exceeded appropriations in the amount of \$1,554,331 and general fund revenues exceeded appropriations in the amount of \$620,025; and

WHEREAS, the Mayor of the City of Daphne has submitted to the City Council capital and new personnel requests for Fiscal Year 2015 which begins October 1, 2014 and ends September 30, 2015 based on City Department requirements; and

WHEREAS, the City Council has reviewed and considered such proposed capital and personnel requests; and

WHEREAS, the City Council has determined that funds are available for certain Fiscal 2015 appropriations and such appropriations should be considered, approved and made a part of the Fiscal Year 2015 budget; and

WHEREAS, the Mayor and City Council have reviewed such requests and prioritized them according to needs and available funds and has incorporated them into the FY15 Capital and New Personnel Budget;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Daphne, Alabama, that the Fiscal Year 2015 Capital and New Personnel Budget is hereby appropriated in the amount of \$634,007 (\$410,815 for capital equipment and \$223,192 for personnel requests) of which \$467,507 are from the general fund and \$166,500 are from the lodging tax fund. Such appropriations are itemized in the attached lists and made a part hereof.

APPROVED AND ADOPTED by the City Council of the City of Daphne, Alabama, this _____ day of _____, 2014.

Dane Haygood, Mayor

ATTEST:

Rebecca A. Hayes, City Clerk

FY 2015 MAYOR'S PROPOSED CAPITAL REQUESTS

MAYORS PROPOSED

GENERAL GOVERNMENT	GENERAL FUND				LODGING TAX			CONTINGENT		SCHEDULE	
	COMMENTS	CAPITAL EXPENSE	LEASING	RECREATION	WATERFRONT	PI EXERCISE	FY15 SAVINGS	NOTES			
Human Resources		\$6,000	Munis HR Training								
Finance		\$55,000	Munis Upgrade								Note: 1
Building Maintenance		\$30,000	Ford F250 Extended Cab Truck			\$7,000					Note: 2
Building Maintenance		\$165,000	70' Aerial Lift								Note: 3
General Government Total:		\$256,000			\$0	\$7,000	\$0	\$0			

Public Safety	GENERAL FUND	LODGING TAX	CONTINGENT	SCHEDULE			
	CAPITAL EXPENSE	LEASING	RECREATION	WATERFRONT	PI EXERCISE	FY15 SAVINGS	NOTES
Fire	\$200,000						
Volunteer Firefighters	(\$200,000)						
Fire	\$775,000						
Search & Rescue	\$27,000						
PD - Administration	\$40,000						
PD - S.W.A.T.	\$13,500						
PD - Patrol	\$267,000						
PD - Detective	\$18,500						
PD - Corrections	\$10,000						
PD - Code Enforcement	\$39,250						
Public Safety Total:	\$1,200,090	\$9,840	\$229,500	\$0	\$0	\$72,000	(\$154,125)

Public Works	GENERAL FUND	LODGING TAX	CONTINGENT	SCHEDULE			
	CAPITAL EXPENSE	LEASING	RECREATION	WATERFRONT	PI EXERCISE	FY15 SAVINGS	NOTES
PW - Solid Waste	\$140,000						
PW - Streets	\$75,000						
PW - Streets	\$42,000						
PW - Streets	\$132,000						
PW - Streets	\$114,000						
PW - Grounds	\$170,000						
PW - Grounds	\$50,000						
PW - Facility Support	\$60,000						
PW - Mech Maintenance	\$20,000						
PW - Parks: May Day	\$24,000						
PW - Parks: Park City	\$17,500						
Public Works Total:	\$852,000	\$7,500	\$116,000	\$41,500	\$0	\$0	(\$48,750)

Recreation	GENERAL FUND	LODGING TAX	CONTINGENT	SCHEDULE			
	CAPITAL EXPENSE	LEASING	RECREATION	WATERFRONT	PI EXERCISE	FY15 SAVINGS	NOTES
Recreation	\$5,000						
Recreation	\$18,000						
Recreation	\$15,000						
Recreation	\$32,000						
Recreation	\$35,000						
Recreation	\$37,500						
Recreation	\$20,000						
Recreation	\$10,000						
Recreation	\$10,000						
Recreation	\$20,000						
Recreation	\$20,000						
Recreation	\$46,000						
Recreation	\$3,600						
Recreation Total:	\$272,100	\$54,100	\$0	\$80,000	\$0	\$0	\$0

Civic Center & Bayfront	GENERAL FUND	LODGING TAX	CONTINGENT	SCHEDULE			
	CAPITAL EXPENSE	LEASING	RECREATION	WATERFRONT	PI EXERCISE	FY15 SAVINGS	NOTES
Civic Center	\$12,000						
Civic Center	\$1,000						
Civic Center	\$100,000						
Civic Center	\$100,000						
Bayfront	\$25,000						
Bayfront	\$20,000						
Civic Center & Bayfront Total:	\$175,028	\$29,000	\$0	\$45,000	\$0	\$0	\$0

Garbage & Recycling	GENERAL FUND	LODGING TAX	CONTINGENT	SCHEDULE			
	CAPITAL EXPENSE	LEASING	RECREATION	WATERFRONT	PI EXERCISE	FY15 SAVINGS	NOTES
Enterprise Fund: Garbage	\$265,000						
Enterprise Fund: Garbage	\$20,000						
Garbage & Recycling Total:	\$285,000	\$0	\$0	\$0	\$0	\$0	\$0

FY 2015 CAPITAL REQUESTS:	GENERAL FUND	LODGING TAX	CONTINGENT	SCHEDULE			
	CAPITAL EXPENSE	LEASING	RECREATION	WATERFRONT	PI EXERCISE	FY15 SAVINGS	NOTES
FY 2015 CAPITAL REQUESTS:	\$3,040,218	\$120,440	\$408,500	\$121,500	\$45,000	\$72,000	(\$232,625)

FY15 MAYOR'S PROPOSED CAPITAL BUDGET	GENERAL FUND	LODGING TAX - RECREATION	LODGING TAX - WATERFRONT F	TOTAL
	\$244,315	\$121,500	\$45,000	\$410,815
FUTURE BUDGET OPERATIONAL IMPACT	\$356,500	(\$165,000)		\$191,500

- Notes:
- Shift to operating
 - Core upgrade an FY14 expense. TCM module can be explored later.
 - Richard Johnson indicates not needed at this time.
 - Need to discuss with VFD.
 - Leasing option with Volunteers paying expense (est \$130k)
 - Confiscated Funds or Court Fund.
 - PJ Exercise or Confiscated Funds
 - PJ Exercise or Leasing as Operating Budget Expense
 - PJ Exercise or Confiscated Funds (if eligible expense)
 - FY14 Expenses via Court Fund.
 - Proposed to be included as a Operating Expense in the Mayor's Proposed Budget.
 - Need to explore used equipment option.
 - CAT Lease. 3 Year FMV Lease (not \$1 buyout, service included)
 - Leasing Options?????
 - Move to FY16 Request
 - Recreational Expense from Lodging Tax.
 - Leasing options exist. 5 Year Lease = \$7,500/Yr. Purchase the Bagger unit in FY15.
 - Leasing options exist. 5 Year Lease = \$5,000/Yr/Vehicle.
 - Lodging Tax - Waterfront Property \$555

FY 2015 New Personnel Requests - UPDATED VERSION

										REGULAR PAYROLL					MAYOR RECOMMENDATION				HIRING TIMELINE		
Job Class Description	Pay Type Description	Position Description	Account Description	Grade	Step	Periods Per Year	Hours Per Year	Hourly Rate	Annual Salary	Over Time	Total Wages	Payroll Related Total	Other Personnel	Total Payroll	Most Critical	PJ	Upgrades & Overlap	TOTAL	Start Date	FY15 Savings	Notes
Assistant HR Director	BASE SAL		Assistant HR Director	27	1	26	2080	\$20.76	\$43,178	\$0	\$43,178	\$6,503	\$5,968	\$55,648	\$55,648			\$55,648	\$41,944	(\$4,637)	
General Governmental Director	BASE SAL	General Governmental Director	General Governmental Director	29	3	26	2080	\$22.97	\$47,779	\$0	\$47,779	\$7,195	\$5,987	\$60,961	\$60,961			\$60,961	\$41,974	(\$10,160)	
Marketing Coordinator	BASE SAL	Marketing Coordinator	Marketing Coordinator (20 Hrs)	23	4	26	1040	\$20.38	\$21,195	\$0	\$21,195	\$3,192	\$90	\$24,477	\$24,477			\$24,477			
ACCT 1	BASE SAL	ACCOUNTANT 1	ACCOUNTANT I	17	4	26	2080	\$17.18	\$35,734	\$0	\$35,734	\$5,381	\$5,946	\$47,061				\$0			
ACCT TECH	F/T HRLY	ACCOUNTING TECH	TECHNICIAN-REVENUE	11	4	26	2080	\$13.97	\$29,060	\$0	\$29,060	\$4,376	\$5,918	\$39,354	\$39,354			\$39,354	\$42,095	(\$19,677)	
PLANNER	BASE SAL	PLANNER	Upgrade from GIS TECH to PLANNER	18	4	26	2080	\$1.93	\$4,009	\$0	\$4,009	\$604	\$17	\$4,630			\$4,630	\$41,974	(\$772)	NOTE: 1	
FIRE FIGTR	F/T HRLY	FIREFIGHTERS	FIREFIGHTER	PF20	1	26	2808	\$12.87	\$36,147	\$0	\$36,147	\$5,444	\$7,279	\$48,870				\$0			
FIRE FIGTR	F/T HRLY	FIREFIGHTERS	FIREFIGHTER	PF20	1	26	2808	\$12.87	\$36,147	\$0	\$36,147	\$5,444	\$7,279	\$48,870				\$0			
FIRE FIGTR	F/T HRLY	FIREFIGHTERS	FIREFIGHTER	PF20	1	26	2808	\$12.87	\$36,147	\$0	\$36,147	\$5,444	\$7,279	\$48,870				\$0			
CODE ENF	F/T HRLY	CODE ENFORCEMENT	CODE ENFORCEMENT OFFICER	12	4	26	2080	\$14.50	\$30,157	\$0	\$30,157	\$4,542	\$6,293	\$40,992		\$40,992		\$40,992	\$42,095	(\$20,496)	
Yard Manager	BASE SAL	Yard Manager	Yard Manager	16	4	26	2080	\$16.64	\$34,614	\$0	\$34,614	\$5,213	\$5,971	\$45,798				\$0			
Deputy PW Director	BASE SAL	P W SUPERINTENDENT	Deputy Public Works Director	27	4	26	2080	\$22.52	\$46,835	\$0	\$46,835	\$7,053	\$6,023	\$59,912			\$12,000	\$12,000			NOTE: 2
SOL WST SR	F/T HRLY	SR SOLID WASTE WKR	SR PUBLIC SERVICE WORKER-SW	11	4	26	2080	\$13.97	\$29,059	\$0	\$29,059	\$4,376	\$7,640	\$41,075				\$0			
STREET SR	F/T HRLY	PSW SR STREETS	SR PUBLIC SERVICE WORKER-STR	11	4	26	2080	\$13.97	\$29,060	\$0	\$29,060	\$4,376	\$7,438	\$40,874				\$0			
CREW LEADR	F/T HRLY	CREW LEADER	CREW LEADER-GROUNDS	13	4	26	2080	\$15.04	\$31,277	\$0	\$31,277	\$4,710	\$7,099	\$43,087				\$0			
PSW-GRNDS	F/T HRLY	PUBLIC SERVICE WORKR	PUBLIC SERVICE WORKER-GROUNDS	6	4	26	2080	\$11.30	\$23,505	\$0	\$23,505	\$3,540	\$6,757	\$33,802				\$0			
PSW-GRNDS	F/T HRLY	PUBLIC SERVICE WORKR	Upgrade to SR PSW	11	3	26	2080	\$2.02	\$4,211	\$0	\$4,211	\$634	\$185	\$5,032			\$5,032	\$42,095	(\$2,516)		
SLDWST WKR	F/T HRLY	SOLID WASTE WORKER	SOLID WASTE WORKER	6	4	26	2080	\$2.02	\$4,211	\$0	\$4,211	\$634	\$185	\$5,032			\$5,032	\$42,095	(\$2,516)		
PSW-GRNDS	F/T HRLY	PUBLIC SERVICE WORKR	Upgrade to SR PSW	11	5	26	2080	\$1.59	\$3,315	\$0	\$3,315	\$499	\$146	\$3,961				\$0			
PSW-GRNDS	F/T HRLY	PUBLIC SERVICE WORKR	"Contingent On Call" Park/Activity Attendant	n/a	n/a	n/a	750	\$10.00	\$7,500	\$0	\$7,500	\$1,130	\$32	\$8,661				\$0			
PSW-GRNDS	F/T HRLY	PUBLIC SERVICE WORKR	"Contingent On Call" Park/Activity Attendant	n/a	n/a	n/a	750	\$10.00	\$7,500	\$0	\$7,500	\$1,130	\$32	\$8,661				\$0			
EVNT ASST	F/T HRLY	EVENT ASSISTANT	Civic Center EVENT ASSISTANT	5	5	26	2080	\$11.04	\$22,967	\$0	\$22,967	\$3,459	\$6,098	\$32,524	\$0			\$0			
IT TECHNICIAN	F/T HRLY		IT Network/SysAdmin/Helpdesk Technician	14	5	26	2080	\$15.27	\$31,761	\$0	\$31,761	\$4,783	\$7,595	\$44,139	\$44,139			\$44,139	\$42,095	(\$22,070)	NOTE: 3
SR ACCT.	BASE SAL	SR ACCOUNTANT	Position Reclassification	23	24	26	2080	\$2.11	\$4,384	\$0	\$4,384	\$660	\$10	\$5,055				\$5,055			NOTE: 4
ENVI PRG M	BASE SAL	ENVIRON PROG MGR	Position Reclassification	22	14	26	2080	\$1.84	\$3,828	\$0	\$3,828	\$576	\$15	\$4,419	\$4,419			\$4,419			NOTE: 4
LIB SRV TE	P/T HRLY	PT LIBRARY SVC TECH	Upgrade to Full-Time Young Adult Librarian	18	1	26	2080	\$1.77	\$10,494	\$0	\$10,494	\$1,580	\$5,822	\$17,896	\$17,896			\$17,896			NOTE: 4
TOTALS:											\$595,372	\$92,479	\$113,103	\$819,660	\$251,950	\$40,992	\$26,694	\$319,636	FY15 SAVINGS	(\$82,844)	

Position Upgrades:

PSW-GRNDS	F/T HRLY	PUBLIC SERVICE WORKR	PUBLIC SERVICE WORKER-MOWING	6	5	26	2080	\$11.59	\$24,109	\$0	\$24,109	\$3,631	\$12,449	\$40,189							
			Upgrade to SR. Public Service Worker	11	3	26	2080	\$13.62	\$28,320	\$0	\$28,320	\$4,265	\$12,634	\$45,219							
								\$2.02	\$4,211	\$0	\$4,211	\$634	\$185	\$5,030							
PARK PSW	F/T HRLY	PUBLIC SERVICE WORKR	PUBLIC SERVICE WORKER	6	9	26	2080	\$12.73	\$26,484	\$0	\$26,484	\$3,988	\$6,928	\$37,400							
			Upgrade to SR. Public Service Worker	11	5	26	2080	\$14.33	\$29,798	\$0	\$29,798	\$4,488	\$7,074	\$41,360							
								\$1.59	\$3,315	\$0	\$3,315	\$499	\$146	\$3,959							
SR ACCT.	BASE SAL	SR ACCOUNTANT	SR ACCOUNTANT	22	21	26	2080	\$28.5100	\$59,301	\$0	\$59,301	\$8,931	\$11,711	\$79,942							
			Position Reclassification	23	24	26	2080	\$30.6177	\$63,685	\$0	\$63,685	\$9,591	\$11,721	\$84,997							
								\$2.11	\$4,384	\$0	\$4,384	\$660	\$10	\$5,055							
ENVI PRG M	BASE SAL	ENVIRON PROG MGR	Environmental Programs Mgr	20	13	26	2080	\$23.1576	\$48,168	\$0	\$48,168	\$7,254	\$12,077	\$67,499							
			Environ prog manager positik Position Reclassification	22	14	26	2080	\$24.9978	\$51,995	\$0	\$51,995	\$7,831	\$12,092	\$71,918							
								\$1.84	\$3,828	\$0	\$3,828	\$576	\$15	\$4,419							
LIB SRV TE	P/T HRLY	PT LIBRARY SVC TECH	PT TECHNICIAN-LIB	8	11	26	1612	\$14.5739	\$23,493	\$0	\$23,493	\$3,538	\$576	\$27,608							
			Upgrade to Full-Time Young Adult Librarian	18	1	26	2080	\$16.3401	\$33,987	\$0	\$33,987	\$5,119	\$6,398	\$45,504							
								\$1.77	\$10,494	\$0	\$10,494	\$1,580	\$5,822	\$17,896							
GIS TECH	F/T HRLY	GIS MANAGER	GIS MANAGER	16	2	26	2080	\$15.7799	\$32,822	\$0	\$32,822	\$4,943	\$5,934	\$43,699							
Planner	BASE SAL	PLANNER	PLANNER	18	4	26	2080	\$17.7073	\$36,831	\$0	\$36,831	\$5,547	\$5,951	\$48,329							
								\$1.93	\$4,009	\$0	\$4,009	\$604	\$17	\$4,630							

Notes:

- Not included is the additional \$7,281 Savings from the Timeline Savings of existing GIS Position.
- Overlap of 60 Days of PW Superintendent Retirement. PW Superintendent eliminated.
- Additional Savings of \$13,600 From Operating Budget Object 561812 (CMPT LABOR)
- Additions to original version

(\$7,283) Est Timeline Savings

MAYOR'S PROPOSED FY15 NEW PERSONNEL BUDGET	
NEW PERSONNEL REQUESTS	\$319,636
OPERATING BUDGET SAVINGS ((\$13,600)
FY15 TIMELINE SAVINGS	(\$82,844)
TOTAL	\$223,192
FUTURE BUDGET OPERATIONAL IMPACT	
LESS ONE TIME OVERLAP	\$0
OPERATING BUDGET SAVINGS ((\$13,600)
RECURRING PERSONNEL COSTS	\$319,636
LESS ONE TIME OVERLAP	(\$12,000)
OPERATING BUDGET SAVINGS ((\$13,600)
FUTURE YEAR SAVINGS (PW)	(\$16,300)
TOTAL	\$277,736

CITY OF DAPHNE
ORDINANCE 2014-47

**An Ordinance Amending Ordinance 2002-34 / Garbage Collection
And Amending the FY2015 Budget for the increased Garbage Collection Fee**

WHEREAS, Ordinance 2014-44 approved and adopted the Fiscal Year 2015 Budget on September 23, 2014; and

WHEREAS, the City Council approved a garbage fee increase of \$1.50 per month per household (*from \$13.90/month to \$15.40/month*) in ordinance 2014-44 resulting in an additional \$135,000 in annual garbage collection revenues ; and

WHEREAS, subsequent to the adoption of the Fiscal Year 2015 budget, the City Council has determined that certain budget amendments should be approved and made a part of the Fiscal Year 2015 budget; and

WHEREAS, after further review Council recommends an additional garbage fee increase of \$0.60 per month per household (*from \$15.40 to \$16.00/month*).

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Daphne, Alabama, that FY2015 Budget be amended to include the increased garbage collection fee to begin on January 1, 2015 and made a part of the Fiscal Year 2015 budget in the amount of \$6,750

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA THAT THE ABOVE ORDINANCE IS HEREBY AMENDED AS FOLLOWS:

SECTION 1: Whereby Section VI of Ordinance 2002-34 set fees for the collection and disposal of garbage and rubbish is hereby repealed and replaced by the following

SECTION 9: FEES FOR COLLECTION AND DISPOSAL

Every person or persons occupying a building or dwelling unit which generates garbage or rubbish within the city limits of the City of Daphne, Alabama shall be subject to a fee of \$16.00 per month. Such fees for the collection and disposal of garbage and rubbish shall be subject to change from time to time as deemed necessary in order to cover the increased cost of collection and disposal services. Any change in the fee for such services must be publicly advertised at least thirty (30) days before the effective date of the change.

SECTION 2: EFFECTIVE DATE. This ordinance will be in full force and effect January 1, 2015.

ADOPTED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA this _____ day of _____, 2014.

Dane Haygood, Mayor

ATTEST:

Rebecca A. Hayes, City Clerk

ORDINANCE 2014-48

Appropriating Funds for Emergency Watershed Protection on Private Property: Mazie’s Gulch & Palmetto Court (Creekside)

WHEREAS, Ordinance 2013-50 approved and adopted the Fiscal Year 2014 Budget on September 23, 2013; and

WHEREAS, subsequent to the adoption of the Fiscal Year 2014 budget, the City Council has determined that certain appropriations are required and should be approved and made a part of the Fiscal Year 2014 budget; and

WHEREAS, the City of Daphne received 16.5" of rainfall for the period of April 29-30, 2014; and

WHEREAS, as a result of such heavy rains, watersheds and their drainage systems located within the City of Daphne sustained severe damage and require emergency repairs in order to prevent further impacts to the City's watersheds; and

WHEREAS, the City of Daphne has made application with the NRCS (Natural Resources Conservation Service) through their Emergency Watershed Protection (EWP) program for 75% reimbursement of expenses incurred for such private watershed emergency repairs as described below; and

WHEREAS, these two private property EWP Projects have been selected by NRCS for exigency funding with the City of Daphne as the “Sponsor” and *Ordinance#2014-36 was already approved for a Sponsor match of \$11,211 and an **additional appropriation of \$12,606** is needed to complete the project.*

NOW, THEREFORE, BE IT ORDAINED, that:

1. The City Council of the City of Daphne deems these private projects key to the recovery efforts associated with this rain event and the repair of these private property watershed issues is necessary to preserve the health, safety, and convenience of the public.
2. Fiscal Year 2014 Budget is hereby amended to include an **additional appropriation from the General Fund in the amount of \$12,606** for a **total City match of \$23,817** for this EWP Project:

Project	Name	Property Owners	Construction	Engineering	Total	Sponsor Match
DAP-14-003	Mazie’s Gulch (2 Locations)	Bradley/ Davenport	\$84,951.99	\$8,495.20	\$93,447.19	\$23,817.07

3. The City will serve solely as EWP Project Sponsor and this is not a Public Works Project, the City will assume no short or long-term maintenance/repair responsibility for the work performed, all future maintenance/repair will be the responsibility of the private property owner.
4. The Environmental Program Manager/Public Works Director or the Mayor is authorized to coordinate application with the NRCS for the reimbursement of such funds and to sign and execute all documents associated with the described projects.

APPROVED AND ADOPTED by the City Council of the City of Daphne, Alabama, this 18th day of August, 2014.

Dane Haygood, Mayor

Attest:

Rebecca A. Hayes, City Clerk

ORDINANCE 2014-49

JOB RECLASSIFICATION: FINANCE DIRECTOR

**An Ordinance Approving the Job Reclassification of
the Finance Director**

WHEREAS, Ordinance 2004-52 as adopted January 3, 2005 established the City of Daphne Job Classification Schedule; and

WHEREAS, Ordinance 2014-44 approved and adopted the Fiscal Year 2015 Budget on September 23, 2014 which funded the position of the Finance Director; and

WHEREAS, after further review, the City Council recommends that the Finance Director position should be reclassified within the existing Job Classification Schedule.

NOW, THEREFORE BE IT ORDAINED by the City Council of the City of Daphne, Alabama, that:

- 1) The authorized position of the Finance Director with a Grade 36, shall be reclassified to Grade 40 and the existing Job Classification Schedule shall be amended to include such revision; and
- 2) The total annual increase of such reclassification is \$44,243 (*\$38,311 wages and \$5,932 benefits*) and shall be appropriated from the general fund; and
- 3) The Mayor is hereby authorized to advertise for the position of Finance Director at Steps 1 through 25.

APPROVED AND ADOPTED by the City Council of the City of Daphne, Alabama, this _____ day of _____, 2014.

Dane Haygood, Mayor

ATTEST:

Rebecca A. Hayes, City Clerk

ORDINANCE 2014-50

JOB RECLASSIFICATION: CIVIC CENTER DIRECTOR

**An Ordinance Approving the Job Reclassification of
the Civic Center Director to the Convention / Visitor's Bureau & Civic Center
Director**

WHEREAS, Ordinance 2004-52 as adopted January 3, 2005 established the City of Daphne Job Classification Schedule; and

WHEREAS, Ordinance 2014-44 approved and adopted the Fiscal Year 2015 Budget on September 23, 2014 which funded the position of the Civic Center Director; and

WHEREAS, after further review by the Archer Company, it has been determined that the Civic Center Director position should be reclassified to the Convention / Visitor's Bureau & Civic Center Director within the existing Job Classification Schedule.

NOW, THEREFORE BE IT ORDAINED by the City Council of the City of Daphne, Alabama, that:

- 1) The authorized position of the Civic Center Director with a Grade 29, shall be reclassified to the Convention / Visitor's Bureau & Civic Center Director at Grade 32 and the existing Job Classification Schedule shall be amended to include such revision; and
- 2) The additional responsibilities of the new position related to tourism and conventions require additional operating appropriations from the General Fund as follows:

a. Office Supplies	\$ 2,000
b. Advertising	\$20,000
c. Travel	\$ 3,000
d. <u>Marketing</u>	<u>\$12,000</u>
TOTAL:	\$37,000

APPROVED AND ADOPTED by the City Council of the City of Daphne, Alabama, this _____ day of _____, 2014.

Dane Haygood, Mayor

ATTEST:

Rebecca A. Hayes, City Clerk

ORDINANCE 2014-51

Appropriation for Appraisal, Survey, Title Search and Associated Closing Fees for Donated Property Located at Park Drive & Pine Hill Drive

WHEREAS, Ordinance 2014-44 approved and adopted the Fiscal Year 2015 Budget on September 23, 2014; and

WHEREAS, subsequent to the adoption of the Fiscal Year 2015 budget, the City Council has determined that certain appropriations are required and should be approved and made a part of the Fiscal Year 2015 budget; and

WHEREAS, an offer has been made by the property owner for property located near Park Drive and Pine Hill Drive; and

WHEREAS, there are appraisal, survey, title search and other closing fees associated with the donation of such property ; and

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Daphne, Alabama, that funds from the General Fund are hereby appropriated and made a part of the Fiscal Year 2015 budget in the amount of \$7,500 for the appraisal, survey, and associated closing fees for the property located at Park Drive and Pine Hill Drive properties:

- PPIN#48403 - 2.92 Acres
- PPIN#55199 - .85 Acres
- PPIN#234784 -1.05 Acres

APPROVED AND ADOPTED by the City Council of the City of Daphne, Alabama, this _____ day of _____, 2014.

Dane Haygood, Mayor

ATTEST:

Rebecca A. Hayes, City Clerk

EXCERPTS FROM THE MINUTES OF A REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA HELD ON _____, 2014

The City Council of the City of Daphne, Alabama met at the City Hall in the City of Daphne on Monday, _____, 2014 at 6:30 p.m., Central Time. The following members of the City Council of the City of Daphne, Alabama were:

PRESENT

ABSENT

_____ acted as Chairman of the meeting and Rebecca A. Hayes, City Clerk, acted as Clerk of the meeting. The chairman stated that a quorum was present and declared the meeting open for the transaction of business.

* * * * *

The Chairman then stated that it would be appropriate to consider a resolution providing for the early call and redemption of certain of the City's outstanding debt obligations. The following resolution and order was thereupon introduced in writing by Councilmember _____:

**CITY OF DAPHNE
RESOLUTION 2014-54**

**A RESOLUTION CALLING FOR THE REDEMPTION OF THE CITY'S
GENERAL OBLIGATION WARRANTS, SERIES 2003 AND THE REDEMPTION OF A
PORTION OF THE CITY'S GENERAL OBLIGATION AND IMPROVEMENT
WARRANTS, SERIES 2006**

BE IT RESOLVED by the City Council of the City of Daphne, Alabama (the "Council"), as follows:

Section 1. Findings of Fact. The Council has determined and hereby finds and declares that the following facts are true and correct:

(a) The City of Daphne, Alabama (the "City") has heretofore issued, pursuant to an Ordinance adopted by the Council on May 19, 2003 (the "2003 Ordinance"), its City of Daphne General Obligation Refunding Warrants, Series 2003, dated May 1, 2003, originally issued in the aggregate principal amount of \$6,455,000 (the "Series 2003 Warrants").

(b) The City has heretofore issued, pursuant to an Ordinance adopted by the Council on April 17, 2006 (the "2006 Ordinance"), its City of Daphne General Obligation Refunding and Improvement Warrants, Series 2006, dated April 1, 2006, originally issued in the aggregate principal amount of \$25,230,000 (the "Series 2006 Warrants").

(c) The Series 2003 Warrants are currently outstanding in the aggregate principal amount of \$2,015,000.

(d) The Series 2006 Warrants are currently outstanding in the aggregate principal amount of \$17,185,000.

(e) The City desires to refund all of the outstanding Series 2003 Warrants and a portion of the outstanding Series 2006 Warrants.

(f) The City is not in default in the payment of principal of or interest on the Series 2003 Warrants or the Series 2006 Warrants or under the 2003 Ordinance or the 2006 Ordinance.

Section 2. Call for Redemption of the Series 2003 Warrants. Acting pursuant to the provisions of the Series 2003 Warrants and the 2003 Ordinance, the City does hereby elect to redeem and pay, and does hereby call for redemption and payment on December 9, 2014 (the "2003 Call Date") \$2,015,000 in aggregate principal amount of the Series 2003 Warrants (being all of the Series 2003 Warrants currently outstanding), the redemption of which shall be effected at a redemption price equal to 100% of the principal amount of each Series 2003 Warrant so called for redemption plus accrued interest thereon to the 2003 Call Date.

Section 3. Call for Redemption of the Series 2006 Warrants. Acting pursuant to the provisions of the Series 2006 Warrants and the 2006 Ordinance, the City does hereby elect to redeem and pay, and does hereby call for redemption and payment on April 1, 2016 (the “2006 Call Date”) \$6,600,000 in aggregate principal amount of the Series 2006 Warrants (being a portion of the portion of the Series 2006 Warrants maturing after April 1, 2017 allocable to the proceeds of the Series 2006 Warrants used for capital improvements and as provided on Exhibit A attached to this Resolution), the redemption of which shall be effected at a redemption price equal to 100% of the principal amount of each Series 2006 Warrant so called for redemption plus accrued interest thereon to the 2006 Call Date.

Section 4. Provisions for Notice for the Series 2003 Warrants. The Bank of New York Mellon Trust Company, N.A. in Birmingham, Alabama is hereby directed, in its capacity as paying agent for the Series 2003 Warrants, to cause written notice of such redemption and prepayment to be given in the manner and at the time prescribed in the 2003 Ordinance.

Section 5. Provisions for Notice for the Series 2006 Warrants. The Bank of New York Mellon Trust Company, N.A. in Birmingham, Alabama is hereby directed, in its capacity as paying agent for the Series 2006 Warrants, to cause written notice of such redemption and prepayment to be given in the manner and at the time prescribed in the 2006 Ordinance.

Section 6. Authorization to Call. The Mayor of the City, the City Clerk of the City and the City Treasurer of the City are each hereby authorized and directed to take or cause to be taken, in the name and behalf of the City, all of the actions required by the provisions of the 2003 Ordinance under which the Series 2003 Warrants were issued and all of the actions required by the provisions of the 2006 Ordinance under which the Series 2006 Warrants were issued to be taken in order to effect the redemption of the Series 2003 Warrants and the Series 2006 Warrants as herein called for.

Councilmember _____ moved that the forgoing resolution be adopted and spread upon the minutes of this meeting, which motion was seconded by Councilmember _____, and, on roll call the following vote was registered:

YEAS

NAYS

The Chairman thereupon announced that said resolution had been carried by _____ vote of the Council present.

RESOLUTION 2014-54

**ADOPTED AND APPROVE BY THE CITY COUNCIL OF THE CITY OF DAPHNE,
ALABAMA** this _____ day of _____, 2014.

Council President

Dane Haygood, Mayor

[SEAL]

ATTEST:

Rebecca A. Hayes, City Clerk

Exhibit A to Resolution 2014 - 54

<u>Maturity</u> <u>Date</u>	<u>Amount</u> <u>Maturing</u>
04/01/2021	\$ 65,000
04/01/2022	695,000
04/01/2023	725,000
04/01/2024	765,000
04/01/2025	795,000
04/01/2026	830,000
04/01/2027	870,000
04/01/2028	905,000
04/01/2029	950,000

* * * * *

The Chairman then stated that it would be appropriate to consider the issuance of \$10,000,000 in aggregate principal amount of the City's General Obligation Refunding and Improvement Warrants, Series 2014, for the purpose of refunding certain of the City's outstanding general obligation indebtedness, paying a portion of the cost of various sewer construction and improvements projects, land acquisition and infrastructure improvements for a technology park or other authorized projects for the City, and paying the expenses of issuing the City's General Obligation Refunding and Improvement Warrants, Series 2014. The following ordinance was thereupon introduced in writing by Councilmember _____:

ORDINANCE NO. 2014-52

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF
\$10,000,000 OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT
WARRANTS, SERIES 2014**

BE IT ORDAINED by the City Council of the City of Daphne, Alabama, as follows:

ARTICLE I

**DEFINITIONS, USE OF WORDS AND
PHRASES, AND FINDINGS BY THE CITY**

Section 1.1 Definitions. The following words and phrases and others evidently intended as the equivalent thereof shall, in the absence of clear implication herein otherwise, be given the following respective interpretations:

“**Bank**” means The Bank of New York Mellon Trust Company, N.A., in its role as Warrant Registrar and Paying Agent.

“**Business Day**” means any day other than a Saturday, Sunday or day on which banking institutions are required or authorized to close in the city in which the designated corporate trust agency office of the Bank is located, or on which the Federal Reserve Bank is closed.

“**Capital Improvements**” shall have the meaning given that term in Section 1.3(f) hereof, subject to being amended and supplemented as provided in Section 8.2 hereof.

“**City**” means the municipal corporation in the State of Alabama known as the City of Daphne, Alabama, as it now exists, and any political subdivision resulting from any merger or consolidation thereof with any other political subdivision.

“**City Clerk**” means the city clerk of the City.

“**Code**” means the Internal Revenue Code of 1986 as amended.

“**Council**” means the governing body of the City as from time to time constituted.

“**Direct Participant**” means securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations which participate in the Securities Depository with respect to the Warrants.

“Escrow Trustee” means The Bank of New York Mellon Trust Company, N.A., as escrow trustee for the Series 2003 Warrants under the terms of the 2003 Escrow Trust Agreement and as escrow trustee for the Series 2006 Warrants under the terms of the 2006 Escrow Trust Agreement.

“Government Obligations” means direct obligations of the United States of America and obligations unconditionally guaranteed by the United States of America.

“Interest Payment Date” means, with respect to the Warrants, any April 1 or October 1, prior to payment thereof.

“Overdue Interest” means interest due but not paid on the Interest Payment Date on which such interest is required to be paid.

“Record Date” means, as to any Interest Payment Date, the March 15 or September 15 immediately preceding such Interest Payment Date.

“Redemption Date” means the date for redemption of the Warrants determined pursuant to the terms of this Ordinance and provided in the notice provided for in Section 5.2.

“Redemption Price” means the price for redemption of the Warrants determined pursuant to the terms of this Ordinance and provided in the notice provided for in Section 5.2.

“Securities Depository” has the meaning given that term in Section 3.5 hereof.

“Series 2003 Warrants” means the City’s General Obligation Warrants, Series 2003, dated May 19, 2003, originally issued in the aggregate principal amount of \$6,455,000.

“Series 2006 Warrants” means the City’s Limited Obligation Special Tax Warrants, dated April 17, 2006, originally issued in the aggregate principal amount of \$25,230,000.

“Treasurer” shall mean the treasurer or any assistant treasurer of the City.

“Warrant Authorizing Law” means Section 4, Chapter 81 and Section 2, Chapter 47 of Title 11, Code of Alabama, 1975.

“Warrant Fund” means the special account created pursuant to Section 8.3 hereof.

“Warrant Holder” or **“Holder”** means the registered holder, from time to time, of any of the Warrants.

“Warrants,” unless otherwise indicated, means the \$10,000,000 in aggregate principal amount of the City's General Obligation Refunding and Improvement Warrants, Series 2014, as more particularly described in Article II hereof and issued hereunder.

“2003 Escrow Trust Agreement” means the Escrow Trust Agreement – 2003 Warrants, dated as of May 1, 2003, between the City and The Bank of New York Mellon Trust Company, N.A., the successor in interest to Southtrust Bank, as Escrow Trustee.

“2006 Escrow Trust Agreement” means the Escrow Trust Agreement – 2006 Warrants, dated as of April 1, 2006, between the City and The Bank of New York Mellon Trust Company, N.A., the successor in interest to The Bank of New York Trust Company, N.A., as Escrow Trustee.

Section 1.2 Use of Words and Phrases. The following provisions shall be applied wherever appropriate herein:

Whenever used herein, any pronoun or pronouns shall be deemed to include both singular and plural and to cover all genders.

"Hereby", "herein", "hereinafter", "hereof", "hereunder" and other equivalent words refer to this Ordinance as a whole and not solely to any particular portion thereof in which any such word is used.

The definitions set forth in Section 1.1 hereof shall be deemed applicable whether the words defined are herein used in the singular or plural.

Section 1.3 Findings of Council. Having made due and proper investigation of the matters hereinafter referred to, the Council hereby finds and determines:

- (a) The City has heretofore issued the Series 2003 Warrants pursuant to an Ordinance adopted by the Council on May 19, 2003 (the “2003 Ordinance”).
- (b) The City has heretofore issued the Series 2006 Warrants pursuant to an Ordinance adopted by the Council on April 17, 2006 (the “2006 Ordinance”).
- (c) The City is not in default on the payment of the principal of and the interest on the Series 2003 Warrants or the Series 2006 Warrants.
- (d) By a resolution previously adopted, the City has called all of the outstanding Series 2003 Warrants for redemption.
- (e) By a resolution previously adopted, the City has called a portion of the outstanding Series 2006 Warrants coming due after April 1, 2017 for redemption.
- (f) It is necessary, advisable and in the interest of the public that the City pay a portion of the costs of the acquisition, construction and installation of certain sewer construction and improvement projects, land acquisition and infrastructure improvements for a technology park within the City (the “Capital Improvements”), which acquisition, construction and installation are expected to cost approximately \$3,000,000 and which shall include sewer improvements, and land acquisition and infrastructure

improvements for a technology park in an amount not to exceed the amounts in the 2014 Capital Improvements Account, and/or any other authorized purposes pursuant to a later action by the Council and in compliance with the requirements of this Ordinance.

- (g) Pursuant to the Warrant Authorizing Law the City is authorized to issue its warrants, in order to refund outstanding indebtedness of the City and to finance the Capital Improvements.
- (h) It is necessary, advisable and in the interest of the public that the City issue its General Obligation Refunding and Improvement Warrants, Series 2014 to refund the Series 2003 Warrants and the a portion of Series 2006 Warrants, to pay costs of the Capital Improvements and to pay costs of issuance and sale of such Warrants.

ARTICLE II

AUTHORIZATION, DESCRIPTION, EXECUTION, PAYMENT AND FORM OF THE WARRANTS

Section 2.1 Authorization of the Warrants. Pursuant to the applicable provisions of the constitution and laws of the State of Alabama, and for the purposes of refunding all of the Series 2003 Warrants and Series 2006 Warrants and paying the costs of issuance thereof, there is hereby authorized to be issued by the City \$10,000,000 in aggregate principal amount of its General Obligation Refunding and Improvement Warrants, Series 2014.

Section 2.2 Description of the Warrants. The Warrants shall be issued only in fully registered form, without coupons, shall be dated as the date of their delivery, shall be issued in principal amounts of \$5,000 or any integral multiple thereof, and shall be numbered from R-1 upwards in the order of their issuance and delivery. The Warrants shall bear interest from the date of their delivery (or in the case of a Warrant registered in the name of a Holder after the date of their delivery from the Interest Payment Date next preceding the date of such registration or, if the date of such registration is an Interest Payment Date, from the date of registration) at the rates shown below (calculated on the basis of a 360-day year of twelve 30-day months), payable on each April 1 and October 1 until payment of the principal amount thereof, beginning April 1, 2015 and, subject to the redemption provisions hereinafter set forth, shall mature on April 1 in the years and amounts as follows:

Year of Maturity	Amount Maturing	Interest Rate
2015	\$100,000	2.00%
2016	610,000	2.00
2017	625,000	2.00
2018	640,000	2.00
2019	645,000	2.00
2020	120,000	2.00
2021	185,000	2.00
2022	815,000	2.00
2023	830,000	2.10
2024	855,000	2.30
2025	870,000	2.40
2026	890,000	2.50
2027	915,000	2.70
2028	935,000	2.80
2029	965,000	2.90

Section 2.3 Execution of the Warrants. The Warrants shall be executed in the name of the City by the manual or facsimile signatures of the Mayor of the City and its City Clerk inscribed or printed or otherwise reproduced thereon (it being herein provided that a condition to the validity of each Warrant is the manual execution on behalf of the Bank of the Registration Certificate endorsed on each Warrant). The Warrants shall be registered by the Treasurer of the City, in the records maintained by the Treasurer, as a claim against the City and the Warrant Fund, which registration shall be made simultaneously as to all the Warrants. The certificate of registration on each of the Warrants shall be executed by the manual or facsimile signature of the Treasurer of the City. The official seal of the City shall be impressed or printed or otherwise reproduced thereon and shall be attested by the aforementioned signature of the City Clerk. The said officers are hereby directed to cause the Warrants to be executed, sealed and registered in the manner provided by this section. Anything herein to the contrary notwithstanding, any assistant city clerk shall be empowered to execute any Warrant in the absence or unavailability of the City Clerk and any assistant treasurer of the City shall be empowered to execute any Warrant in the absence or unavailability of the Treasurer.

Section 2.4 Places and Medium of Payment of the Warrants. Principal of and interest on the Warrants shall be payable in lawful money of the United States of America. The principal of the Warrants shall be payable at the designated corporate trust agency office of the Bank, upon presentation and surrender of the Warrants as the same become due and payable. Interest on the Warrants shall be payable by check or draft mailed by the Bank to the lawful holders of the Warrants at the address shown on the registry books of the Bank pertaining to the Warrants as of the Record Date and shall be deemed timely made if so mailed on the Interest Payment Date (or if such Interest Payment Date is not a Business Day, on the Business Day next following such Interest Payment Date).

Section 2.5 Forms of the Warrants and Related Certificates. The Warrants, the certificate of registration thereof, the registration thereof as a claim against the Warrant Fund, and the form of assignment thereof shall be in substantially the following forms, with appropriate changes therein to conform to the applicable provisions hereof:

[Remainder of this Page Intentionally Left Blank]

(Form of Series 2014 Warrant)

[FORM OF CAPTION FOR WARRANTS HELD IN BOOK ENTRY FORM]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-_____ \$_____

UNITED STATES OF AMERICA
STATE OF ALABAMA
CITY OF DAPHNE
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT WARRANT
SERIES 2014

MATURITY DATE

CUSIP NUMBER

INTEREST RATE

THE CITY OF DAPHNE, ALABAMA, a municipal corporation in the State of Alabama (the "City"), for value received, hereby acknowledges that it is indebted in the principal sum of

_____ DOLLARS

and hereby directs the Treasurer of the City to pay such principal sum to

or registered assigns, on the maturity date specified above or such earlier date as this Warrant may be called for redemption, and to pay (but solely out of the Warrant Fund) interest on such principal sum from the date hereof (or in the case of a Warrant registered in the name of the registered Holder hereof on or after the date hereof, as evidenced by the Certificate of Registration attached hereto, from the Interest Payment Date next preceding the date of such registration or, if the date of such registration is an Interest Payment Date, from the date of registration), until such principal sum shall become due and payable, at the per annum rate of interest specified above. Interest shall be payable on April 1 and October 1 in each year, beginning April 1, 2015 (each such date herein called an

"Interest Payment Date"), and shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest shall be payable on overdue principal (and premium, if any) on this Warrant and (to the extent legally enforceable) on any overdue installment of interest on this Warrant at the rate borne hereby.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Authorizing Ordinance hereinafter described, be paid to the person in whose name this Warrant is registered at the close of business on the 15th day of the month next preceding such Interest Payment Date.

The Warrants are being issued by means of a book-entry system with no physical distribution of warrant certificates to be made except as provided in the Authorizing Ordinance (as hereinafter defined). One warrant certificate, in the aggregate principal amount of each maturity of the Warrants, registered in the name of Cede & Co. as nominee of the DTC, is being issued and required to be deposited with DTC (or an authorized banking institution acceptable to DTC) and immobilized in its custody. The book-entry system will evidence ownership of the Warrants, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal, interest and any redemption premium payments to beneficial owners of the Warrants by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The City will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, and to participants or persons acting through such participants. While Cede & Co. is the registered owner of this Warrant, notwithstanding the provisions hereinabove contained, payments of principal, interest and any redemption premium on this Warrant will be made in accordance with the existing arrangements between the Paying Agent and DTC.

Subject to the foregoing paragraph, payment of interest on this Warrant due on each Interest Payment Date shall be made by check or draft mailed by the Paying Agent to the person entitled thereto at his address appearing in the Warrant Register maintained with respect to the Warrants. Such payments of interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if such Interest Payment Date is not a business day, on the business day next following such Interest Payment Date). Payment of the principal of (and premium, if any, on) this Warrant and payment of accrued interest on this Warrant due upon redemption shall be made only upon surrender of this Warrant at the designated corporate trust agency office of the hereinafter described Bank. Upon the terms and conditions provided in the Authorizing Ordinance, the Holder of any Warrant or Warrants in an aggregate principal amount of not less than \$100,000 may request that payment of interest on such Warrant or Warrants be made by wire transfer to an account of such Holder maintained at a bank in the continental United States or by any other method providing for same-day funds that is acceptable to the Bank. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This Warrant is one of the duly authorized issue of warrants of the City, aggregating \$10,000,000 in principal amount, entitled "General Obligation Refunding and Improvement Warrants, Series 2014" (the "Warrants") and issued under and pursuant to an ordinance duly adopted by the governing body of the City (the "Authorizing Ordinance") and the constitution and laws of the State of Alabama, including particularly Section 4, Chapter 81, and Section 2, Chapter 47, of Title 11 of the Code of Alabama, 1975. Capitalized terms not otherwise defined herein shall have the meanings assigned in the Authorizing Ordinance.

The Authorizing Ordinance provides that The Bank of New York Mellon Trust Company, N.A. (the "Bank"), will serve as Paying Agent and Registrar with respect to the Warrants unless and until a successor is appointed pursuant to the terms and conditions of the Authorizing Ordinance. For purposes of this Warrant and the Authorizing Ordinance, the principal office of the Bank shall mean the office where the Bank maintains its designated corporate trust agency office, as shall be designated by the Bank by written notice to the City and the Holders of the Warrants.

The indebtedness evidenced by the Warrants is a general obligation of the City for the payment of which the full faith and credit of the City have been irrevocably pledged, pro rata and without preference or priority of one Warrant over another.

Pursuant to the Authorizing Ordinance, the City has established a special fund for the payment of debt service on the Warrants (the "Warrant Fund") that will be held by the Bank. The City has obligated itself to pay or cause to be paid into the Warrant Fund from the taxes, revenues or other funds of the City sums sufficient to provide for the payment of debt service on the Warrants as the same becomes due and payable.

The Warrants, maturing on or after April 1, 2022 are subject to redemption prior to their maturity, at the option of the City, in whole or in part, on April 1, 2021, and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof and if less than all of the Warrants are to be redeemed, those maturities or portions thereof to be called for redemption shall be selected by the City in its discretion, and if less than all the Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), at and for a redemption price equal to 100% of the principal amount of each Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.

Written notice of the call for redemption of this Warrant (or portion of the principal thereof) shall be forwarded by United States registered or certified mail to the registered owner hereof, not less than thirty (30) days prior to the date fixed for redemption. Such notice of redemption relative to the Warrants shall state that it is conditioned on there being sufficient money on deposit to pay the full redemption price of the Warrants on the redemption date. In the event that less than all the outstanding principal of this Warrant is to be redeemed, the registered Holder hereof shall surrender this Warrant to the Bank in exchange for a new Warrant of like tenor herewith except in a principal amount equal to the unredeemed portion hereof. Upon the giving of notice of redemption in accordance with the provisions of the Authorizing Ordinance, the Warrants (or principal portions thereof) so called for redemption and prepayment shall become due and payable on the date specified

in such notice, anything herein or in the Authorizing Ordinance to the contrary notwithstanding, and the Holders thereof shall then and there surrender them for payment, and all future interest on the Warrants (or principal portion thereof) so called for prepayment shall cease to accrue after the date specified in such notice, whether or not the Warrants are so presented.

This Warrant is transferable by the registered holder hereof, in person or by authorized attorney, only on the books of the Bank, as Registrar and Transfer Agent of the City, and only upon surrender of this Warrant to such Registrar for cancellation, and upon any such transfer a new Warrant of like tenor herewith will be issued to the transferee in exchange therefor, all as more particularly described in the Authorizing Ordinance. Each Holder hereof, by receiving or accepting this Warrant, shall consent and agree and shall be estopped to deny that this Warrant may be transferred only in accordance with the provisions of the Authorizing Ordinance. Provision is also made in the Authorizing Ordinance for the exchange of Warrants for a like aggregate principal amount and in authorized denominations, all upon the terms and subject to the conditions set forth in the Authorizing Ordinance.

The Registrar shall not be required to transfer or exchange this Warrant during the period of fifteen (15) days next preceding any interest payment date; and, in the event that this Warrant (or any principal portion hereof) is duly called for redemption and prepayment, the Registrar shall not be required to register or transfer this Warrant during the period of sixty (60) days next preceding the date fixed for such redemption and prepayment.

Registration, transfer and exchange of Warrants, other than to replace mutilated, lost, stolen or destroyed Warrants, shall be without expense to the Holder or transferee, but the Holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange.

It has been ascertained and found, and it is hereby certified and recited, that all conditions, actions and things required by the constitution and laws of Alabama to exist, be performed or happen precedent to or in the issuance of this Warrant and the creation of the indebtedness evidenced and ordered paid, hereby exist, have been performed and have happened, that such indebtedness has been registered as a claim against the Warrant Fund and is lawfully due without condition, and that the indebtedness evidenced and ordered paid by this Warrant, together with all other indebtedness of the City, was when incurred and is now within every debt and other limit prescribed by the constitution and laws of Alabama.

Unless the Registration Certificate hereon has been executed by the Bank, as Registrar for the Warrants, by manual signature, this Warrant shall not be entitled to any benefit under the Authorizing Ordinance or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the City has caused this Warrant to be executed in its behalf by the Mayor and by the City Clerk of the City, each of whom have caused their facsimile signatures to be hereunto imprinted, has caused the official seal of the City to be imprinted hereon, and has caused this Warrant to be dated _____, 2014.

CITY OF DAPHNE, ALABAMA

(SEAL)

By _____
Its Mayor

ATTEST:

By _____
City Clerk

* * * * *

(Form of Registration as Claim against Warrant Fund)

I hereby certify that this Warrant has been registered by me as a claim against the Warrant Fund referred to in this Warrant.

Treasurer of the
City of Daphne, Alabama

[Form of Registration Certificate]

This Warrant was registered in the name of the above-registered owner on the date hereinafter set forth.

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

By _____
Its Authorized Officer

DATE OF REGISTRATION: _____

(Form of Assignment)

For value received _____ hereby sell(s), assign(s) and transfer(s) unto _____ the within Warrant and hereby irrevocably constitute(s) and appoint(s) _____, as attorney and Warrant Registrar and Transfer Agent, with full power of substitution in the premises, to transfer the Bond on the books of the within mentioned Bank.

Dated this the ____ 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)

Its Medallion Number _____

Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a 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)

ARTICLE III
FURTHER PROVISIONS WITH RESPECT TO
WARRANTS

Section 3.1 Home Office Payment Agreement. Upon the written request of the Holder of any Warrant or Warrants in an aggregate principal amount of not less than \$100,000, the Bank will make payment of interest due on such Warrant or Warrants upon any Interest Payment Date by wire transfer to an account of such Holder maintained at a bank in the continental United States or by any other method providing for payment in same-day funds that is acceptable to the Bank, provided that payment of the principal of and redemption premium (if any) on such Warrant or Warrants shall be made only upon surrender of such Warrant or Warrants to the Bank, as Paying Agent.

Section 3.2 Interest After Payment Due Date. The Warrants, any premiums thereon and, to the extent legally enforceable, overdue installments of interest thereon, shall bear interest after the maturity dates thereof or such earlier date as they may be called for redemption, until paid or until money sufficient for the payment thereof shall have been deposited for that purpose with the Bank, at the respective rates borne thereby.

Any provision hereof to the contrary notwithstanding, Overdue Interest shall not be payable to the Warrant Holder solely by reason of such Warrant Holder having been the Holder on the Record Date next preceding the Interest Payment Date on which such interest became due and payable, but shall be payable by the Bank as follows:

- (a) Not less than ten (10) days following receipt by the Bank of immediately available funds in an amount sufficient to enable the Bank to pay all Overdue Interest, the Bank shall fix an Overdue Interest Payment Date for payment of such Overdue Interest, which date shall be not more than twenty (20) days following the expiration of the ten-day period after receipt of funds by the Bank;
- (b) Overdue Interest shall be paid by check or draft mailed by the Bank to the persons in whose names the Warrants were registered in the registry books of the Bank pertaining to the Warrants on the Overdue Interest Payment Date.

Payment of Overdue Interest in the manner herein prescribed to the persons in whose names the Warrants were registered on the Overdue Interest Payment Date shall fully discharge and satisfy all liability for the same.

Section 3.3 Temporary Certificates. Pending the preparation of definitive Warrants the City may execute, and upon request of the City, the Bank shall register and deliver, temporary certificates which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Warrants in lieu of which they are issued, but numbered from R-1 upwards, without other identification numbers, and with such other appropriate insertions, omissions, substitutions and other variations as the officers

executing such temporary certificates may determine, as evidenced by their execution of such temporary certificates.

Any such temporary certificates shall be executed by the manual signatures of the appropriate officers of the City as required in Article II of this Ordinance and be executed and attested by the City Clerk. All such temporary certificates shall have impressed thereon the seal of the City.

If temporary Warrants are issued, the City will cause definitive Warrants to be prepared without unreasonable delay. After the preparation of definitive Warrants, the temporary Warrants shall be exchangeable for definitive Warrants upon surrender of the temporary Warrants at the principal office of the Bank, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Warrants the City shall execute and the Bank shall authenticate and deliver in exchange therefor a like principal amount of definitive Warrants of like tenor, and in authorized denominations. Until so exchanged, temporary Warrants shall in all respects be entitled to the security and benefits of this Ordinance.

Section 3.4 Payments Due on a Day Other Than a Business Day. If any payment on the Warrants is due on a day which is not a Business Day, such payment shall be made on the first succeeding date which is a Business Day with the same effect as if made on the day such payment was due.

Section 3.5 Book Entry System. The City may from time to time enter into, and discontinue, an agreement with a “clearing agency” (securities depository) registered under Section 17A of the Securities Exchange Act of 1934, as amended (a “Securities Depository”), which is the owner of the Warrants, to establish procedures with respect to the Warrants, not inconsistent with the provisions of this Ordinance; provided, however, that any such agreement may provide:

- (a) that such Securities Depository is not required to present a Warrant to the Paying Agent in order to receive partial payment of principal;
- (b) that a legend shall appear on each Warrant so long as the Warrants are subject to such agreement; and
- (c) that different provisions for notice to such Securities Depository may be set forth therein.

So long as an agreement with a Securities Depository is in effect, the City, the Bank and any paying agent or bond registrar shall not have any responsibility or liability with respect to the payment of principal, purchase price, premium, if any, or interest on the Warrants to the beneficial owners or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or any payments made to such beneficial owners.

ARTICLE IV

GENERAL OBLIGATION; PROVISION FOR PAYMENT OF OBLIGATIONS

Section 4.1 General Obligation. The indebtedness evidenced by the Warrants is and shall be a general obligation of the City and the full faith and credit of the City are hereby irrevocably pledged to the payment of the principal thereof and interest thereon.

Section 4.2 Continued Levy of Taxes; Maintenance of Warrant Fund. The City agrees that, so long as the principal of or interest on any of the Warrants remains unpaid, the City will annually levy and collect taxes, insofar as such taxes may be permitted by the present or any future provisions of the Constitution of Alabama, in such amounts as may be necessary to provide for the payment of the principal of and interest on the Warrants. The City further agrees that so long as the principal of or interest on any of the Warrants remains unpaid it will deposit in the Warrant Fund with respect to such Warrants, not later than the 25th day of the month next preceding an Interest Payment Date, an amount which, when added to the amounts then on deposit in such Warrant Fund, will equal the principal, interest and redemption premium (if any) to come due with respect to the Warrants on such Interest Payment Date.

Section 4.3 Provision for Payment. (a) If the principal of and interest and redemption premium (if any) on the Warrants is paid in accordance with the terms thereof and this Ordinance, then all covenants, agreements and other obligations of the City to the Holders of such Warrants shall thereupon cease, terminate and become void and be discharged and satisfied. In the event the Warrants are so paid the Bank shall pay to the City any surplus remaining in the Warrant Fund.

(b) Warrants shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 4.3 if

- (1) the City and the Bank (or another bank acting as trustee) enter into an appropriate trust agreement under which there shall be deposited, for payment or redemption of such Warrants and for payment of the interest to accrue thereon until maturity or redemption, and any redemption premium thereon, Government Obligations and cash or any combination of cash and Government Obligations which, together with the income to be derived from such, will produce monies sufficient to provide for the payment, redemption and retirement of such Warrants as and when the same become due;
- (2) the City shall have adopted all necessary proceedings providing for the redemption of any such Warrants that are required to be redeemed prior to their respective maturities and shall have instructed the Bank or other trustee under the aforesaid trust agreement to provide such notices of redemption as are required under this Ordinance;

- (3) the City and the Bank shall have been furnished with an opinion of nationally recognized bond counsel to the effect that the creation of any such trust will not result in subjecting to federal income taxation the interest on any of the Warrants that are to be paid in accordance with such trust; and
- (4) the City and the Bank shall have been furnished a certificate of a firm of certified public accountants satisfactory to the Bank stating that such trust will produce monies sufficient to provide for the full payment and retirement of such Warrants as and when the principal of and interest and redemption premium (if any) on such Warrants shall come due.

ARTICLE V

REDEMPTION PROVISIONS

Section 5.1 Optional Redemption. The Warrants, maturing on or after April 1, 2022 are subject to redemption prior to their maturity, at the option of the City, in whole or in part, on April 1, 2021, and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof and if less than all of the Warrants are to be redeemed, those maturities or portions thereof to be called for redemption shall be selected by the City in its discretion, and if less than all the Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), at and for a redemption price equal to 100% of the principal amount of each Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.

Section 5.2 Procedure for Redemption; Resolution Authorizing Redemption. Not less than thirty (30) days prior to the Redemption Date, the City (or the Bank on behalf of the City) shall give, or cause to be given, written notice of such redemption and prepayment by United States mail, registered or certified, to the Holders of each of the Warrants to be redeemed, in whole or in part, at the address of such registered Holder as such address appears on the registry books of the Registrar, stating that the Warrants (or principal portions thereof) have been called for redemption and will become due and payable at the Redemption Price, on a specified Redemption Date and that all interest thereon will cease to accrue after the Redemption Date. Such notice of redemption relative to the Warrants shall state that it is conditioned on there being sufficient money on deposit to pay the full redemption price of the Warrants so called for redemption on the redemption date. The holders of any of the Warrants to be redeemed may waive the requirements for notice with respect to the Warrants held by them without affecting the validity of the call for redemption of any other Warrants. The City shall cause to be paid and made available at the office of the Bank, on or prior to the Redemption Date, the total Redemption Price of the Warrants (or portions thereof) so called for redemption on such date. Out of the moneys so deposited with it, the Bank shall make provision for

payment of the Warrants (or principal portions thereof) so called for redemption at the Redemption Price and on the Redemption Date.

In addition to the foregoing notice, further notice shall be given by the City to all registered securities depositories and to one or more national information services that disseminate notices of redemption of obligations such as the Warrants. No defect in the further notice required in this paragraph, and no failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as described in the first paragraph of this Section 5.2.

Any optional redemption or prepayment of the Warrants or any portion thereof shall be effected upon a call by the City, as evidenced by a resolution of the Council, for redemption and prepayment of the Warrants to be so redeemed. Any such resolution pertaining to the Warrants shall state (i) that the City is not in default in the payment of the principal of or interest on any of the Warrants to be redeemed or (ii) that all of the Warrants then outstanding are to be retired on the Redemption Date.

If Warrants have been redeemed pursuant to optional redemption as described above, or if the City has delivered Warrants to the Trustee for cancellation, the City may direct that any sinking fund amount be reduced by any amount equal to all or a portion of the principal amount of any Warrants so redeemed or delivered for cancellation (and not previously used to reduce any sinking fund amount). The City shall deliver any such direction at least 75 days before the redemption date.

If amounts are being held in the Warrant Fund to be used to redeem Warrants pursuant to the mandatory sinking fund redemption provision, in lieu of such redemption, the City may, no later than 75 days before the redemption date, direct the Bank in writing to use part or all of such moneys to purchase such Warrants, in a principal amount not to exceed the next sinking fund amount, which Warrants are presented to the City by the owners of the Warrants for purchase and which the City directs the Bank to purchase. The purchase price of such Series 2014 Warrants shall not exceed the redemption price of the Warrants which would be redeemed but for the operation of this paragraph (accrued interest to be paid from the same fund or account from which accrued interest would be paid upon the redemption of such Warrants). Any such purchase shall be completed prior to the time notice would otherwise be required to be given to redeem Warrants. All Warrants so purchased shall be cancelled and applied as a credit (in an amount equal to the principal amount of such Warrants) against the next sinking fund amount.

Section 5.3 Result of Redemption of Warrants. Upon compliance with the requirements set forth in this Article V, and if the City is not on the Redemption Date in default in the payment of the principal of or interest on the Warrants, the Warrants (or principal portions thereof) called for redemption shall become due and payable at the Redemption Price and on the Redemption Date specified in the notice provided for in Section 5.2, and the Holders thereof shall then and there surrender them for redemption; provided, however, that in the event that less than all of the outstanding principal of any Warrant is to be redeemed, the registered Holder thereof shall surrender the Warrant that is to be prepaid in part to the Bank in exchange, without expense to the Holder, for a

new Warrant of like tenor except in a principal amount equal to the unredeemed portion thereof. All future interest on the Warrants (or principal portions thereof) so called for redemption shall cease to accrue after the Redemption Date.

ARTICLE VI

REGISTRATION AND TRANSFER OF THE WARRANTS

Section 6.1 Registration and Transfer of the Warrants. The Warrants shall be registered as to both principal and interest. Each Warrant shall have endorsed thereon a registration certificate substantially in the form provided in Section 2.5 hereof, and a condition to the validity of each Warrant shall be the manual execution of such certificate on behalf of the Bank. The Bank is hereby appointed as the Registrar and Transfer Agent for the Warrants, and shall be authorized to keep at its designated corporate trust agency office proper registry books in which it shall register the Warrants, as to both principal and interest, noting the registry on the Warrants so presented. Such registration shall conclusively designate the Warrant Holder as the sole person to whom or on whose order the payment of the principal of and interest on the Warrants so registered may be made. After such registration no transfer of a Warrant so registered shall be valid unless it is presented at the said office with written power to transfer, properly stamped if required, in form and with guaranty of signature satisfactory to the Registrar, and such new registration noted thereon by the Registrar. The Registrar shall not be required to transfer or exchange such Warrant during the period of fifteen (15) days next preceding any interest payment date. If any Warrant shall be duly called for redemption pursuant to the provisions hereof, the Registrar shall not be required to transfer such Warrant during the period of sixty (60) days next preceding the date fixed for its redemption.

Section 6.2 Exchange of Warrants. Upon request of the Holder of any Warrant, the City shall execute, and the Bank shall register and deliver, upon surrender to the Bank of the Warrant or Warrants, in exchange therefor, a Warrant or Warrants of the same tenor in different authorized principal amounts (of \$5,000 or integral multiples thereof), together aggregating the same principal amount as the then unpaid principal of the Warrant or Warrants so surrendered, all as may be requested by the persons surrendering such Warrant or Warrants.

Section 6.3 Costs of Registration, Transfer and Exchange. The registration, transfer and exchange of Warrants (other than pursuant to Section 6.5 hereof) shall be without expense to the Holder or transferee. In every case involving a transfer, registration or exchange, such Holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange.

Section 6.4 Effect of Registration. The City, the Registrar, and the Paying Agent may deem and treat the person in whose name a Warrant is registered on the books of the Registrar as the absolute owner thereof for all purposes; they shall not be affected by notice to the contrary; and all payments by any of them to the person in whose name a Warrant is registered shall, to the extent of such payment, fully discharge all liability thereof.

Section 6.5 Replacement of Mutilated, Lost, Stolen or Destroyed Warrants. In the event that any Warrant is mutilated, lost, stolen or destroyed, the City may execute and deliver a new Warrant of like tenor as that mutilated, lost, stolen or destroyed; provided, that (a) in the case of any such mutilated Warrant, such Warrant is first surrendered to the City and the Bank, and (b) in the case of any such lost, stolen or destroyed Warrant, there is first furnished to the City and the Bank evidence of such loss, theft or destruction satisfactory to each of them, together with indemnity satisfactory to each of them. The City may charge the Holder with the expense of issuing any such new Warrant.

Section 6.6 Provisions with Respect to Bank. (a) Appointment of Bank and Acceptance of Duties. The Bank is herein designated and appointed and shall act as registrar, transfer agent and payment agent with respect to the Warrants. By its acceptance of such duties hereunder, the Bank shall accept and agree to perform the duties required by this Ordinance, subject, however, to the following conditions:

- (i) The Bank shall undertake to perform such duties and only such duties as are specifically set forth in this Ordinance, and no implied covenants or obligations shall be read into this Ordinance against the Bank.
- (ii) In the absence of bad faith or negligence on its part, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Bank and conforming to the requirements of this Ordinance; provided, however, that in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Bank, the Bank shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Ordinance.
- (iii) The Bank shall not be answerable for other than its gross negligence or willful default and the Bank may act through its agents and attorneys with respect to any of its duties hereunder.
- (iv) No provision of this Ordinance shall be construed to relieve the Bank from liability for its own gross negligence or willful misconduct, except that no provision of this Ordinance shall require the Bank to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.
- (v) The Bank may consult counsel on any matters connected herewith and shall not be answerable for any action taken or failure to take any action in good faith on the advice of counsel, provided that its action or inaction is not contrary to any express provision hereof.
- (vi) The Bank need not recognize a Holder of a Warrant as such without the satisfactory establishment of his title to such Warrant.

- (vii) Any action taken by the Bank at the request of and with the consent of the Holder of a Warrant will bind all subsequent Holders of the same Warrant and any Warrant issued hereunder in lieu thereof.
- (viii) The Bank may be a Holder or a pledgee of any of the Warrants as if not the Bank hereunder.
- (ix) The Bank shall not be liable for the proper application of any moneys other than those that may be paid to or deposited with it.
- (x) The Bank shall not be liable to pay or allow interest on any moneys to be held by it under this Ordinance or otherwise to invest any such moneys, except as specifically required by this Ordinance or as may be required by law or other written agreement between the City and the Bank.
- (xi) The Bank may make any investments permitted or required hereby through its own investment department, and any eligible investments issued or held by it hereunder shall be deemed investments and not deposits.
- (xii) The Bank shall, upon reasonable written request, inform the City of the amount at the time on deposit in any of the special funds or accounts created hereunder.
- (xiii) The recitals of fact herein and in the Warrants are statements by the City and not by the Bank, and the Bank is in no way responsible for the validity or security of the Warrants or the validity of the security afforded hereby.

(b) Resignation by Bank. The Bank and any successor Bank may resign and be discharged from the duties under this Ordinance by causing written notice specifying the effective date, postage prepaid, to the City and to every Holder of a Warrant. Unless the effective date of the Bank's resignation shall coincide with the appointment of a successor Bank by the Holders of the Warrants as herein provided, such date shall be at least sixty (60) days after the date on which notice to the City and the Holders of the Warrants shall have been mailed.

(c) Removal of Bank. The Bank may be removed at any time by an instrument or concurrent instruments in writing delivered to the Bank and to the City and signed by the Holders of a majority in aggregate principal amount of the Warrants then outstanding.

(d) Appointment of Successor Bank; Interim Bank. In case the Bank shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, a successor may be appointed by Holders of a majority in aggregate principal amount of Warrants then outstanding through an instrument or concurrent instruments in writing signed by such Holders. In case of any such resignation or event which causes the Bank to be incapable of acting, the City, by an instrument signed by the Mayor, shall appoint an interim Bank to serve until a successor Bank shall be appointed by the Holders of a majority in aggregate principal

amount of the Warrants, as provided above. Whenever necessary to avoid or fill a vacancy in the office of Bank, the City will appoint an interim Bank in order that there shall at all times be a Bank hereunder. Any interim Bank so appointed by the City shall immediately and without further act be superseded by the Bank appointed by the holders of the Warrants.

The City shall cause notice of the appointment of an interim Bank, in the event that such an appointment is made, to be forwarded by United States registered or certified mail, postage prepaid, to every Holder of a Warrant. When the appointment of a successor Bank, as selected by the Holders of a majority in principal amount of the Warrants then outstanding, becomes effective, the City shall also cause notice of that fact to be given in the manner provided above for the notice required to be given upon the appointment of an interim Bank. Every interim or successor Bank appointed pursuant to this Section shall be a trust company or bank which is qualified to perform all duties of the Bank under this Ordinance and which has, at the time of its acceptance of such appointment, capital, surplus and undivided profits of not less than \$25,000,000, if there be such an institution willing, qualified and able to accept appointment as Bank upon reasonable or customary terms.

(e) Concerning any Successor Bank. Every successor Bank shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting its appointment as Bank hereunder, and thereupon such successor Bank, without any further act, deed or conveyance, shall become fully vested with all the rights, powers and duties of its predecessor. Such predecessor shall nevertheless, on the written request of the City or such successor Bank, execute and deliver an instrument transferring to such successor Bank all rights, powers and interests of such predecessor hereunder; and every predecessor Bank shall deliver all securities and moneys held by it as Bank hereunder to its successor.

(f) Merger or Consolidation of Bank. Any corporation into which the bank may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank, shall be the successor of the Bank hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case the registration certificates with respect to any Warrants shall have been executed by the Bank then in office, any successor by merger or consolidation to such Bank may adopt the registration of such Warrants and deliver such Warrants with the same effect as if such successor Bank had itself registered such Warrants.

(g) Compensation of Bank. Subject to the provisions of any separate agreement with the Bank, the City shall pay to the Bank from time to time reasonable compensation for all services rendered by it under this Ordinance, including its services as registrar and paying agent for the Warrants, and also all its reasonable expenses, charges, counsel fees, costs and expenses and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its duties hereunder.

(h) Extraordinary Expenses. If the Bank is required by a governmental agency or court proceeding initiated by a third party to undertake efforts beyond that which is set forth herein but related thereto (other than due to the Bank's negligence or willful misconduct), the Bank shall notify the City of the same in writing and the City shall promptly pay the Bank for such extraordinary fees, costs and expenses (including reasonable attorney's fees, costs and expenses) reasonably and necessarily incurred in connection therewith.

ARTICLE VII

EXECUTION AND DELIVERY OF THE WARRANTS; APPROVAL OF SALE; USE OF PROCEEDS THEREFROM

Section 7.1 Authority to Execute and Deliver the Warrants. The Mayor of the City, the City Clerk and the Treasurer are hereby authorized and directed to cause the Warrants to be executed, sealed, attested and registered as a claim against the City and the Warrant Fund as provided herein and delivered to the purchaser thereof upon payment to the City of the sale price therefor.

Section 7.2 Application of Proceeds of Sale; Additional Sums. The gross proceeds derived from the sale of the Warrants shall be used solely for the following purposes:

- (i) The amount of \$75,000 shall be deposited with Compass Bank in the Issuance Expense Fund and applied for the purposes described in Section 8.1.
- (ii) The amount of \$2,042,027.56 shall be paid to the Escrow Agent and deposited into the 2003 Escrow Fund created under the Escrow Trust Agreement to provide for the refunding of the Series 2003 Warrants.
- (iii) The amount of \$7,050,815.64 shall be paid to the Escrow Agent and deposited into the 2006 Escrow Fund created under the Escrow Trust Agreement to provide for the refunding of the Series 2006 Warrants.
- (iv) The remaining amount of proceeds shall be deposited with Compass Bank, a depository, in the Capital Improvements Account and applied for the purposes described in Section 8.2.

ARTICLE VIII

CREATION OF ISSUANCE EXPENSE FUND, CAPITAL IMPROVEMENT ACCOUNT AND WARRANT FUND; COVENANTS WITH RESPECT TO WARRANT PROCEEDS, DESIGNATION OF WARRANTS

Section 8.1 Issuance Expense Account. There is hereby created a special fund of the City designated the "Series 2014 Warrant Issuance Expense Account" (herein called the "Issuance Expense Account") which shall be maintained until the costs and expenses incurred by the City in connection with the issuance and sale of the Warrants shall be paid in full. Compass Bank shall be the depository for the Issuance Expense Account.

Simultaneously with the issuance and delivery of the Warrants, the City shall deposit or cause to be deposited into the Issuance Expense Account, out of proceeds derived from the sale of the Warrants, an amount equal to the amount required for payment of the expenses of issuing the Warrants. The City will apply the moneys deposited into the Issuance Expense Account solely for payment of the expenses of issuing the Warrants, as and when such expenses become due and payable.

The Mayor, the Finance Director or any other person designated in writing by the Mayor or the Finance Director, are hereby authorized and directed to cause the said expenses to be paid, as promptly as may be feasible following the closing of the sale of the Warrants, and to make withdrawals from the Issuance Expense Account for the said purpose. In the event that the moneys deposited into or transferred into the Issuance Expense Fund are not sufficient to pay all expenses of issuing the Warrants, the Mayor is hereby authorized and directed to pay, out of any funds of the City available therefor, the balance of the expenses of issuing the Warrants. Any amount remaining in the Issuance Expense Account after the City certifies that all issuance expenses have been paid in full, but in no event later than sixty days after the date of delivery of the Warrants, shall be transferred and deposited into the Capital Improvements Account.

Section 8.2 Capital Improvements Account. There is hereby created a special account the full name of which shall be the "2014 Capital Improvements Account." The 2014 Capital Improvements Account shall be maintained as a separate account until the moneys in said account shall have been fully expended as hereinafter provided. Except as hereinafter provided, the City will apply the moneys in the 2014 Capital Improvements Account solely for payment of the costs of the Capital Improvements described in Section 1.3(f) hereof. Compass Bank shall be the depository for the 2014 Capital Improvements Account.

The Mayor, the Finance Director or any other person designated in writing by the Mayor or the Finance Director, are hereby authorized and directed to make withdrawals from the 2014 Capital Improvements Account for the purpose of paying the costs of the Capital Improvements described in Section 1.3(f) hereof, and to make any transfer that may be made pursuant to the succeeding sentence of this Section. The City shall have the right to supplement or revise the list of Capital Improvements described in Section 1.3(f) hereof to be paid from proceeds of the Warrants by

resolution or ordinance; provided, that no revisions or addition to the Capital Improvements as herein approved shall adversely affect the excludability of interest on the Warrant for federal income tax purposes.

Section 8.3 Warrant Fund. There is hereby created a special account, the full name of which shall be the "City of Daphne Warrant Fund, 2014." The Warrant Fund shall be maintained as a separate fund until payment in full of the principal of and interest on the Warrants. The Bank is hereby designated as the custodian of the Warrant Fund.

On or before the 25th day of the month next preceding any Interest Payment Date, the City shall deposit into the Warrant Fund an amount which, when added to the amounts already on deposit therein, will be sufficient to provide for the payment of all principal of and interest and redemption premium on the Warrants coming due on such Interest Payment Date. Monies deposited in the Warrant Fund shall be used by the Bank for the payment of principal, interest and redemption premium (if any) on, the Warrants, and for no other purpose until the payment in full of the Warrants.

Section 8.4 Investment of Moneys in Accounts. Pending the expenditure of moneys in the Warrant Fund for any other purpose, the City shall have the privilege at any time and from time to time of investing and reinvesting, or causing to be invested and reinvested, all or part of the moneys at any time on deposit in such account, in Government Obligations or in money market funds of the Bank consisting of Government Obligations. Pending the expenditure of moneys in the Issuance Expense Account and the Capital Improvements Account for any other purpose, the City shall have the privilege at any time and from time to time of investing and reinvesting, or causing to be invested and reinvested, all or part of the moneys at any time on deposit in such account in Government Obligations, money market funds of the Bank consisting of Government Obligations, or certificates of deposit issued by banks or trust companies having at the time of the deposit combined capital, surplus and undivided profits of not less than \$5,000,000.

The Bank is hereby directed to invest and reinvest such amounts promptly upon receipt of, and in accordance with, the written instructions of the City. The Bank may conclusively rely upon the City's written instructions as to both the suitability and legality of the directed investments. In the absence of written investment instructions from the City, the Bank shall not be responsible or liable for keeping the moneys held by it hereunder fully invested. The Bank shall not be liable for any losses from such directed investments.

Section 8.5 Security for Funds. Any money on deposit in any fund or account or held by the Bank pursuant to this Ordinance shall, unless invested as provided herein or secured by the Federal Deposit Insurance Corporation (or any successor agency of the United States of America) or under the State of Alabama Security for Alabama Funds Enhancement Program, be secured for the benefit of the City and the Holders by holding on deposit as collateral security direct obligations of the United States of America or obligations unconditionally guaranteed by the United States of America, or other marketable securities eligible as security for the deposit of public funds under the

regulations of the Comptroller of the Currency, having a market value (exclusive of accrued interest) not less than the amount of money being secured.

Section 8.6 Covenants with Respect to Exemption of Interest from Federal Income Taxation; Non-Arbitrage Covenant. The City acknowledges and agrees that the Warrants are to be issued in compliance with the conditions necessary for the interest income thereon to be exempt from federal income taxation pursuant to the relevant provisions of the Code. The City hereby covenants and agrees as follows:

- (a) It will not use or apply the proceeds of the Warrants or direct the investment of moneys in any funds or accounts established or maintained with respect to the Warrants in such manner as to constitute any Warrant an "arbitrage bond" within the meaning of Section 148 of the Code;
- (b) It will make timely rebate payments to the United States of America with respect to any "excess" arbitrage profits as required by Section 148(f) of the Code;
- (c) It will maintain all records required by Section 148(f) of the Code and the applicable regulations thereunder and shall furnish such data or information regarding compliance with Section 148(f) of the Code as any Holder shall reasonably request in writing, which records shall be furnished to any Holder upon its request;
- (d) It will, within 60 days after a written request of the Bank therefor, furnish to the Bank and to any Holder a certificate by an independent certified public accountant or opinion of nationally recognized bond counsel stating that as of such date it had made all rebate payments to the United States of America necessary to prevent the Warrants from becoming "arbitrage bonds" under Section 148(f) of the Code;
- (e) It will comply with the terms of the City's Tax Certificate and Agreement with regard to use of proceeds of the Warrants in any private business use; payment of the Warrants shall not be secured by, or derived from, property used in a private business use; proceeds of the Warrants shall not be used to make or finance loans to persons other than governmental units; and proceeds of the Warrants shall not be used in any manner that would cause the Warrants to be or become private activity bonds, as defined in Section 141 of the Code;

- (f) It will not cause or permit the Warrants to be federally guaranteed, within the meaning of Section 149(b) of the Code; and
- (g) It will not in any other way cause or permit the proceeds of the Warrants to be used in a manner which would cause the interest on the Warrants to lose the exemption from federal income taxation as provided under the Code and the applicable regulations thereunder and will comply with all applicable provisions of the Code (including, without limitation, the provisions relating to post-issuance actions affecting tax exemption) to the extent necessary for interest on the Warrants to be excludable from gross income of the holders thereof.
- (h) It has in place procedures providing for compliance with each of the matters described above and for keeping records with respect to such compliance.

Section 8.7 Designation of Warrants. The Warrants are not private activity bonds as such term is defined in Section 141 of the Code, and the City does not reasonably anticipate that it, or any other subordinate entity thereto, will issue more than \$10,000,000 of qualified tax exempt obligations (other than private activity bonds) in calendar year 2014. The Warrants are hereby designated as a portion of the maximum of \$10,000,000 of qualified tax-exempt obligations to be issued by the City during calendar year 2014, within the meaning and for the purposes of Section 265(b)(3) of the Code.

ARTICLE IX

APPROVAL OF OFFICIAL STATEMENT; AUTHORIZATION OF CONTINUING DISCLOSURE AGREEMENT; AUTHORIZATION OF DISCLOSURE DISSEMINATION AGREEMENT; APPROVAL OF ESCROW TRUST AGREEMENT; APPROVAL OF SALE; MISCELLANEOUS PROVISIONS

Section 9.1 Approval of Official Statement. An official statement with respect to the Warrants, in substantially the form presented at the meeting at which this Ordinance is adopted and attached hereto as Exhibit A, is hereby approved, and the Mayor of the City is hereby authorized and directed to sign an official statement on behalf of the City in substantially the form herein approved, with such changes therein and additions thereto as shall be necessary to conform to the provisions of this Ordinance authorizing the Warrants and such other changes and additions as the Mayor of the City shall deem necessary and appropriate. The preparation and distribution of such official statement on behalf of the City by Harbor Financial Services, LLC is hereby ratified and approved and such Official Statement is hereby deemed final within the meaning of Rule 15c2-12 of the

United States Securities and Exchange Commission. The final official statement shall be in substantially the same form as the official statement herein approved, with such additions, insertions, omissions or other changes as may be approved by the Mayor of the City and the execution of the final official statement by the Mayor of the City as hereby authorized shall be conclusive evidence of any such approval.

Section 9.2 Authorization of Continuing Disclosure Certificate. Upon delivery of the Warrants to the purchaser thereof, the Mayor and Finance Director of the City are hereby authorized and directed to execute and deliver for and on behalf of the City, the Continuing Disclosure Agreement in substantially the form presented at the meeting of the Council at which this Ordinance is adopted and attached hereto as Exhibit B. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Ordinance, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered a default hereunder or with respect to the Warrants; provided, however, any Holder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section 9.4. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Warrants (including persons holding Warrants through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Warrants for federal income tax purposes.

Section 9.3 Authorization of Disclosure Dissemination Agreement. Upon the delivery of the Warrants to the purchaser thereof, the Mayor and City Clerk of the City are hereby authorized and directed to execute and deliver for an on behalf of the City, the Disclosure Dissemination Agreement in substantially the form presented at the meeting of the Council at which this Ordinance is adopted and attached hereto as Exhibit C.

Section 9.4 Authorization of Escrow Trust Agreements. Upon the delivery of the Warrants to the purchaser thereof, the Mayor and City Clerk of the City are hereby authorized and directed to execute and deliver for an on behalf of the City, the 2003 Escrow Trust Agreement and the 2006 Escrow Trust Agreement, each in substantially the form presented at the meeting of the Council at which this Ordinance is adopted and attached hereto as Exhibits D and E. The Bank of New York Mellon Trust Company, N.A., as the Escrow Trustee under the 2003 Escrow Trust Agreement and the 2006 Escrow Trust Agreement, is authorized and directed to cause the money's held by it thereunder to be invested in the manner specified therein.

Section 9.5 Sale of Warrants. The City does hereby approve (i) the sale of the Warrants to Harbor Financial Services, LLC at a purchase price of \$9,933,231.80, which amount reflects an underwriter's discount of \$50,000.00 and net original issue discount of \$16,768.20, and (ii) the execution of the Purchase Agreement dated October 29, 2014 between the City and Harbor Financial Services, LLC in the form presented at the meeting at which this Ordinance is adopted and attached hereto as Exhibit F.

Section 9.6 Further Acts. From and after the execution and delivery of the documents hereinabove authorized, the proper officers, directors, agents and employees of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said documents as executed and are further authorized to take any and all further actions and execute and deliver any and all other documents as may be necessary in the issuance of the Warrants and in the delivery of the Official Statement or as contemplated by this Ordinance.

The Mayor and City Clerk are authorized and directed to prepare and furnish to the purchaser of the Warrants, when the Warrants are issued, certified copies of all the proceedings and records of the Council relating to the Warrants, and such other affidavits and certificates as may be required to show the facts relating to the legality and marketability of the Warrants as such facts appear from the books and records in such officers' custody and control or as otherwise known to them.

Section 9.7 Contractual Provisions. The provisions of this Ordinance shall constitute a contract between the City and the Holders at any time of the Warrants. Upon payment in full of the principal of and interest on the Warrants the obligations of the City hereunder shall cease with respect thereto.

Section 9.8 Warrants Payable at Par. Each bank at which the Warrants may at any time be payable, by acceptance of its duties as Paying Agent therefor, shall be construed to have agreed thereby with the Holders of the Warrants that all remittances made by it on the Warrants shall be made in bankable funds at par and without deduction for exchange, fees or expenses.

Section 9.9 Severability. The various provisions of this Ordinance are hereby declared to be severable. In the event any provisions hereof shall be held invalid by a court of competent jurisdiction, such invalidity shall not affect any other portion of this Ordinance.

Section 9.10 Repeal of Conflicting Provisions. All resolutions, orders or parts thereof in conflict with this Ordinance are to the extent of such conflict are hereby repealed.

After discussion, Councilmember _____ moved that the foregoing ordinance and order be adopted and spread upon the minutes of this meeting, which motion was seconded by Councilmember _____, and, on roll call the following vote was registered:

YEAS

NAYS

The Chairman thereupon announced that the said ordinance had been carried by unanimous vote of the Council present.

* * * * *

There being no further business to come before the meeting, the meeting was, upon motion duly made, seconded and unanimously carried, adjourned.

Council President

Dane Haygood, Mayor

[SEAL]

ATTEST:

Rebecca A. Hayes, City Clerk

CLERK'S CERTIFICATE

I, Rebecca A. Hayes, City Clerk of the City of Daphne, Alabama, DO HEREBY CERTIFY that the foregoing pages of typewritten material constitute excerpts from the minutes of a regular meeting of the City Council of Daphne, Alabama, held on _____, pertaining to the City's General Obligation Refunding and Improvement Warrants, Series 2014, which meeting was called and assembled and was open to the public and at which a quorum was present and acting throughout, and that the original of said minutes appears of record in the minute books of the City Council of Daphne, Alabama, which are in my custody and control.

Given under my hand and the seal of the City of Daphne, Alabama, this ____ day of _____, 2014.

[SEAL]

City Clerk of the City of Daphne, Alabama

Exhibit A
Preliminary Official Statement
(See Attached)

Exhibit B
Continuing Disclosure Certificate
(See Attached)

Exhibit C

Disclosure Dissemination Agreement

(See Attached)

Exhibit D

2003 Escrow Trust Agreement

(See Attached)

Exhibit E
2006 Escrow Trust Agreement
(See Attached)

Exhibit F
Warrant Purchase Agreement
(See Attached)

Exhibit A
Preliminary Official Statement
(See Attached)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. As of its date, this Preliminary Official Statement has been deemed final by the City for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

DAC Bond

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 28, 2014

NEW ISSUE

**Rating: Standard & Poor's: "AA+"
(See "RATING" herein)**

In the opinion of Adams and Reese LLP, Bond Counsel, under existing laws and assuming compliance with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2014 Warrants and with certain covenants described under the heading "TAX MATTERS" herein, interest on the Series 2014 Warrants is excludable from gross income for federal income tax purposes, and is not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Additionally, certain provisions of the Code may affect the tax treatment of interest on the Series 2014 Warrants for certain holders of the Series 2014 Warrants. Bond Counsel is also of the opinion that the interest income on the Series 2014 Warrants is, under existing statutes and regulations, exempt from Alabama income taxation. See also the proposed form of opinion of Bond Counsel attached hereto as APPENDIX C.

\$10,000,000*
CITY OF DAPHNE, ALABAMA
General Obligation Refunding and Improvement Warrants
Series 2014

Dated: Date of Delivery

Due: April 1, as shown on the inside cover

The City of Daphne, Alabama (the "City") is offering \$10,000,000* of its General Obligation Refunding and Improvement Warrants (the "Series 2014 Warrants"), pursuant to an ordinance to be adopted prior to delivery of the Series 2014 Warrants, (the "Warrant Ordinance"), by the Daphne City Council, acting as governing authority of the City (the "City Council"). The City will use the proceeds from the sale of the Series 2014 Warrants for the purpose of (i) current refunding all of the City's outstanding General Obligation Refunding and Improvement Warrants, Series 2003 (the "Series 2003 Warrants"), issued in the original aggregate principal amount of \$6,455,000 and currently outstanding in the principal amount of \$2,015,000, and advance refunding a portion of the City's outstanding General Obligation Refunding and Improvement Warrants, Series 2006 (the "Series 2006 Warrants"), issued in the original principal amount of \$25,230,000 and currently outstanding in the principal amount of \$17,185,000, and (ii) paying costs of issuance of the Series 2014 Warrants. See "PURPOSE OF THE SERIES 2014 WARRANTS" and "PLAN OF REFUNDING" herein.

The Series 2014 Warrants will be initially issued as fully registered Series 2014 Warrants in denominations of \$5,000 or any integral multiple thereof, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2014 Warrants. Purchases of the Series 2014 Warrants may be made only in book-entry form in authorized denominations by credit to participating broker-dealers and other institutions on the books of DTC as described herein. Principal of, premium, if any, and interest on the Series 2014 Warrants will be payable by The Bank of New York Mellon Trust Company, N.A., as paying agent (the "Paying Agent") to DTC, which will remit such payments in accordance with its normal procedures, as described herein. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2015. See "THE SERIES 2014 WARRANTS" herein.

The Series 2014 Warrants are subject to optional and scheduled mandatory redemption prior to maturity as more fully described under "THE SERIES 2014 WARRANTS - Redemption Provisions" herein.

This cover page contains certain information for quick reference only. This cover page is not intended to be a summary of this issue. Investors must read the entire Official Statement, including all appendices attached hereto, to obtain information essential to the making of an informed investment decision.

The Series 2014 Warrants are offered in book-entry only form when, as and if issued by the City and received by the Underwriter, subject to the approving opinion of Adams and Reese LLP, Mobile, Alabama, Bond Counsel, and certain other conditions. Certain legal matters pertaining to the City will be passed upon by its counsel, Adams and Reese LLP, Mobile, Alabama. It is expected that the Series 2014 Warrants will be available for delivery through the facilities of DTC, on or about November 18, 2014, against payment therefor.

Harbor Financial Services, LLC

Date: _____, 2014

* November 3, 2014 Council Meeting
* Preliminary subject to change.

AMOUNTS, MATURITIES, INTEREST RATES AND PRICES OR YIELDS*

\$10,000,000*

**CITY OF DAPHNE, ALABAMA
General Obligation Refunding and Improvement Warrants
Series 2014**

Base CUSIP**: _____

<u>Maturity (April 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate *</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Maturity (April 1)</u>	<u>Principal Amount*</u>	<u>Interest Rate*</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP**</u>
2015	\$95,000										
2016	615,000										
2017	630,000										
2018	645,000										
2019	650,000										
2020	125,000										
2021	125,000										
2022	825,000										
2023	840,000										
2024	860,000										
2025	875,000										
2026	895,000										
2027	915,000										
2028	935,000										
2029	970,000										

* Preliminary, subject to change.

** CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, A Division of the McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services.

CITY OF DAPHNE, ALABAMA

Mayor

Dane Haygood

City Council Members

Tommie Conaway, District 1
Pat Rudicell, District 2
John L. Lake, District 3
Randy Fry, Council President, District 4
Ron Scott, District 5
Robin LeJeune, District 6
Joe Davis, III, District 7

City Clerk

Rebecca A. Hayes

Deputy Finance Director

Christine Ciancetta

Counsel to the City

Adams and Reese LLP
Mobile, Alabama

Bond Counsel

Adams and Reese LLP
Mobile, Alabama

Underwriter

Harbor Financial Services, LLC
Mobile, Alabama

No dealer, broker, salesperson, or other person has been authorized by the City or Harbor Financial Services, LLC, as underwriter (the "Underwriter"), to give information or to make any representations with respect to the Series 2014 Warrants, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter or any other entity. The information set forth herein concerning The Depository Trust Company ("DTC") has been furnished by DTC, and no representation is made by the City or the Underwriter as to the completeness or accuracy of such information. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the Series 2014 Warrants by any persons in any jurisdiction in which it is unlawful to make such offer, solicitation or sale prior to registration or qualification under the securities laws of any such jurisdiction. This Official Statement is not to be construed as a contract with the purchasers of the Series 2014 Warrants.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information, and it is not to be construed as the promise or guarantee of the Underwriter.

Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City or that the information contained herein is correct at any time subsequent to the date hereof. A description of the City, including financial results of the City, is contained herein for informational purposes.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2014 WARRANTS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2014 WARRANTS AT A LEVEL ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2014 WARRANTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE WARRANT ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2014 WARRANTS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2014 WARRANTS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2014 WARRANTS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS PRELIMINARY OFFICIAL STATEMENT HAS BEEN DEEMED TO BE FINAL AS OF ITS DATE WITHIN THE MEANING OF RULE 15c2-12 UNDER THE SECURITIES ACT OF 1934, EXCEPT FOR THE OMISSIONS OF THE OFFERING PRICE(S), INTEREST RATE(S), SELLING COMPENSATION, AGGREGATE PRINCIPAL AMOUNTS, PRINCIPAL AMOUNT PER MATURITY, DELIVERY DATE, RATINGS AND OTHER TERMS OF THE SERIES 2014 WARRANTS DEPENDING ON SUCH MATTERS, ALL OF WHICH ARE PERMITTED OMISSIONS UNDER RULE 15c2-12.

This Official Statement contains "forward-looking statements," which generally can be identified with words or phrases such as "anticipates," "believes," "could," "estimates," "foresees," "may," "plan," "predict," "should," "will," or other words or phrases of similar import. All statements included in this Official Statement that any person expects or anticipates will, should or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses made by the City in light of its experience and perception of historical trends, current conditions and expected future developments as well as other factors its believes are appropriate in the circumstances. However, whether actual results and developments conform with expectations and predictions is subject to a number of risks and uncertainties, including without limitation, the information discussed under "INVESTMENT CONSIDERATIONS" in this Official Statement as well as additional factors beyond the City's control. The important risk factors and assumptions described under that caption and elsewhere

herein could cause actual results to differ materially from those expressed in any forward-looking statement. All of the forward-looking statements made in this Official Statement are qualified by these cautionary statements. There can be no assurance that the actual results or developments anticipated will be realized or, even if substantially realized, that they will have the expected consequences to or effects on the City's business or operations. All subsequent forward-looking statements attributable to the City or persons acting on their behalf are expressly qualified in their entirety by the factors and assumptions described above and in any documents containing those forward-looking statements. No person has any obligation to prepare or release any updates or revisions to any forward-looking statement.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS OFFICIAL STATEMENT ARE FOR CONVENIENCE OF REFERENCE ONLY, AND IN NO WAY DEFINE, LIMIT OR DESCRIBE THE SCOPE OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION, OF ANY PROVISION OR SECTIONS OF THIS OFFICIAL STATEMENT. THE OFFERING OF THE SERIES 2014 WARRANTS IS MADE ONLY BY MEANS OF THIS OFFICIAL STATEMENT.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: www.munios.com. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IS PRINTED IN ITS ENTIRETY FROM SUCH WEBSITE.

TABLE OF CONTENTS

	PAGE
INTRODUCTION	1
PURPOSE OF THE SERIES 2014 WARRANTS	1
PLAN OF REFUNDING	2
General	2
The 2003 Refunded Warrants	2
The 2006 Refunded Warrants	2
Improvements	2
ESTIMATED SOURCES AND USES OF FUNDS	3
THE SERIES 2014 WARRANTS	3
Description of the Series 2014 Warrants	3
Book Entry-Only System	3
Provisions Applicable if Book-Entry Only System is Terminated	6
Redemption Provisions	7
SECURITY FOR THE SERIES 2014 WARRANTS	8
General	8
Application of Tax Revenues and Creation of Funds	8
Certain Matters Affecting Creditor's Rights	9
DEBT SERVICE REQUIREMENTS	10
CITY DEBT	11
Existing and Proposed Debt	11
Subordinate Entity Debt	11
Constitutional Limitation on Debt of City	11

CITY REVENUES	12
General	12
Summary of Primary Sources of Revenues	12
Sales Tax	14
Business License Fee	14
Property Taxes	14
Payment in Lieu of Taxes	16
Other Taxes	16
LITIGATION	16
TAX MATTERS	16
Federal Income Tax Matters	16
Tax Treatment of Original Issue Discount	17
Original Issue Premium	18
Alabama Tax Matters	18
Proposed Form of Bond Counsel Opinion	18
Changes in Federal and State Tax Law	18
CONTINUING DISCLOSURE	19
The Undertaking	19
DAC	19
Compliance with Prior Undertakings	19
UNDERWRITING	20
RATING	20
LEGAL MATTERS	20
VERIFICATION OF ARITHMETICAL COMPUTATIONS	21
FINANCIAL STATEMENTS	21
ADDITIONAL INFORMATION	21
CERTIFICATION AS TO OFFICIAL STATEMENT	21
MISCELLANEOUS	21
Appendix A - Financial and Statistical Data Relative to the City of Daphne, Alabama	A-1
Appendix B - Comprehensive Annual Financial Report of the City of Daphne, Alabama, for the Year Ended September 30, 2013	B-1
Appendix C - Proposed Form of Opinion of Bond Counsel	C-1
Appendix D - Form of Continuing Disclosure Certificate of the City	D-1
Appendix E - Refunded Warrants	E-1

OFFICIAL STATEMENT

CITY OF DAPHNE, ALABAMA

\$10,000,000*

General Obligation Refunding and Improvement Warrants Series 2014

INTRODUCTION

This Official Statement provides certain information in connection with the sale and issuance by the City of Daphne, Alabama (the "City") of \$10,000,000* principal amount of its General Obligation Refunding and Improvement Warrants, Series 2014 (the "Series 2014 Warrants"). The Series 2014 Warrants will be issued pursuant to the Constitution and laws of the State of Alabama and an ordinance (the "Warrant Ordinance") to be adopted by the Daphne City Council (the "City Council"), acting as the governing body of the City, on _____, 2014. The Warrant Ordinance will constitute a contract with the holders of the Series 2014 Warrants.

Brief descriptions of the City, the Series 2014 Warrants, the Warrant Ordinance and other proceedings described herein are contained in this Official Statement, and reference to such matters is qualified by reference to such entity, act, ordinance or proceeding so referred to or summarized.

The Series 2014 Warrants are being issued by the City, which is governed by the City Council. The City Council operates on an October 1 to September 30 fiscal year.

Additional information about the City is included in this Official Statement under the headings entitled "CITY DEBT" and "CITY REVENUES" and in APPENDIX A hereto. Audited financial statements of the City for the Fiscal Year ended September 30, 2013, are included in APPENDIX B hereto. The proposed form of opinion of Bond Counsel is included in APPENDIX C hereto. The form of continuing disclosure certificate of the City is included in APPENDIX D hereto. A listing of the Refunded Warrants is included in APPENDIX E hereto.

Reference in this Official Statement to owner, holder, registered owner, Warrant Holder or Warrant Owner means the registered owner of the Series 2014 Warrants determined in accordance with the Warrant Ordinance.

PURPOSE OF THE SERIES 2014 WARRANTS

The City has determined to issue the Series 2014 Warrants for the purposes of (i) current refunding all of the City's outstanding General Obligation Refunding and Improvement Warrants, Series 2003 (the "Series 2003 Warrants"), issued in the original aggregate principal amount of \$6,455,000 and currently outstanding in the principal amount of \$2,015,000, and advance refunding a portion of the City's outstanding General Obligation Refunding and Improvement Warrants, Series 2006 (the "Series 2006 Warrants"), issued in the original principal amount of \$25,230,000 and currently outstanding in the principal amount of \$17,185,000, (ii) financing the costs of various sewer construction and improvements projects, land acquisition and infrastructure improvements for a technology park or other authorized projects for the City, and (iii) paying costs of issuance of the Series 2014 Warrants.

The proceeds of the Series 2003 Warrants were used to refund certain outstanding Warrants of the City and pay the costs of issuance of the Series 2003 Warrants. The proceeds of the Series 2006 Warrants were used to refund certain outstanding Warrants of the City, finance the costs of certain capital improvements for the City and pay the costs of issuance of the Series 2006 Warrants.

PLAN OF REFUNDING*

General

A portion of the proceeds of the Series 2014 Warrants in the approximate amount of \$9,022,732.94,* is being used to effect (i) a current refunding of all of the outstanding Series 2003 Warrants (the "2003 Refunded Warrants") and (ii) an advance refunding of a portion of the outstanding Series 2006 Warrants maturing on April 1 in the years 2022 through 2029, inclusive (the "2006 Refunded Warrants and, together with the 2003 Refunded Warrants, the "Refunded Warrants"). The remainder of the proceeds of the Series 2014 Warrants will be used to pay the costs of issuance of the Series 2014 Warrants. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The 2003 Refunded Warrants

The 2003 Refunded Warrants are subject to redemption and prepayment upon not more than sixty (60) days nor less than thirty (30) days notice and are expected to be called for redemption and prepayment on or about December 9, 2014 (the "Call Date"). Simultaneously with the sale and issuance of the Series 2014 Warrants, proceeds of the Series 2014 Warrants sufficient to pay the principal of and interest on the 2003 Refunded Warrants on the Call Date will be paid to the Paying Agent and Registrar and deposited in the Warrant Fund established for the 2003 Refunded Warrants. The 2003 Refunded Warrants will be called for redemption and payment on the Call Date at a redemption price equal to 100% of the principal amount thereof plus interest accrued to the Call Date.

The 2006 Refunded Warrants

The principal of the 2006 Refunded Warrants and the interest due thereon through and including May 1, 2016, the earliest possible optional redemption date (herein the "2006 Redemption Date"), are to be paid from funds to be irrevocably deposited into an escrow fund for the 2006 Refunded Warrants (the "2006 Escrow Fund") created pursuant to the provisions of a Defeasance and Escrow Deposit Agreement, dated _____, 2014 (the "2006 Escrow Agreement"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as escrow trustee (the "2006 Escrow Trustee"). The amount on deposit in the 2006 Escrow Fund will be invested in Government Obligations, the principal of, premium and interest on which, together with other moneys on deposit in the 2006 Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the 2006 Refunded Warrants through the 2006 Redemption Date and the redemption price (par plus accrued interest) of the 2006 Refunded Warrants on the 2006 Redemption Date. Prior to or concurrently with the delivery of the Series 2014 Warrants, the City will obtain an independent mathematical verification from GNP Services, CPA, PA, verifying that, at the time of delivery of the Series 2014 Warrants to the initial purchasers thereof, the Defeasance Obligations will mature and pay interest in such amounts which, together with the uninvested funds held in the 2006 Escrow Fund, will be sufficient to pay, when due, through the 2006 Redemption Date, the principal of and interest on the 2006 Refunded Warrants, and the redemption price (par plus accrued interest) of the 2006 Refunded Warrants on the 2006 Redemption Date.

Improvements

A portion of the proceeds of the Series 2014 Warrants will be used to pay a portion of the costs of sewer construction and improvements projects, land acquisition and infrastructure improvements for a technology park or other authorized projects for the City, which projects are expected to have a cost of at least \$1,000,000 (the "2014 Improvements").

*Preliminary, subject to change.

ESTIMATED SOURCES AND USES OF FUNDS*

The sources and uses of Series 2014 Warrant proceeds are estimated to be as follows:

Sources of Funds

Series 2014 Warrant Proceeds	\$ _____
Reoffering Premium	_____
 Total Sources	 \$ _____

Uses of Funds

Deposit into 2014 Improvements Fund	\$ _____
Deposit to 2003 Warrant Fund	_____
Deposit to 2006 Escrow Fund	_____
Costs of Issuance ⁽¹⁾	_____
 Total Uses	 \$ _____

⁽¹⁾ Includes, among other expenses, Underwriter's discount and legal fees. Payment of a majority of such fees is contingent upon the issuance of the Series 2014 Warrants.

THE SERIES 2014 WARRANTS

The following is a summary of certain provisions applicable to the Series 2014 Warrants. Reference is made to the Warrant Ordinance for a more complete description of the Series 2014 Warrants. The discussion herein is qualified by such reference.

So long as DTC acts as a security depository for the Series 2014 Warrants, as described under “**Book Entry-Only System**” herein, all references to “Owner of the Series 2014 Warrants” or “Warrantholder” are deemed to be Cede & Co., as nominee for DTC, and not to participants of DTC or Beneficial Owners.

Description of the Series 2014 Warrants

The Series 2014 Warrants will be fully registered warrants issued initially in the denomination of \$5,000 or any integral multiple thereof and subject to exchange as hereinafter provided. The Series 2014 Warrants will be dated the date of delivery thereof, will bear interest payable on April 1, 2015, and semiannually on each April 1 and October 1 thereafter at the rates set forth on the cover hereof and will mature on the dates and in the principal amounts set forth on the cover hereof. The Series 2014 Warrants will bear interest from their due date until paid at the rate of interest borne by the principal of such Series 2014 Warrants prior to maturity.

The principal of and the premium, if any, on the Series 2014 Warrants will be payable, with par clearance guaranteed, at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A. in Birmingham, Alabama, the registrar, transfer agent and paying agent for the Series 2014 Warrants (said bank acting in such capacity, together with any successor thereto, being herein called the "Registrar" or "Paying Agent"). The interest payable on the Series 2014 Warrants on each interest payment date will be paid by check or draft mailed by the Registrar to the registered holders thereof on such interest payment date. If any interest payment date shall fall on a Saturday, Sunday or legal holiday on which the Registrar is not open for business, such payment shall be made on the next following business day.

Book Entry-Only System

The Series 2014 Warrants initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by The Depository Trust Commission (“DTC”), New York, New York. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Series 2014 Warrants and, except as otherwise

provided herein with respect to Beneficial Owners of Beneficial Ownership Interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Series 2014 Warrants under the Warrant Ordinance.

The following information about the book-entry-only system applicable to the Series 2014 Warrants has been supplied by DTC. Neither the City nor the Underwriter makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC, New York, New York, will act as securities depository for the Series 2014 Warrants. The Series 2014 Warrants will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2014 Warrant for each maturity of the Series 2014 Warrants will be issued in the aggregate principal amount of the Series 2014 Warrants, and will be deposited with DTC.

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

Purchases of the Series 2014 Warrants under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014 Warrants on DTC's records. The ownership interest of each actual purchaser of each Series 2014 Warrant ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2014 Warrants are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Series 2014 Warrants, except in the event that use of the book-entry system for the Series 2014 Warrants is discontinued.

To facilitate subsequent transfers, all Series 2014 Warrants deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2014 Warrants with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2014 Warrants; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014 Warrants are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2014 Warrants may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014 Warrants, such as redemptions, tenders, defaults, and proposed amendments to the Series

2014 Warrant documents. For example, Beneficial Owners of Series 2014 Warrants may wish to ascertain that the nominee holding the Series 2014 Warrants for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2014 Warrants within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2014 Warrants unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2014 Warrants are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Series 2014 Warrants will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Issuer or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2014 Warrants at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, Series 2014 Warrant certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2014 Warrant certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

So long as Cede & Co. is the registered holder of the Series 2014 Warrants as nominee of DTC, references herein to the Holders, holders, or registered owners of the Series 2014 Warrants mean Cede & Co. and not the Beneficial Owners of the Series 2014 Warrants.

THE CITY AND THE PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2014 WARRANTS (I) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE SERIES 2014 WARRANTS ; (II) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2014 WARRANTS ; OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE SERIES 2014 WARRANTS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC OR PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE CITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE SERIES 2014 WARRANTS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (3) THE PAYMENT BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF

THE PRINCIPAL AMOUNT OF OR INTEREST OR PREMIUM, IF ANY, ON THE SERIES 2014 WARRANTS; (4) THE DELIVERY BY ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO SERIES 2014 WARRANTHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2014 WARRANTS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS SERIES 2014 WARRANTHOLDER.

Special Considerations. Because DTC can only act on behalf of Participants, who in turn act on behalf of Indirect Participants and certain banks, the ability of a Beneficial Owner to pledge Series 2014 Warrants to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such Series 2014 Warrants, may be limited due to the lack of a physical certificate for such Series 2014 Warrants.

Discontinuation of Book-Entry Only System. The beneficial owners of the Series 2014 Warrants have no right to a Securities Depository for the Series 2014 Warrants. DTC or any successor Securities Depository may resign as Securities Depository for the Series 2014 Warrants by giving notice to the City or the Trustee and discharging its responsibilities under applicable law. In addition, the City may remove DTC or a successor Securities Depository at any time. In such event, the City shall (i) appoint a Securities Depository qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, notify the prior Securities Depository of the appointment of such successor Securities Depository and transfer one or more separate bond certificates to such successor Securities Depository or (ii) notify the Securities Depository of the availability through the Securities Depository of bond certificates and transfer one or more separate bond certificates to Direct Participants having Series 2014 Warrants credited to their accounts at the Securities Depository. In such event, such Series 2014 Warrants shall no longer be restricted to being registered in the Series 2014 Warrant Register in the name of the Securities Depository or its nominee, but may be registered in the name of the successor Securities Depository or its nominee, or in whatever name or names the Direct Participants receiving such Series 2014 Warrants shall designate, in accordance with the provisions of the Indenture.

If no qualified Securities Depository is a registered owner of the Series 2014 Warrants, the beneficial owners will be paid by the Trustee in the manner described under "**Provisions Applicable if Book-Entry Only System is Terminated.**"

Provisions Applicable if Book-Entry Only System is Terminated

General. Purchasers of Series 2014 Warrants will receive principal and interest payments, and may transfer and exchange Series 2014 Warrants, pursuant to the following provisions only if the book-entry only system is terminated. Otherwise, payments and transfers will be made only as described above under "**Book-Entry Only System.**"

Payment of Principal and Interest on the Series 2014 Warrants. Principal of and interest on the Series 2014 Warrants shall be payable in lawful money of the United States of America. The principal of the Series 2014 Warrants shall be payable at the designated corporate trust agency office of the Paying Agent, upon presentation and surrender of the Series 2014 Warrants as the same become due and payable. Interest on the Series 2014 Warrants shall be payable by check or draft mailed by the Paying Agent to the lawful holders of the Series 2014 Warrants at the address shown on the registry books of the Paying Agent pertaining to the Series 2014 Warrants as of the Record Date and shall be deemed timely made if so mailed on the Interest Payment Date (or if such Interest Payment Date is not a Business Day, on the Business Day next following such Interest Payment Date). The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Warrant Ordinance, be paid to the persons in whose name the Warrants are registered at the close of business on the 15th day of the month next preceding such Interest Payment Date.

Payment of interest on the Series 2014 Warrants due on each Interest Payment Date shall be made by check or draft mailed by the Paying Agent to the person entitled thereto at his address appearing in the Warrant Register maintained with respect to the Series 2014 Warrants. Such payments of interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if such Interest Payment Date is not a business day, on the business day next following such Interest Payment Date). Payment of the principal of (and premium, if any, on) the Series 2014 Warrants and payment of accrued interest on the Series 2014 Warrants due upon redemption shall be made only upon surrender of such Series 2014 Warrants at the designated corporate trust agency office of the Paying Agent. Upon the terms and conditions provided in the Warrant Ordinance, the Holder of any Series 2014 Warrant or Warrants in an aggregate principal amount of not less than \$100,000 may request that payment of interest on such Series 2014 Warrant or Warrants be made by wire transfer to an account of such Holder maintained at a bank in the continental United States or by any other method providing for same-day funds that

is acceptable to the Paying Agent. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

Registration and Transfer. The Series 2014 Warrants shall be registered as to both principal and interest and may be transferred only on the registry books of the Paying Agent pertaining to the Series 2014 Warrants. No transfer of the Series 2014 Warrants shall be permitted except upon presentation and surrender of such Warrant at the office of the Paying Agent with written power to transfer signed by the registered owner thereof in person or by a duly authorized attorney in form and with guaranty of signature satisfactory to the Paying Agent. The Paying Agent will not be required to register or transfer any Warrant during the period of fifteen (15) calendar days next preceding any interest payment date and shall not be required to transfer or exchange any Warrant during the period of sixty (60) calendar days next preceding the date for redemption or prepayment of any Warrant. The holder of one or more of the Series 2014 Warrants may, upon request, and upon the surrender to the Paying Agent of such Warrant, exchange such Warrant for Series 2014 Warrants of other authorized denominations of the same series, maturity and interest rate and together aggregating the same principal amount as the Series 2014 Warrant so surrendered. Any registration, transfer and exchange of Series 2014 Warrants shall be without expense to the holder thereof, except that the holder shall pay all taxes and other governmental charges, if any, required to be paid in connection with such transfer, registration or exchange. The holder of any Warrant will be required to pay any expenses incurred in connection with the replacement of a mutilated, lost, stolen or destroyed Warrant.

The Warrant Ordinance provides that each holder of the Series 2014 Warrants, by receiving or accepting the Series 2014 Warrants, consents and agrees and is estopped to deny that, insofar as the City and the Paying Agent are concerned, the Series 2014 Warrants may be transferred only in accordance with the provisions of the Warrant Ordinance. The Warrant Ordinance also provides that each transferee of the Series 2014 Warrants takes them subject to all principal and interest payments in fact made with respect to the Series 2014 Warrants.

No transfer of any Series 2014 Warrant will be valid except upon presentation and surrender of such Series 2014 Warrant at the principal corporate trust office of the Registrar with written power to transfer signed by the registered owner in person or by duly authorized attorney. Upon the proper transfer of any Series 2014 Warrant, the City will execute a new Series 2014 Warrant, and the Registrar will deliver to the transferee such new Series 2014 Warrant registered in the name of such transferee.

Any holder of one or more of the Series 2014 Warrants may, upon the surrender thereof to the Registrar, exchange such Series 2014 Warrant or Warrants for other Series 2014 Warrants, in the denomination of \$5,000 or any integral multiple thereof, of the same maturity and interest rate and together aggregating the same principal amount as the Series 2014 Warrant or Warrants so surrendered.

Redemption Provisions*

Optional Redemption. The Series 2014 Warrants will be subject to redemption prior to their maturity, at the option of the City, in whole or in part, on April 1, _____ and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof and if less than all of the Series 2014 Warrants are to be redeemed, those maturities or portions thereof to be called for redemption shall be selected by the City in its discretion, and if less than all the Series 2014 Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), at and for a redemption price equal to 100% of the principal amount of each Series 2014 Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.

Scheduled Mandatory Redemption. The Series 2014 Warrants having a stated maturity on April 1, _____, will be subject to mandatory redemption prior to maturity (the particular Warrant or portions thereof to be selected by lot) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption, in the principal amount and on the dates set forth below (the _____ amount to be paid rather than redeemed):

April 1 of the Year

Principal Amount Required to be Redeemed

*Preliminary, subject to change.

In the absence of prior optional redemption, Series 2014 Warrants in the aggregate principal amount of \$ _____ will remain to be paid at their stated maturity on April 1, _____.

Notice of Redemption. Notice of any such redemption (other than a scheduled mandatory redemption) is required to be given, not less than thirty (30) days prior to the date fixed for redemption, by United States registered or certified mail to the registered holder of any Series 2014 Warrant called for redemption. Such notice of redemption relative to the Series 2014 Warrants shall state that it is conditioned on there being sufficient money on deposit to pay the full redemption price of the Series 2014 Warrants on the redemption date.

Reduction of Sinking Fund Amounts Upon Redemption or Purchase in the Open Market. If Series 2014 Warrants have been redeemed pursuant to optional redemption as described above, or if the City has delivered Series 2014 Warrants to the Trustee for cancellation, the City may direct that any sinking fund amount be reduced by an amount equal to all or a portion of the principal amount of any Series 2014 Warrants so redeemed or delivered for cancellation (and not previously used to reduce any sinking fund amount). The City shall deliver any such direction at least 75 days before the redemption date.

If amounts are being held in the Warrant Fund to be used to redeem Series 2014 Warrants pursuant to the mandatory sinking fund redemption provision, in lieu of such redemption, the City may, no later than 75 days before the redemption date, direct the Paying Agent and Registrar in writing to use part or all of such moneys to purchase such Series 2014 Warrants, in a principal amount not to exceed the next sinking fund amount, which Series 2014 Warrants are presented to the City by the owners of the Series 2014 Warrants for purchase and which the City directs the Paying Agent and Registrar to purchase. The purchase price of such Series 2014 Warrants shall not exceed the redemption price of the Series 2014 Warrants which would be redeemed but for the operation of this paragraph (accrued interest to be paid from the same fund or account from which accrued interest would be paid upon the redemption of such Series 2014 Warrants). Any such purchase shall be completed prior to the time notice would otherwise be required to be given to redeem Series 2014 Warrants. All Series 2014 Warrants so purchased shall be cancelled and applied as a credit (in an amount equal to the principal amount of such Series 2014 Warrants) against the next sinking fund amount.

SECURITY FOR THE SERIES 2014 WARRANTS

General

The Series 2014 Warrants will be general obligations of the City for the payment of which the full faith and credit of the City will be irrevocably pledged. Revenues of the City legally available for payment of the principal of and the interest and premium (if any) on the Series 2014 Warrants will include ad valorem taxes, gross receipts taxes, privilege license taxes and other taxes, and other general revenues of the City.

Application of Tax Revenues and Creation of Funds

General. The Warrant Ordinance will provide for the maintenance of a special fund designated the "2014 City of Daphne Warrant Fund" (the "Warrant Fund"). The Bank of New York Mellon Trust Company, N.A. will be designated in the Warrant Ordinance as the depository, custodian and disbursing agent for the Warrant Fund.

The Warrant Fund. On or before the 25th day of each March and September, commencing in March 2015, the City will be required to transfer to the Warrant Fund an amount equal to the sum of (i) the semiannual installment of interest that will mature with respect to the Series 2014 Warrants on the then next succeeding interest payment date, plus (ii) the principal, if any, of the Series 2014 Warrants that will mature on the then next succeeding principal payment date. Moneys on deposit in the Warrant Fund are to be used for the payment of the principal of and interest on the Series 2014 Warrants.

Investment of Funds. The City may, at its option, from time to time cause any or all of the moneys on deposit in the Warrant Fund to be invested in Federal Obligations (as hereinafter defined) having a specified maturity, or being

redeemable at the option of the holder, prior to the date when it is anticipated by the City that such moneys will be needed. In the event of any such investment of moneys in the Warrant Fund, the Federal Obligations in which such investment shall be made, together with all income therefrom, shall become a part of said fund and shall be held by the Paying Agent to the same extent as if they were moneys on deposit therein. As used in this Official Statement, the term "Federal Obligations" means securities that are direct obligations of the United States of America or that are unconditionally guaranteed by the United States of America as to the payment of both principal and interest (including money market funds investing solely in such obligations of the United States of America).

Certain Matters Affecting Creditor's Rights

Chapter 9 of the United States Bankruptcy Code permits political subdivisions and public agencies or instrumentalities such as the City that are insolvent or unable to meet their debts to file petitions for relief in the federal bankruptcy court if authorized by state law. While the matter is not entirely free from doubt, prospective purchasers of the Series 2014 Warrants should assume that existing Alabama statutes presently authorize the City to file petitions for relief under the Bankruptcy Code.

Bankruptcy proceedings by the City could have significant adverse effects on holders of the Series 2014 Warrants, including (a) delay in the enforcement of their remedies, (b) subordination of their claims to the claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment on the Series 2014 Warrants. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by the holders of at least a majority in aggregate principal amount of the Series 2014 Warrants, the holders of the Series 2014 Warrants will have the benefit of their original claim on the City's revenues or the "indubitable equivalent." The effect of these and other new provisions of the Bankruptcy Code cannot be predicted with any certainty and may be significantly affected by judicial interpretation or future action of the Congress of the United States or the Legislature of Alabama.

In addition, the remedies available to the holders of the Series 2014 Warrants, as well as any other creditors of the City, through suit, mandamus proceeding or other legal process are subject to the provisions of existing Alabama law exempting from levy and sale under any process, judgment or decree all property (real or personal) belonging to cities in Alabama and used for municipal purposes, and may be subject to, among other things,

- (a) the law-imposed obligation of the City to pay, prior to the payment of debt service on its obligations, the expenses of providing necessary governmental services, and
- (b) the provisions of other statutes that may hereafter be enacted by the Congress of the United States or the Legislature of Alabama extending the time for payment of municipal indebtedness or imposing other constraints upon the enforcement of rights of holders of municipal securities.

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DEBT SERVICE REQUIREMENTS*

The following table presents, on a fiscal year basis, the debt service requirements on general obligation warrants of the City after the issuance of the Series 2014 Warrants and the defeasance of the Refunded Warrants. Numbers may not add precisely due to rounding.

<u>Fiscal Year</u>	<u>Principal of the Series 2014 Warrants</u>	<u>Interest on the Series 2014 Warrants</u>	<u>Debt Service on the Series 2012 Warrants</u>	<u>Debt Service on the Series 2010 Warrants</u>	<u>Debt Service of the Series 2006 Warrants</u>	<u>Total Debt Service</u>
2015			\$859,032.50	\$370,687.50	\$1,411,543.75	
2016			854,782.50	368,787.50	1,635,687.50	
2017			849,845.00	375,037.50	1,636,487.50	
2018			854,707.50		1,435,287.50	
2019			854,907.50		1,437,262.50	
2020			854,276.25		1,117,112.50	
2021			852,157.50		1,118,437.50	
2022			848,501.25		421,875.00	
2023			853,107.50		423,600.00	
2024			846,607.50		418,100.00	
2025			844,020.00		423,700.00	
2026			845,170.00		423,400.00	
2027			840,751.25		422,425.00	
2028			839,982.50		425,775.00	
2029			847,582.50		423,225.00	
2030			839,060.00			
2031			843,000.00			
2032			834,600.00			
2033			678,400.00			
2034			679,300.00			
2035			674,300.00			
2036			678,300.00			
TOTAL			\$17,972,391.25	\$1,114,512.50	\$13,173,918.75	

*Preliminary, subject to change.

CITY DEBT

Existing and Proposed Debt

Following the issuance of the Series 2014 Warrants, the City will have no other outstanding long-term indebtedness except for the Series 2014 Warrants and those listed below and obligations for the payment of which an irrevocable escrow fund has been established.

<u>Issue</u>	<u>Principal Amount Outstanding</u>
2002 Limited Obligation Revenue Warrants*	\$4,324,250
2006 General Obligation Refunding and Improvement Warrants**†	\$10,650,000
2010 General Obligation Refunding Warrants	\$1,400,000
2012 General Obligation Refunding and Improvement Warrants	\$13,110,000
TOTAL	\$29,484,250

* Payments are made solely from business sales tax revenues.

** \$3,298,500 (8.32%) is for sewer improvements and does not apply towards the City's general obligation debt limit.

† Preliminary, subject to change.

The City does not plan to authorize or issue any indebtedness other than the Series 2014 Warrants within the next 90 days. The City does not have any additional indebtedness authorized but unissued.

Subordinate Entity Debt

As of September 30, 2013, the Utilities Board of the City of Daphne, a public corporation which was incorporated by the City and has a five-member board of directors, has outstanding principal indebtedness (including State Revolving Fund loans) in the amount of \$20,395,000.

Constitutional Limitation on Debt of City

The Constitution of Alabama provides that cities having a population of six thousand or more may not become indebted in an amount in excess of 20% of the assessed valuation of the property situated therein (the "General Debt Limit"). The Constitution exempts from this General Debt Limit several categories of indebtedness, including (i) temporary loans, to be paid in one year, made in anticipation of the collection of taxes and not exceeding one-fourth of the general revenues; (ii) bonds or other obligations issued for the purpose of acquiring, providing or constructing schoolhouses, water works and sewers; and (iii) obligations incurred and bonds issued for street or sidewalk improvements where the cost of the same, in whole or in part, is to be assessed against the property abutting said improvements. The Constitution also provides for a separate debt limit for certain economic development projects issued pursuant to Section 94.01 of the constitution (the "Economic Development Debt Limit") and not against the General Debt Limit. As of September 30, 2013, the City has outstanding \$3,298,500 of obligations issued for Sewer Projects and thus not chargeable to its debt limit, and \$7,937,380 issued pursuant to Section 94.01 of the Constitution of Alabama and thus not chargeable against the General Debt Limit.

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The General Debt Limit based on assessed value of real and personal property of \$345,316,918 as of September 30, 2013 is computed as follows:

General & Limited Obligation Debt	\$40,067,131
Debt Chargeable to Debt Limit	\$36,335,750
Debt Limit (20% of Assessed Value)	\$69,063,384
Debt Margin	\$32,727,634
2010 Population of City	21,570.00
Total Debt Per Capita	\$1,858

CITY REVENUES

General

The City operates on a fiscal year basis beginning October 1 and ending September 30. The City prepares a detailed budget for each fiscal year that is approved by the City Council and all departments are required by City policy to operate within their respective budgets. There is no constitutional requirement that the budget be balanced each year, but the City has, as a matter of policy, required a balanced budget.

The significant accounting practices for City finances are summarized in the audited financial statements of the City. A copy of the audited financial statements of the City for the fiscal year which ended September 30, 2013, is included as **APPENDIX B** to this Official Statement, including statements of revenues, expenditures and changes in fund balances. The General Fund finances substantially all current operations. These financial statements should be reviewed by prospective purchasers of the Series 2014 Warrants.

Summary of Primary Sources of Revenues

The following table sets forth the primary sources of General Fund revenues, as well as primary categories of expenditures, for the fiscal years ended September 30, 2009 through 2013:

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**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN GENERAL FUND BALANCE
FOR THE FISCAL YEARS ENDING SEPTEMBER 30,**

<u>REVENUES</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Taxes	\$20,394,142	\$19,402,587	\$18,758,584	\$18,169,080	\$18,282,348
Licenses & Permits	2,173,251	1,864,731	1,840,438	1,733,817	1,913,500
Intergovernmental	292,270	242,715	199,113	220,397	270,176
Grants	114,297	317,517	568,652	419,052	327,266
Fees & Charges	360,432	383,922	417,976	428,922	341,980
Interest	2,467	184,046	231,257	57,386	78,083
Fines & Forfeitures	395,113	362,904	432,640	401,835	438,638
Miscellaneous	<u>116,105</u>	<u>147,461</u>	<u>230,416</u>	<u>259,457</u>	<u>170,145</u>
TOTAL REVENUES	23,848,077	22,905,884	22,679,076	21,689,946	21,822,136
<u>EXPENDITURES</u>					
General Government	3,293,969	3,207,054	3,564,428	2,948,180	3,323,876
Public Safety	9,001,073	8,770,883	8,423,661	8,416,327	8,540,757
Public Works	3,913,031	3,722,333	3,352,725	3,223,803	3,466,342
Parks & Recreation	1,802,829	1,843,509	2,161,954	2,190,813	2,072,921
Capital Outlay	1,525,060	1,444,968	1,028,415	1,322,029	509,183
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	19,535,962	18,988,747	18,531,183	18,101,151	17,913,079
<u>OTHER FINANCING SOURCES (USES)</u>					
Capital Lease Proceeds	-	-	-	506,969	146,678
Transfers In	2,165	-	-	-	6,799
Transfers Out	(4,379,238)	(4,790,153)	(5,436,162)	(3,708,196)	(3,530,570)
Debt Proceeds	581,155	-	-	-	-
Contribution to Utility Board	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING	(3,795,918)	(4,790,153)	(5,436,162)	(3,201,227)	(3,377,093)
NET CHANGE IN FUND BALANCE	<u>516,197</u>	<u>(873,016)</u>	<u>(1,288,268)</u>	<u>387,568</u>	<u>531,964</u>
FUND BALANCE, BEGINNING OF YEAR	10,345,762	11,218,778	12,507,046	12,119,478	11,587,514
FUND BALANCE, END OF YEAR	<u>\$10,861,959</u>	<u>\$10,345,762</u>	<u>\$11,218,778</u>	<u>\$12,507,046</u>	<u>\$12,119,478</u>
INCREASE (DECREASE) IN RESERVED/ASSIGNED FOR ENCUMBRANCES/TRANSFERS TO EQUITY OF OTHER FUNDS	(\$120,822)	\$145,455	(\$166,133)	(\$472,904)	(\$184,637)
UNRESERVED/UNASSIGNED FUND BALANCE, END OF YEAR	<u>\$10,583,878</u>	<u>\$9,946,859</u>	<u>\$10,965,330</u>	<u>\$12,087,465</u>	<u>\$11,226,993</u>

Sales Tax

The City levies a privilege license tax at the rate of 2.5% pursuant to Ordinance No. 1977-3, as amended by Ordinance No. 1989-13, on persons, corporations and others engaging in the business of selling at retail tangible personal property or conducting places of amusement (the said tax being measured by the gross proceeds or gross receipts of the said business) to the extent that the said tax is levied with respect to business conducted within the corporate limits of the City. Such privilege license tax is herein referred to as the "Sales Tax."

Collections of the Sales Tax have been as follows for the past five fiscal years:

<u>Fiscal Year</u>	<u>Collection</u>
2012-13	\$12,356,091
2011-12	\$11,522,363
2010-11	\$10,782,655
2009-10	\$10,698,807
2008-09	\$10,039,547

Business License Fee

The City levies, under general authority granted by the Legislature of the State of Alabama, a business license fee on the privilege of engaging in certain businesses and professions within the corporate limits of the City. Businesses and professions are charged a fee based on gross receipts of the prior year at which certain businesses located within the corporate limits of the City, including banks and insurance companies, are charged and references to the Code of Alabama highlight those licensing rates. The business license fee is collected by the City's Revenue Department.

Collections of the City's Business License Fee have been as follows for the last five fiscal years indicated:

<u>Fiscal Year</u>	<u>Collection</u>
2012-13	\$1,656,297
2011-12	\$1,569,235
2010-11	\$1,460,700
2009-10	\$1,400,404
2008-09	\$1,484,967

Property Taxes

The levy and collection of ad valorem taxes in Alabama are subject to the provisions of the Alabama Constitution as amended, which, among other things, fix the percentage of market value at which property can be assessed for taxation, limit the rates of municipal taxation that can be levied against property and provide a maximum value for the aggregate ad valorem taxes that can be levied by all taxing authorities on any property in any tax year.

The amount of any specific ad valorem tax in Alabama is computed by multiplying the tax rate by the assessed value of the taxable property. The assessed value of taxable property is a specified percentage (ranging from 10% to 20%) of its fair and reasonable market value or, in certain circumstances, its current use value. Ad valorem tax rates are generally stated in terms of mills (one-thousandth of a dollar) per dollar of assessed value. Thus, for any given ad valorem tax, each mill in the rate of taxation represents a tax on property equal to one-tenth of one percent of the assessed value of such property.

The total assessed values of taxable real and personal property (including motor vehicles) located in the City as assessed for ad valorem taxation (net of exemptions) for the tax year which ended on September 30, 2013 was \$345,316,918.

The following taxes (expressed in mills) are currently levied on property situated in the City.

<u>Taxing Authority</u>	<u>Mills</u>
State of Alabama	6.5
City of Daphne	15
Baldwin County:	
General	5.0
Schools	12.0
Roads and Bridges	2.5
Health Tax	0.5
Fire	1.5
Special School District	3.0
Total State, County and City	<u>43</u>

The following table sets forth the total real property assessed valuation within the corporate limits of the City, the ad valorem taxes levied and the percentage collected:

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Due</u>	<u>Tax Collected</u>	<u>Collection %</u>
2009	\$386,612,620	\$5,152,580	\$5,139,710	99.75%
2010	\$355,490,780	\$4,895,120	\$4,861,098	99.30%
2011	\$349,723,930	\$4,674,857	\$4,670,518	99.91%
2012	\$335,467,376	\$4,411,487	\$4,405,006	99.85%
2013	\$345,316,918	\$4,516,311	\$4,425,485	97.99%

Property taxes are generally collected and received by municipalities by February 1 of each fiscal year. For purposes of ad valorem taxation, taxes are due and payable in the fiscal year following the fiscal year in which the assessment and levy is made. Ad valorem taxes on taxable properties (except motor vehicles) in the City are required to be collected by the Tax Collector of Baldwin County. Ad valorem taxes on motor vehicles in the City are collected by the Judge of Probate of Baldwin County.

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Payment in Lieu of Taxes

Certain entities that are otherwise exempt from tax have agreed to make payments in lieu of taxes. Such payments have been as follows for the last five fiscal years indicated:

<u>Fiscal Year</u>	<u>Amount Received</u>
2013-14*	\$2,378,865
2012-13	\$2,268,872
2011-12	\$2,234,494
2010-11	\$2,269,687
2009-10	\$1,952,460
2008-09	\$1,959,785

* Unaudited

Other Taxes

The City also levies a beer tax, the revenues of which were \$291,564 for 2012-13 and \$291,901 for 2011-12; a gasoline tax, the revenues of which were \$199,759 for 2012-13 and \$187,585 for 2011-12; a liquor tax, the revenues of which were \$68,430 for 2012-13 and \$67,279 for 2011-12; a tobacco tax, the revenues of which were \$110,394 for 2012-13 and \$145,229 for 2011-12; and certain other miscellaneous taxes.

LITIGATION

There is no litigation pending or, to the knowledge of the City, threatened contesting the validity of the Series 2014 Warrants or relating to the organization or boundaries of the City, the incumbency of any of the City's officers, or the issuance or sale of the Series 2014 Warrants. Simultaneously with the delivery of the Series 2014 Warrants, the City will deliver a certificate to the effect that no such litigation is pending or, to the knowledge of the City, threatened.

The City is not a defendant in any lawsuits or other pending litigation which it believes would have a materially adverse effect upon its financial condition.

Recent court decisions have substantially eroded the immunity from tort liability formerly enjoyed by local governmental units in Alabama. Chapter 93 of Title II of the Code of Alabama 1975, as amended, now prescribes certain maximum limits on the liability of local governmental units (such as the City) for bodily injury, sickness, disease or death sustained by a person and for injury or destruction of tangible property. However, the applicability of Chapter 93 to causes of action under Section 1983 of Title 42 of the United States Code has not been definitely determined. Municipalities and other local governmental units throughout the country have been increasingly subject to lawsuits, many of which claim damages in large amounts for alleged denials of civil rights under the provisions of Section 1983.

TAX MATTERS

Federal Income Tax Matters

In the opinion of Adams and Reese LLP, as Bond Counsel, under existing law, interest on the Series 2014 Warrants is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

The opinion set forth in the preceding paragraph is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Series 2014 Warrants in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2014 Warrants to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2014 Warrants. Bond Counsel has not undertaken to advise in the future whether any events after the date of execution and delivery of the Series 2014 Warrants may affect the federal tax status of the interest on the Series 2014 Warrants.

Prospective purchasers of the Series 2014 Warrants should be aware that ownership of the Series 2014 Warrants may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to a branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2014 Warrants. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Series 2014 Warrants should consult their tax advisors as to collateral federal income tax consequences.

Tax Treatment of Original Issue Discount*

The Series 2014 Warrants maturing on April 1 in the years ____, ____ and ____ (collectively, the "OID Warrants") are sold at an original issue discount. The difference between the initial public offering price, as set forth on the inside cover page hereof, of the OID Warrants and their stated principal amount payable at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes and which is exempt from all taxation in the State of Alabama subject to the caveats and provisions described above under "Federal Income Tax Matters."

In the case of an owner of an OID Warrant, the amount of original issue discount which is treated as having accrued with respect to such OID Warrant, is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such OID Warrant (including its sale, redemption or payment at maturity). Amounts received upon disposition of such an OID Warrant which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual OID Warrant, on days which are determined by reference to the maturity date of such OID Warrant. The amount treated as original issue discount on such OID Warrant for a particular semiannual period is equal to (i) the product of (a) the yield to maturity for such OID Warrant and (b) the amount which would have been the tax basis of such OID Warrant at the beginning of the particular semiannual period if held by the original purchaser, (ii) less the amount of any payments on such OID Warrant during the semiannual period. The tax basis is determined by adding to the initial public offering price on such OID Warrant the sum of the amounts which would have been treated as original issue discount for such purposes during all prior periods. If such an OID Warrant is sold between compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of OID Warrants should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to such OID Warrants as of any date, with respect to the accrual of original issue discount for such OID Warrants purchased on the secondary markets and with respect to the state and local tax consequences of owning such OID Warrants.

*Preliminary, subject to change.

Original Issue Premium*

The Series 2014 Warrants maturing on April 1 in the years ____, ____ and ____ (collectively, the "Premium Warrants") are being offered and sold to the public at a price in excess of their stated principal amounts.

Such excess is characterized as a "warrant premium" and must be amortized by an investor purchasing a Premium Warrant on a constant yield basis over the remaining term of the Premium Warrant in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized warrant premium related to a tax-exempt warrant for federal income tax purposes. However, as warrant premium is amortized, it reduces the investor's basis in the Premium Warrant. Investors who purchase a Premium Warrant should consult their own tax advisors regarding the amortization of warrant premium and its effect on the Premium Warrants' basis for purposes of computing gain or loss in connection with the sale or exchange of the Premium Warrant.

Alabama Tax Matters

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2014 Warrants will be exempt from State of Alabama income taxation.

Proposed Form of Bond Counsel Opinion

The approving opinion of Adams and Reese LLP, Bond Counsel, will be printed on the Series 2014 Warrants. The opinion of Bond Counsel is limited to the matters set forth therein and Bond Counsel is not passing upon the accuracy or completeness of this Official Statement. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law and in reliance on the representations and covenants that it deems relevant to such opinions. The proposed form of the opinion of Bond Counsel is attached hereto as **APPENDIX C**.

Changes in Federal and State Tax Law

Tax legislation, administrative actions taken by tax authorities and court decisions may cause interest on the Series 2014 Warrants to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation, or otherwise prevent the beneficial owners of the Series 2014 Warrants from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Series 2014 Warrants. For example, ongoing negotiations between the executive and legislative branches of the federal government to resolve federal budget deficits may result in the enactment of tax legislation that could significantly reduce the benefit of, or otherwise affect, the exclusion of gross income for federal income tax purposes of interest on all state and local obligations, including the Series 2014 Warrants. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2014 Warrants or the market value thereof would be impacted thereby. Prospective purchasers of the Series 2014 Warrants should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulation or litigation, and its impact on their individual situations. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2014 Warrants, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending or proposed federal or state tax legislation, regulations or litigation.

*Preliminary, subject to change.

CONTINUING DISCLOSURE

The Undertaking

The City, as an “obligated person” within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (17 C.F.R. Part 240, § 140.15c2-12) (the “Rule”), will enter into an undertaking (the “Undertaking”) for the benefit of the owners of the Series 2014 Warrants to file, so long as the Series 2014 Warrants are outstanding, certain financial information and operating data annually (the “Annual Report”) and notice of certain material events with the Municipal Securities Rulemaking Board (“MSRB”), electronically through the MSRB’s Electronic Municipal Market Access System (“EMMA”) and with a State of Alabama State Repository, if any is established.

The specific nature of the information to be contained in the Annual Report or notices of material events is set forth in “**FORM OF CONTINUING DISCLOSURE CERTIFICATE**” in **APPENDIX D** hereto pursuant to the specific requirements of the Rule.

A failure by the City to comply with its Undertaking will not constitute an event of default under the Warrant Ordinance (although Warrant holders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported by the City in accordance with the Rule, must be disclosed by the City in connection with future issuances of municipal securities for which the City is an “obligated person” under the Rule, and must be considered by a broker-dealer or municipal securities dealer before recommending the purchase or sale of the Series 2014 Warrants in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2014 Warrants and their market price.

DAC

In order to provide certain continuing disclosure in compliance with the Rule, the City has entered into a Disclosure Dissemination Agent Agreement (the “Disclosure Dissemination Agreement”) with Digital Assurance Certification, L.L.C. (“DAC”), under which the City has designated DAC as Disclosure Dissemination Agent.

DAC has only the duties specifically set forth in the Disclosure Dissemination Agreement. DAC’s obligation to deliver the information at the times and with the contents described in the Disclosure Dissemination Agreement is limited to the extent the City has provided such information to DAC as required by the Disclosure Dissemination Agreement. DAC has no duty with respect to the content of any disclosures or notice made pursuant to the terms of the Disclosure Dissemination Agreement. DAC has no duty or obligation to review or verify any information in any Annual Report, audited financial statement, Material Event Notice or voluntary report, or any other information, disclosures or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Holders of the Warrants or any other party. DAC has no responsibility for the City’s failure to report to DAC a Notice Event or a duty to determine the materiality thereof. DAC shall have no duty to determine or liability for failing to determine whether the City has complied with the Disclosure Dissemination Agreement. DAC may conclusively rely upon certifications of the City at all times.

Compliance with Prior Undertakings

The City has filed all continuing disclosure reports currently required by its prior undertakings under the Rule; however, not all reports were timely filed. Additionally, the City has failed to timely file notice of certain events as required by its prior undertakings. While the City has not made any determination as to materiality, the following summarizes the results of the City’s review of the last five years of filings.

The City’s undertakings in connection with its General Obligation Refunding and Improvement Warrants, Series 2003 and Series 2006 had a continuing disclosure compliance date of March 31. For fiscal year 2009, the City satisfied the reporting requirement for the Annual Report late on August 17, 2010. For fiscal year 2010, the City satisfied the reporting requirement for the Annual Report late on October 20, 2011. For fiscal year 2011, the City satisfied the reporting requirement for the Annual Report late on October 12, 2012 and the City satisfied the reporting requirement for the City Debt and City Revenues information late on April 18, 2012. For fiscal year 2012, the City satisfied the reporting requirement for the Annual Report late on April 23, 2013. For fiscal year 2013, the City satisfied the reporting requirement for the Annual Report late on April 30, 2014.

The City's undertakings in connection with its General Obligation Refunding Warrants, Series 2010 had a continuing disclosure compliance date of March 31. For fiscal year 2010, the City satisfied the reporting requirement for the Annual Report late on October 20, 2011. For fiscal year 2011, the City satisfied the reporting requirement for the Annual Report late on October 12, 2012 and the City satisfied the reporting requirement for the City Debt and City Revenues information late on April 18, 2012. For fiscal year 2012, the City satisfied the reporting requirement for the Annual Report late on April 23, 2013. For fiscal year 2013, the City satisfied the reporting requirement for the Annual Report late on April 30, 2014.

The City's undertakings in connection with its General Obligation Refunding and Improvements Warrants, Series 2012 had a continuing disclosure compliance date of March 31. For fiscal year 2012, the City satisfied the reporting requirement for the Annual Report late on April 23, 2013. For fiscal year 2013, the City satisfied the reporting requirement for the Annual Report late on April 30, 2014.

The City is reviewing and revising its continuing disclosure policies and procedures to ensure timely compliance with its continuing disclosure undertakings in the future. The City has enrolled in the EMMA automated email reminder system, which alerts issuers and obligated persons to upcoming filing deadlines. In addition, the City is undergoing an extensive review of its past filings and continuing disclosure undertakings in light of recent announcements by the Securities and Exchange Commission.

Based upon its diligent review and to the best of its knowledge, the City is presently in compliance, in all material respects, with its continuing disclosure undertakings.

The foregoing description of instances of noncompliance by the City with continuing disclosure undertakings should not be construed as an acknowledgment that any such instance was material.

UNDERWRITING

The Underwriter has agreed, subject to certain customary conditions precedent to closing, to purchase the Series 2014 Warrants from the Authority at a purchase price of \$_____ (representing \$_____ principal amount of the Series 2014 Warrants, less \$_____ of Underwriter's discount, plus \$_____ of original issue premium). The Warrant Purchase Agreement requires the Underwriter to purchase all of the Series 2014 Warrants if any are purchased. The Series 2014 Warrants may be offered and sold to certain dealers (including Underwriter and other dealers depositing such Series 2014 Warrants into investment trusts) at prices lower than the public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter may also receive compensation for serving as bidding agent in conducting a competitive bid procurement process for the investment of some or all of the Series 2014 Warrant proceeds.

RATING

Standard & Poor's Ratings Group, a Standard & Poor's Financial Services LLC business ("S&P"), is expected to assign the Series 2014 Warrants a rating of "AA+" to the Series 2014 Warrants. The S&P rating reflects only the view of S&P. A complete explanation of the significance of such rating may be obtained from S&P, 55 Water Street, New York, New York, 10041. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of the assigning rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have a material adverse effect on the market price or value of the Series 2014 Warrants.

LEGAL MATTERS

Legal matters incidental to the authorization and issuance of the Series 2014 Warrants are subject to the approval of Adams and Reese LLP, Mobile, Alabama, Bond Counsel to the City, whose approving opinion will be delivered simultaneously with the issuance of the Series 2014 Warrants. It is anticipated that the opinion of Bond

Counsel will be in substantially the form attached hereto as **APPENDIX C**. Certain legal matters will be passed upon for the City by its counsel, Adams and Reese LLP, Mobile, Alabama.

VERIFICATION OF ARITHMETICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the City relating to (a) computation of forecasted receipts of principal and interest on the escrowed Government Obligations and the forecasted payments of principal and interest to redeem the Refunded Warrants, and (b) computation of the yields on the Series 2014 Warrants and the escrowed Government Obligations was examined by GNP Services, CPA, PA. Such computations were based solely upon assumptions and information supplied by the City. GNP Services, CPA, PA has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report for the Year Ended September 30, 2013, of the City attached hereto as **APPENDIX B** has been examined by Smith, Dukes & Buckalew, LLP, Certified Public Accountants, Mobile, Alabama, independent auditors, to the extent and for the periods indicated in their report which appears in such Appendix. Such financial statements have been included in reliance upon such report.

ADDITIONAL INFORMATION

For any additional information concerning the City, please address Christine Ciancetta, Deputy Finance Director, Daphne City Council, P.O. Box 400, Daphne, Alabama 36526, telephone 251.621.9000. For additional information concerning the Series 2014 Warrants, please address Adams and Reese LLP, RSA Battlehouse Tower, 11 North Water Street, Suite 23200, Mobile, Alabama 36602, telephone 251.433.3234.

The City and Adams and Reese LLP are familiar with the *Disclosure Guidelines for State and Local Government Securities* published by the Government Finance Officers Association (January 1991 edition).

CERTIFICATION AS TO OFFICIAL STATEMENT

At the time of payment for and delivery of the Series 2014 Warrants, the City Council will furnish the Underwriter a certificate, signed by its Clerk, to the effect that (i) the descriptions and statements, including financial data, of or pertaining to the City, on the date of the Preliminary Official Statement, on the date of the Official Statement, on the date of the sale of the Series 2014 Warrants and on the date of delivery thereof, were and are true in all material respects, and, insofar as such matters are concerned, the Official Statement did not, and does not, contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, (ii) insofar as the descriptions and statements, including financial data, of or pertaining to governmental and/or non-governmental entities other than the City and its activities contained in the Official Statement are concerned, such descriptions, statements and data have been obtained from sources which the City Council believes to be reliable and the City Council has no reason to believe that they are untrue or incomplete in any material respect, and (iii) there has been no adverse material change in the affairs of the City between the date of the Official Statement and the date of delivery of the Series 2014 Warrants.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

References herein to the Alabama Constitution and all legislative acts referred to herein are intended to be only brief outlines of certain provisions of each thereof and do not purport to summarize or describe all provisions thereof.

This Official Statement has been prepared in connection with the initial offering and sale of the Series 2014 Warrants to the Underwriter on the date hereof and is not intended for use in connection with any subsequent sale, reoffering or remarketing of the Series 2014 Warrants. Subsequent purchasers must, therefore, rely on their own examination of the offering, including the merits and the risks involved.

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The distribution of this Official Statement and its use in the offering and sale of the Series 2014 Warrants have been approved by the City Council.

CITY OF DAPHNE, ALABAMA

By: _____
Mayor

APPENDIX A
FINANCIAL AND STATISTICAL DATA
RELATIVE TO THE CITY OF DAPHNE, ALABAMA

**FINANCIAL AND STATISTICAL DATA
RELATIVE TO THE CITY OF DAPHNE, ALABAMA**

General

The City of Daphne, Alabama, was founded in 1927, and is the largest city in Baldwin County, comprising 16.6 square miles. The City was recently ranked 96th in the "Top 100 Best Places to Live," as presented on the CNN/Moneywise website. Also, Baldwin County recently ranked as the 11th strongest metropolitan economy in the United States, and 4th in the southern United States.

Geographic Information

The City of Daphne (the "City") is located on the eastern shore of Mobile Bay in Baldwin County directly across from the City of Mobile, Alabama. The City is approximately 9 miles east of Mobile, Alabama, and 45 miles west of Pensacola, Florida. The City is primarily a residential area with its residents working on the eastern shore of Baldwin County or in the Mobile or Pensacola areas.

Population

The following table sets forth population statistics for the State of Alabama, Baldwin County, and the City for the years indicated.

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
State of Alabama	4,040,587	4,447,100	4,729,656	4,801,627	4,817,528	4,833,722
Baldwin County	98,280	141,358	182,664	186,727	190,675	195,540
City of Daphne	11,978	16,581	21,570	27,182	29,176	29,946

Sources: U.S. Department of Commerce, Bureau of Census, Population Estimates Division.

Governmental Organization and Administration

The City is a municipal corporation incorporated under the Constitution and the laws of the State of Alabama. The City is governed by an elected Mayor and a City Council. The Mayor, elected at large for a four-year term, is the chief administrative officer of the City and is responsible for the daily management of the City and supervision of its employees. The members of the City Council serve part-time and along with the Mayor are responsible for adopting all legislative ordinances and setting the policies of the City, including the appropriation of money. The City Clerk and City Treasurer are each appointed for a four-year term by the City Council and are responsible for managing the official records of the City and managing the fiscal affairs of the City, respectively.

[remainder of this page intentionally left blank]

The City's governing body consists of the following officers:

Name	Office	Occupation
Dane Haygood	Mayor	Owner/H Properties LLC
Tommie Conaway	Council Member, District 1	Retired/Teacher
Pat Rudicell	Council Member, District 2	Retired/Alabama National Guard
John L. Lake	Council Member, District 3	Joiner Installer/Huntington-Ingall's Ship Systems
Randy Fry	Council Member, District 4	Owner/Lyon's, Fry, Cadden Insurance
Ron Scott	Council Member, District 5	Retired/Tameron Eastern Shore Honda
Robin LeJeune	Council Member, District 6	Owner/Market by the Bay
Joe Davis	Council Member, District 7	Retired/NBC Securities/First United Security Bank
Rebecca A. Hayes	City Clerk	
Christine Ciancetta	Deputy Finance Director	

The current terms of said officers expire October 1, 2016.

Personnel and Retirement System

The City employed approximately 253 full-time persons in its several departments as of September 30, 2013. The benefits and compensation for all employees of the City's several departments are established by the City Council and are paid from the City's general fund revenues. The City participates in a retirement system established by the Alabama Legislature known as the Employee's Retirement System of Alabama, to which contributions are made by both the employees and the City. See the Audited Financial Statements of the City in **APPENDIX B** hereto for a description of the City's obligations with respect to the Employee's Retirement System of Alabama. No employees of the City are represented by labor unions or similar employee organizations, and the City does not bargain collectively with any labor unions or employee organizations. The City considers its relations with its employees to be generally good.

Other Post Employment Benefits

The City of Daphne offers certain Post Employment Benefits to employees under the age of 65 who meet the criteria for retirement as set by the Retirement System of Alabama. Medical and Dental benefits are provided through a comprehensive plan and life insurance coverage is provided with a \$5,000 cap. Employees do not contribute to their post employment benefits until they retire and begin receiving those benefits. The City of Daphne's Annual Required Contribution rate is actuarially determined in accordance with GASB 45 and totals \$296,671 as of September 30, 2013.

Utilities

The water and sanitary sewer service is supplied by the Utilities Board of the City of Daphne (the "Utilities Board"), a public corporation, the directors of which are appointed by the City Council. The Utilities Board also provides gas service. Electrical service is supplied by the Utilities Board of the City of Foley.

Education

The County Board of Education of Baldwin County, Alabama provides public school facilities for the County's students in the City. The County Board of Education has located a high school, a middle school and three elementary schools in the City. It is estimated that approximately 94.7% of the population of the City are high school graduates and 42.4% are college graduates. State averages are 82.6% and 22.3%, respectively.

Four institutions of higher learning located in Mobile County, which are accessible to residents of the City, are University of Mobile, Spring Hill College, Bishop State Community College and the University of South Alabama. Faulkner State Community College, whose main campus is located in Bay Minette, Alabama, is also nearby. Pensacola, Florida, located approximately thirty-five miles from the City, also provides certain educational opportunities.

Income Levels

Per capita income is the total income of all families and individuals in a given area divided by the total population of the area. For the years 2012 and 2013, the Regional Economic Information System, Bureau of Economic Analysis, Table CA1-3; internet release date, April, 2014, indicates the following with respect to per capita income levels in the jurisdictions.

	<u>2012</u>	<u>2013</u>
Baldwin County	\$38,024	\$38,548
State of Alabama	\$35,926	\$36,501
United States	\$43,735	\$44,543

In 2012, Baldwin County had a per capital personal income ("PCPI") of \$38,548. This PCPI ranked 5th in the state and was 107% of the state average (\$35,926), and 88% of the national average (\$43,735).

The percentage of all ages in Daphne, in Baldwin County, in the State of Alabama and in the United States with income below the poverty level as of 2012 is as follows:

Daphne, AL	8.6%
Baldwin County	13.3%
State of Alabama	18.1%
United States	14.9%

Source: U.S. Department of Commerce, Bureau of the Census, Small Area Estimates Branch. Release date of June 11, 2014.

The City, the Eastern Shore Chamber of Commerce and the Baldwin County Economic Development Alliance report that, as of 2012, median family income in the City was \$63,890 and in the County was \$50,706. The State median family income figure as of 2012 was \$43,160.

Major Employers

The top ten (10) manufacturing and nonmanufacturing employers in Baldwin County, their principal activity and the number of employees of each are as follows:

TOP 10 MANUFACTURERS IN BALDWIN COUNTY

Company	Product	Location	Employment
UTC Aerospace Systems	Retrofitting of Thrust Reverses & Nacelle Components	Foley	805
Standard Furniture	Bedroom & Dining Room Tables	Bay Minette	530
Vulcan, Inc.	Aluminum and Steel Products	Foley	262
Ace Hardware Support Center	Hardware Distribution	Loxley	255
Quincy Compressors	Rotary Screw Air Compressors	Bay Minette	197
International Paper	Shipping Containers	Bay Minette	150
Bon Secour Fisheries	Seafood Processing	Bon Secour	130
Quality Filters, Inc.	Air Filters	Robertsdale	105
Dental EZ, Inc.	Dental Equipment & Supplies	Bay Minette	100
Segers Aero	Aerospace MRO	Fairhope	93

TOP 10 NON-MANUFACTURERS IN BALDWIN COUNTY

Company	Product/Service	Location	Employment
Baldwin County Board of Education	Education	Bay Minette	3141
Wal-Mart Super Centers	General Retail	Baldwin County	1600
Thomas Hospital	Medical Care	Fairhope	1048
South Baldwin Regional Medical Center	Medical Care	Foley	780
Baldwin County Commission	Government	Bay Minette	650
Marriott Grand Hotel	Hotel & Country Club	Fairhope	600
Mercy Medical	Medical Care	Daphne	550
North Baldwin Infirmary	Medical Care	Bay Minette	296
Faulkner State Community College	Education	Baldwin County	175
Connexion Technologies	Call/Support Center	Gulf Shores	80

Source: Baldwin County Economic Development Alliance

Top Ten Taxpayers of the City - 2013

<u>Taxpayers</u>	<u>Assessed Value (000's)</u>	<u>Taxes Paid*</u>	<u>City Taxes Paid</u>
L-A Daphne LLC	\$5,182,020	\$222,826	\$77,730
Myers Family Limited Partnership	2,964,980	127,924	44,474
Audubon Park Apartments LLC	2,788,600	119,909	41,829
Lowe's Home Centers, Inc.	2,416,200	103,896	36,243
Whispering Pines Park LLC	2,376,800	102,203	35,652
Wal-Mart Real Estate Business Trust	2,242,080	96,409	33,631
Esfahani Real Estate Holding of AL	2,103,560	90,453	31,553
Health Care REIT Inc.	2,068,200	88,932	31,023
Sam's Real Estate Business Trust	1,999,780	85,990	29,996
Tameron Properties LLC	1,998,980	85,956	29,984

Source: City of Daphne, Alabama

* Includes state, county and school taxes.

Unemployment Rate

The following table sets forth comparative unemployment rates for Baldwin County, the State of Alabama and the United States in each of the years indicated:

	2007	2008	2009	2010	2011	2012	2013
Baldwin County	2.7	4.1	8.6	8.9	7.2	6.7	5.8
State of Alabama	3.5	5.0	10.1	9.0	9.3	7.1	6.5
United States	4.6	5.8	9.3	9.1	8.9	8.1	7.4

*Through June, 2014

Source: U.S. Department of Labor, Bureau of Labor Statistics; Not Seasonally Adjusted.

Housing

According to the U.S. Department of Commerce, in 2012 the median value of owner-occupied houses in the City was \$188,100.

Transportation

The City is located along a 3 mile stretch of Interstate 10 approximately 9 miles east of Mobile, AL. Interstate 10 is the southernmost transcontinental highway in the American Interstate Highway System. The 2,460 mile Interstate 10 highway spans from Santa Monica, CA to Jacksonville, FL.

Additionally, Interstate Highway 65, which runs northward from Mobile through Nashville, is located approximately 30 miles north of the City where it passes through Baldwin County. The City is served by two major north/south corridors in U.S. Highway 98 and State Highway 181. Both highways allow access to Daphne from Interstate

10 and run south through U.S. Highway 90 and County Highway 64 which connect to the City to the east.

APPENDIX B
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

APPENDIX C
PROPOSED FORM OF OPINION OF BOND COUNSEL

_____, 2014

City of Daphne
Post Office Box 400
Daphne, Alabama 36526

Harbor Financial Services, LLC
11 North Water Street, Suite 21290
Mobile, Alabama 36602

New York Mellon Trust Company, N.A., as Trustee
505 20th Street N, #950
Birmingham, Alabama 35203

RE: \$ _____ City of Daphne, Alabama
General Obligation Refunding and Improvement Warrants, Series 2014

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance of the referenced warrants (the "Warrants") and as such have examined certified copies of proceedings of the City Council (the "City Council") of City of Daphne, Alabama (the "City") in connection therewith, including the ordinance of such City dated _____, 2014 (the "Authorizing Ordinance"), and other documents submitted to us pertaining to the authorization, sale and issuance of the Warrants. Capitalized terms not otherwise defined herein shall have the meanings defined in the Authorizing Ordinance.

We have examined (i) the provisions of the Constitution and statutes of the State, (ii) a transcript of the proceedings of the City relating to the issuance of the Warrants, including the Authorizing Ordinance, and (iii) such other documents, instruments, proofs and matters of law as we have deemed relevant to the issuance of the Warrants and necessary for the purpose of this opinion. As to questions of fact material to our opinion, we have relied upon representations of the City and the City Council contained in the Authorizing Ordinance and in certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not passed upon any matters relating to the business, properties, affairs or condition, financial or otherwise, of the City, and no inference should be drawn that we have expressed an opinion on matters relating to the financial ability of the City to perform its obligations under the contracts described herein.

Based upon the aforesaid examinations, we are of the opinion, under existing law, as follows:

1. The Warrants have been duly authorized and issued and constitute valid orders on the City Treasurer of the City for the payment thereof as therein provided, and that the indebtedness ordered paid by the Warrants is a valid general obligation of the City for the payment of the principal of and interest on which the full faith and credit of the City have been validly and irrevocably pledged.

2. The interest on the Warrants is excluded from gross income for federal income tax purposes. In addition, interest on the Warrants will not be included as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, except that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The Warrants have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code"), and in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institution's interest expense allocable to interest on the Warrants. The opinions set forth above are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Warrants in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Warrants in gross income for federal income tax purposes to be retroactive to the date of issuance of the Warrants. We express no opinion regarding other federal tax consequences arising with respect to the Warrants.

3. Under existing law, the interest on the Warrants is exempt from State of Alabama income taxation.

In rendering the opinions expressed above, we have relied on representations of the City and the City Council with respect to questions of fact material to our opinion without undertaking to verify the same by independent investigation, and we have assumed continuing compliance with the covenants contained in the Authorizing Ordinance pertaining to those sections of the Internal Revenue Code which affect the exclusion from gross income of interest on the Warrants for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the City fails to comply with such covenants, interest on the Warrants could become includable in gross income from the date of original delivery, regardless of the date on which the events causing such inclusion occur.

The opinions hereinabove expressed respecting the Warrants are subject to all applicable bankruptcy, insolvency, moratorium and all other laws respecting the enforcement of creditors' rights, including specifically, but without limitation, the provisions of Chapter 9 of the United States Bankruptcy Code as amended, relating to the adjustment of debts of political subdivisions and public

agencies and instrumentalities of the several states, and by equitable principles, whether considered at law or in equity. In addition, enforcement of remedies under the Indenture may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Warrants.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. Except as stated in paragraphs 2 and 3 above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of the Warrants. The opinions expressed herein are based upon existing law as of the date hereof and we express no opinion herein as of any subsequent date or with respect to any pending legislation and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. No one other than the addressees hereof shall be entitled to rely upon this opinion without our prior written approval. This opinion is not offered, and will not be construed, as a guaranty or warranty.

Very truly yours,

ADAMS AND REESE LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

§ _____
CITY OF DAPHNE, ALABAMA
GENERAL OBLIGATION REFUNDING WARRANTS
SERIES 2014

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Daphne, Alabama (the "Issuer") in connection with its issuance of its \$ _____ General Obligation Refunding Warrants Series 2014 (the "Warrants"). The Issuer is the "obligated person" within the meaning of the hereinafter defined Rule. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Warrantholders and the Beneficial Owners and in order to assist the Participating Underwriters in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Warrants by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the Issuer and the Warrantholders and Beneficial Owners from time to time of the Warrants, and the covenants and agreements herein set forth to be performed on behalf of the Issuer shall be for the benefit of the Warrantholders and Beneficial Owners of any and all of the Warrants.

SECTION 2. Definitions. The following capitalized terms shall have the following meanings in this Disclosure Certificate:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Report" shall mean the Issuer's Comprehensive Annual Financial Report (CAFR).

"Beneficial Owner" shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Warrants (including persons holding Warrants through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean Digital Assurance Certification, LLC, or any successor Dissemination Agent appointed in writing by the Issuer and that has filed with the Issuer a written acceptance of such appointment.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Government Accounting Standards Board and in effect from time to time.

"Issuer" shall mean the City of Daphne, Alabama.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the single centralized repository for the collection and availability of continuing disclosure documents for purpose of the Rule. The continuing disclosure documents must be provided to the MSRB in searchable portable document format (PDF) to the following:

Municipal Securities Rulemaking Board
Electronic Municipal Market Access Center
www.emma.msrb.org

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Official Statement” shall mean the final Official Statement for the Warrants dated [____], 2014.

“Participating Underwriter” shall mean any of the original underwriters of the Warrants required to comply with the Rule in connection with the primary offering of the Warrants.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the Securities and Exchange Commission.

“Securities Counsel” shall mean legal counsel expert in federal securities law.

“State” shall mean the State of Alabama.

“Warrantholders” when used with reference to a bond or Warrants, shall mean the registered owner of any Outstanding bond or Warrants.

SECTION 3. Provision of Annual Reports.

(a) Each year, the Issuer shall provide, or shall cause the Dissemination Agent to provide, not later than June 30th, commencing with the Issuer’s Annual Report for its fiscal year ending September 30, 2014, to the MSRB an Annual Report for the preceding fiscal year that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate;

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice, in a timely manner, to the MSRB, in substantially the form attached as Exhibit A.

(c) If the Issuer’s fiscal year changes, the Issuer shall send written notice of such change to the MSRB, in substantially the form attached as Exhibit B.

(d) The Dissemination Agent shall, if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

(e) In connection with providing the Annual Report, the Dissemination Agent (if other than the Issuer) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation, or administrative order.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference the following:

(a) The Audited Financial Statements of the Issuer for its fiscal year immediately preceding the due date of the Annual Report.

(b) The accounting principles pursuant to which the Audited Financial Statements were prepared.

(c) The operating and financial information set forth in the Official Statement, including in the sections titled: “CITY DEBT,” “CITY REVENUES” and Appendix A.

The Issuer’s financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

The Issuer reserves the right to cross-reference any or all such annual financial information and operating data to other documents to be provided to the MSRB.

The Issuer reserves the right to modify, from time to time, the specific types of information provided or the format of the presentations of such information, to the extent necessary or appropriate in the judgment of the State; provided however, that the Issuer agrees that any modifications will be made consistent with Section 9.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer covenants to provide, or cause to be provided, to the MSRB notice of the occurrence of any of the following events with respect to the Warrants, in a timely manner not in excess of ten (10) business days after the occurrence of the event. Each notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Warrants.

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves, if any, reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Warrants, or other material events affecting the tax status of the Warrants;
- (7) modifications to rights of Warrantholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property, if any, securing repayment of the Warrants, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership, or similar event of the Issuer;¹
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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;

¹ For the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing government body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (15) failure to provide the Annual Report, as required by the Rule; and/or
- (16) other material event notice.

(b) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the Issuer), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation, or administrative order.

(c) The Issuer acknowledges that the “rating changes” referred to above in Section 5(a)(11) of this Disclosure Certificate may include, without limitation, any change in any rating on the Warrants.

(d) The Issuer acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Warrants, the Issuer does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

(e) As of the date of this Disclosure Certificate, the Listed Events described in subsections (a)(3), (5), and (10) are not applicable to the Warrants.

SECTION 6. Mandatory Electronic Filing with EMMA.

All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org>, as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Release No. 59062 on December 5, 2008.

SECTION 7. Termination of Reporting Obligation.

(a) The Issuer’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance of the Warrants or the prior redemption or payment in full of all of the Warrants.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer (i) receives an opinion of Securities Counsel, addressed to the Issuer, to the effect that those portions of the Rule that require such provisions of this Disclosure Certificate, do not or no longer apply to the Warrants, whether because such portions of the Rule are invalid, have been repealed, amended, or modified, or are otherwise deemed to be inapplicable to the Warrants, as shall be specified in such opinion and (ii) files notice to such effect with the MSRB.

SECTION 8. Dissemination Agent. The Issuer, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification, LLC. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the Issuer) shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

SECTION 9. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(1) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature, or status of the Issuer or the type of business conducted by the Issuer;

(2) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Warrants, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Warrantholders or Beneficial Owners.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the Issuer shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the Issuer or the Dissemination Agent (if other than the Issuer) at the written direction of the Issuer, with the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Failure to Comply. In the event of a failure of the Issuer or the Dissemination Agent (if other than the Issuer) to comply with any provision of this Disclosure Certificate, any Warrantholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Issuer or the Dissemination Agent (if other than the Issuer) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Warrants or under the Warrant Resolution.

SECTION 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters, the Warrantholders, and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate and, in the sole determination of the Issuer or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Issuer or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein designated recipients of such information and notices.

SECTION 15. Additional Disclosure Obligations. The Issuer acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Issuer, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

CITY OF DAPHNE, ALABAMA

BY: _____
Mayor

Dated: _____, 2014

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: City of Daphne, Alabama
Name of Issuer: City of Daphne, Alabama
Name of Warrant Issue: \$ _____ General Obligation Refunding Warrants Series 2014

Date of Warrants:

NOTICE IS HEREBY GIVEN that the City of Daphne, Alabama has not provided an Annual Report with respect to the above-named Warrants as required by Section 3 of its Continuing Disclosure Certificate with respect to the Warrants. The City of Daphne, Alabama anticipates that the Annual Report will be filed by

_____.

CITY OF DAPHNE, ALABAMA

BY: _____
Mayor

Dated: _____

EXHIBIT B

NOTICE OF CHANGE IN ISSUER'S FISCAL YEAR

Name of Obligated Person: City of Daphne, Alabama
Name of Issuer: City of Daphne, Alabama
Name of Warrant Issue: \$_____ General Obligation Refunding Warrants Series 2014
Date of Warrants:

NOTICE IS HEREBY GIVEN that the fiscal year of the City of Daphne, Alabama changed. Previously, the Issuer's fiscal year ended on _____. It now ends on _____.

CITY OF DAPHNE, ALABAMA

BY: _____
Mayor

Dated: _____

APPENDIX E

REFUNDED WARRANTS*

2003 Refunded Warrants

<u>Year of Maturity</u>	<u>Amount Maturing</u>	<u>Interest Rate</u>
2015	\$475,000	4.00%
2016	495,000	3.60
2017	515,000	3.70
2018	530,000	3.80

2006 Refunded Warrants

* Preliminary, subject to change.

Exhibit B
Continuing Disclosure Certificate
(See Attached)

CONTINUING DISCLOSURE CERTIFICATE

§ _____
CITY OF DAPHNE, ALABAMA
GENERAL OBLIGATION REFUNDING WARRANTS
SERIES 2014

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Daphne, Alabama (the "Issuer") in connection with its issuance of its \$ _____ General Obligation Refunding Warrants Series 2014 (the "Warrants"). The Issuer is the "obligated person" within the meaning of the hereinafter defined Rule. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Warrantholders and the Beneficial Owners and in order to assist the Participating Underwriters in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Warrants by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the Issuer and the Warrantholders and Beneficial Owners from time to time of the Warrants, and the covenants and agreements herein set forth to be performed on behalf of the Issuer shall be for the benefit of the Warrantholders and Beneficial Owners of any and all of the Warrants.

SECTION 2. Definitions. The following capitalized terms shall have the following meanings in this Disclosure Certificate:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Report" shall mean the Issuer's Comprehensive Annual Financial Report (CAFR).

"Beneficial Owner" shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Warrants (including persons holding Warrants through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean Digital Assurance Certification, LLC, or any successor Dissemination Agent appointed in writing by the Issuer and that has filed with the Issuer a written acceptance of such appointment.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Government Accounting Standards Board and in effect from time to time.

"Issuer" shall mean the City of Daphne, Alabama.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the single centralized repository for the collection and availability of continuing disclosure documents for purpose of the Rule. The continuing disclosure documents must be provided to the MSRB in searchable portable document format (PDF) to the following:

Municipal Securities Rulemaking Board
Electronic Municipal Market Access Center
www.emma.msrb.org

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Official Statement” shall mean the final Official Statement for the Warrants dated [____], 2014.

“Participating Underwriter” shall mean any of the original underwriters of the Warrants required to comply with the Rule in connection with the primary offering of the Warrants.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the Securities and Exchange Commission.

“Securities Counsel” shall mean legal counsel expert in federal securities law.

“State” shall mean the State of Alabama.

“Warrantholders” when used with reference to a bond or Warrants, shall mean the registered owner of any Outstanding bond or Warrants.

SECTION 3. Provision of Annual Reports.

(a) Each year, the Issuer shall provide, or shall cause the Dissemination Agent to provide, not later than June 30th, commencing with the Issuer’s Annual Report for its fiscal year ending September 30, 2014, to the MSRB an Annual Report for the preceding fiscal year that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate;

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice, in a timely manner, to the MSRB, in substantially the form attached as Exhibit A.

(c) If the Issuer’s fiscal year changes, the Issuer shall send written notice of such change to the MSRB, in substantially the form attached as Exhibit B.

(d) The Dissemination Agent shall, if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

(e) In connection with providing the Annual Report, the Dissemination Agent (if other than the Issuer) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation, or administrative order.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference the following:

(a) The Audited Financial Statements of the Issuer for its fiscal year immediately preceding the due date of the Annual Report.

(b) The accounting principles pursuant to which the Audited Financial Statements were prepared.

(c) The operating and financial information set forth in the Official Statement, including in the sections titled: “CITY DEBT,” “CITY REVENUES” and Appendix A.

The Issuer’s financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

The Issuer reserves the right to cross-reference any or all such annual financial information and operating data to other documents to be provided to the MSRB.

The Issuer reserves the right to modify, from time to time, the specific types of information provided or the format of the presentations of such information, to the extent necessary or appropriate in the judgment of the State; provided however, that the Issuer agrees that any modifications will be made consistent with Section 9.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer covenants to provide, or cause to be provided, to the MSRB notice of the occurrence of any of the following events with respect to the Warrants, in a timely manner not in excess of ten (10) business days after the occurrence of the event. Each notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Warrants.

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves, if any, reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Warrants, or other material events affecting the tax status of the Warrants;
- (7) modifications to rights of Warrantholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property, if any, securing repayment of the Warrants, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership, or similar event of the Issuer;¹
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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;

¹ For the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing government body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (15) failure to provide the Annual Report, as required by the Rule; and/or
- (16) other material event notice.

(b) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the Issuer), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation, or administrative order.

(c) The Issuer acknowledges that the “rating changes” referred to above in Section 5(a)(11) of this Disclosure Certificate may include, without limitation, any change in any rating on the Warrants.

(d) The Issuer acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Warrants, the Issuer does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

(e) As of the date of this Disclosure Certificate, the Listed Events described in subsections (a)(3), (5), and (10) are not applicable to the Warrants.

SECTION 6. Mandatory Electronic Filing with EMMA.

All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org>, as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Release No. 59062 on December 5, 2008.

SECTION 7. Termination of Reporting Obligation.

(a) The Issuer’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance of the Warrants or the prior redemption or payment in full of all of the Warrants.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer (i) receives an opinion of Securities Counsel, addressed to the Issuer, to the effect that those portions of the Rule that require such provisions of this Disclosure Certificate, do not or no longer apply to the Warrants, whether because such portions of the Rule are invalid, have been repealed, amended, or modified, or are otherwise deemed to be inapplicable to the Warrants, as shall be specified in such opinion and (ii) files notice to such effect with the MSRB.

SECTION 8. Dissemination Agent. The Issuer, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification, LLC. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the Issuer) shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

SECTION 9. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(1) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature, or status of the Issuer or the type of business conducted by the Issuer;

(2) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Warrants, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Warrantholders or Beneficial Owners.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the Issuer shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the Issuer or the Dissemination Agent (if other than the Issuer) at the written direction of the Issuer, with the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Failure to Comply. In the event of a failure of the Issuer or the Dissemination Agent (if other than the Issuer) to comply with any provision of this Disclosure Certificate, any Warrantholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Issuer or the Dissemination Agent (if other than the Issuer) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Warrants or under the Warrant Resolution.

SECTION 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters, the Warrantholders, and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate and, in the sole determination of the Issuer or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Issuer or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein designated recipients of such information and notices.

SECTION 15. Additional Disclosure Obligations. The Issuer acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Issuer, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

CITY OF DAPHNE, ALABAMA

BY: _____
Mayor

Dated: _____, 2014

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: City of Daphne, Alabama
Name of Issuer: City of Daphne, Alabama
Name of Warrant Issue: \$_____ General Obligation Refunding Warrants Series 2014

Date of Warrants:

NOTICE IS HEREBY GIVEN that the City of Daphne, Alabama has not provided an Annual Report with respect to the above-named Warrants as required by Section 3 of its Continuing Disclosure Certificate with respect to the Warrants. The City of Daphne, Alabama anticipates that the Annual Report will be filed by _____.

CITY OF DAPHNE, ALABAMA

BY: _____
Mayor

Dated: _____

EXHIBIT B

NOTICE OF CHANGE IN ISSUER'S FISCAL YEAR

Name of Obligated Person: City of Daphne, Alabama
Name of Issuer: City of Daphne, Alabama
Name of Warrant Issue: \$_____ General Obligation Refunding Warrants Series 2014
Date of Warrants:

NOTICE IS HEREBY GIVEN that the fiscal year of the City of Daphne, Alabama changed. Previously, the Issuer's fiscal year ended on _____. It now ends on _____.

CITY OF DAPHNE, ALABAMA

BY: _____
Mayor

Dated: _____

Exhibit C

Disclosure Dissemination Agreement

(See Attached)

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of [_____, 2014], is executed and delivered by the City of Daphne, Alabama (the "Issuer") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Warrants (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Warrants in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each

such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Warrants and the 9-digit CUSIP numbers for all Warrants to which the document applies.

"Disclosure Representative" means Treasurer for the City of Daphne, Alabama, or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Failure to File Event" means the Issuer's failure to file an Annual Report on or before the Annual Filing Date.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Warrants (including persons holding Warrants through nominees, depositories or other intermediaries) or (b) treated as the owner of any Warrants for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other

arrangement to support payment of all, or part of the obligations on the Warrants (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the Issuer in connection with the Issuer's General Obligation Refunding and Improvement Warrants, Series 2014, as listed on Appendix A.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

"Warrants" means the warrants as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than 270 days after the end of each fiscal year of the Issuer, commencing with the fiscal year ending September 30, 2014. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"
2. "Non-Payment related defaults, if material;"
3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. "Substitution of credit or liquidity providers, or their failure to perform;"
6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"

7. "Modifications to rights of securities holders, if material;"
8. "Warrant calls, if material;"
9. "Defeasances;"
10. "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. "Rating changes;"
12. "Tender offers;"
13. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the e-filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"
2. "change in obligated person;"
3. "notice to investors pursuant to Warrant 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;" and
11. "other event-based disclosures;"

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"
2. "change in fiscal year/timing of annual disclosure;"
3. "change in accounting standard;"
4. "interim/additional financial information/operating data;"
5. "budget;"
6. "investment/debt/financial policy;"
7. "information provided to rating agency, credit/liquidity provider or other third party;"
8. "consultant reports;" and
9. "other financial/operating data."

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure

Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement under the headings: "CITY DEBT," "CITY REVENUES," and Appendix A to the Official Statement.

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles ("GAAP") will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Warrants constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Warrants, or other material events affecting the tax status of the Warrants;
7. Modifications to rights of Warrant holders, if material;
8. Warrant calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Warrants, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U. S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. 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; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Warrants and the 9-digit CUSIP numbers for the Warrants as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations; The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate

exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event

Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Warrants upon the legal defeasance, prior redemption or payment in full of all of the Warrants, when the Issuer is no longer an obligated person with respect to the Warrants, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Warrants. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Warrants or under any other document relating to the Warrants, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Warrants or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to

determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Warrants.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Warrants and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee of the Warrants, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Warrants, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION,
L.L.C., as Disclosure Dissemination Agent

By: _____
Name:
Title:

CITY OF DAPHNE, ALABAMA, as Issuer

By: _____
Name: Dane Haygood
Title: Mayor

**EXHIBIT A
NAME AND CUSIP NUMBERS OF WARRANTS**

Name of Issuer [A1] _____
 Obligated Person(s) [A2] _____
 Name of Warrant Issue: [A3] _____
 Date of Issuance: [A4] _____
 Date of Official Statement [A5] _____

[A6]

CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
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CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____

[A7]

Name of Issuer City of Daphne, Alabama
 Obligated Person(s) _____
 Name of Warrant Issue: _____
 Date of Issuance: [_____, 2014]
 Date of Official Statement: [_____, 2014]

CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
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CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____

EXHIBIT B
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: **City of Daphne, Alabama**

Obligated Person: [B2] _____

Name(s) of Warrant Issue(s): **General Obligation Refunding and Improvement Warrants, Series 2014**

Date(s) of Issuance: _____

Date(s) of Disclosure Agreement: [B5] _____

CUSIP Number: [B6] _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Warrants as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by [B7] _____].

Dated: [B8] _____

Digital Assurance Certification, L.L.C., as
Disclosure Dissemination Agent, on behalf
of the Issuer

cc: [B9]
[B10]

**EXHIBIT C-1
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

[C1] _____

Issuer's Six-Digit CUSIP Number

[C2] _____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

[C3] _____

Number of pages attached: [C4] _____

____ Description of Notice Events (Check One): [C5]

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

____ Failure to provide annual financial information as required. [C6]

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: [C7] _____ Title: [C8] _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: [C9]

**EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of [C10] _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

[C1] _____

Issuer's Six-Digit CUSIP Number:

[C2] _____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

[C3] _____

Number of pages attached: [C4] _____

___ Description of Voluntary Event Disclosure (Check One): [C11]

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;" and
11. ___ "other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: [C7] _____ Title: [C8] _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: [C9]

**EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of [C9] _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

[C1] _____

Issuer's Six-Digit CUSIP Number:

[C2] _____

Or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

[C3] _____

Number of pages attached: [C4] _____

_____ Description of Voluntary Financial Disclosure (Check One): [C12]

1. _____ "quarterly/monthly financial information;"
2. _____ "change in fiscal year/timing of annual disclosure;"
3. _____ "change in accounting standard;"
4. _____ "interim/additional financial information/operating data;"
5. _____ "budget;"
6. _____ "investment/debt/financial policy;"
7. _____ "information provided to rating agency, credit/liquidity provider or other third party;"
8. _____ "consultant reports;" and
9. _____ "other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: [C7] _____ Title: [C8] _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: [C9] _____

Exhibit D

2003 Escrow Trust Agreement

(See Attached)

ESCROW TRUST AGREEMENT

between

CITY OF DAPHNE, ALABAMA

and

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

Relating to

City of Daphne
General Obligation Warrants
Series 2003

This ESCROW TRUST AGREEMENT between the CITY OF DAPHNE, ALABAMA (herein called the "City") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., (herein called "the Trustee").

RECITALS

The City makes the following recitals and representations as the basis for the undertakings herein contained:

(1) The City has heretofore issued its General Obligation Warrants, Series 2003 (the "Series 2003 Warrants"), issued in the aggregate principal amount of \$6,455,000 and currently outstanding in the aggregate principal amount of \$2,015,000. The Series 2003 Warrants mature and are subject to optional redemption and scheduled mandatory redemption, accrue interest at the rates and are payable in the manner and at the times and places set forth in the ordinance of the City Council adopted on May 19, 2003, authorizing the issuance of the Series 2003 Warrants, (the "Series 2003 Ordinance").

(2) In order to provide the funds necessary to pay principal and interest that will hereafter mature on the currently outstanding Series 2003 Warrants, and to redeem the Series 2003 Warrants, and for certain other purposes, the City has, contemporaneously with the execution and delivery of this Trust Agreement, issued \$_____ principal amount of its General Obligation Refunding and Improvement Warrants, Series 2014 (herein called the "Series 2014 Warrants")

NOW, THEREFORE, in consideration of the premises and the respective agreements on the part of the City and the Trustee herein contained, the City and the Trustee hereby agree as follows:

Section 1. The Escrow Fund. There is hereby created a special trust fund, the full name of which shall be the "City of Daphne 2003 Refunding Escrow Fund, 2014," which will be included in the City of Daphne Warrant Fund, 2003 held by the Trustee, and which shall be applied for the purpose hereinafter specified (the "Escrow Fund"). The cash and maturing principal of and interest on any securities held in such Escrow Fund shall be applied to payment of the amount required to pay the principal of and interest on the Series 2003 Warrants, or the redemption prices therefor, as provided herein.

Section 2. Deposit of Proceeds from Issuance of Warrants. The City hereby deposits with the Trustee, from proceeds of the Series 2014 Warrants, the sum of \$_____ in cash. The entire sum shall be deposited in the Escrow Fund. The Trustee hereby acknowledges receipt of said cash and its deposit in the Escrow Fund in the amount set forth in the preceding sentence of this section.

Section 3. Investment of Escrow Fund. The Escrow Fund may be invested only at the written direction of the City in direct obligations of the United States of America or a money market account consisting of the same; provided, however, that no investment of the cash on deposit in the Escrow Fund shall be made in any such direct obligation which has a maturity value,

including accrued interest, that is less than the purchase price thereof or which comes due later than the 2003 Call Date (as hereinafter defined).

Section 4. Application of the Escrow Fund. The Trustee shall apply all cash in the Escrow Fund solely to the payment of the principal and interest with respect to the Series 2003 Warrants (the "Refunded Debt Service"), by transferring to the Paying Agent with respect to the Series 2003 Warrants cash available to make all payments herein required with respect to the Refunded Debt Service. The cash flow required and to be provided from the Escrow Fund for the payment of Refunded Debt Service is described on the schedules attached hereto as Exhibit "A" and made a part hereof.

Section 5. Sufficiency of Escrow. The City represents and warrants the amount deposited in the Escrow Fund is sufficient, without investment, to provide for full and timely payment of the Refunded Debt Service.

Section 6. Redemption of Series 2003 Warrants. (a) In order to effect the redemption of those of the Series 2003 Warrants that are to be redeemed prior to maturity, the City has called the Series 2003 Warrants for redemption on December 9, 2014 (the "2003 Call Date"), \$2,015,000 in aggregate principal amount of the Series 2003 Warrants (being all of the Series 2003 Warrants currently outstanding), the redemption of which shall be effected at a redemption price equal to 100% of the principal amount of each Series 2003 Warrant so called for redemption plus accrued interest thereon to the 2003 Call Date.

(b) The City agrees that it will not repeal, revoke or amend its resolution of _____, 2014 in which the City has authorized the call for redemption of the Series 2003 Warrants.

(c) In order to effect the redemption of the Series 2003 Warrants, the City

(1) agrees to take all necessary action requisite to the redemption of the Series 2003 Warrants; and

(2) will deposit with the Trustee the amounts necessary to effect the redemption of the Series 2003 Warrants to the extent, if any, that funds are not available in the Escrow Fund for that purpose.

(d) Pursuant to the City's resolution of _____, 2014, the City has authorized and directed the Trustee to cause notice of the redemption of the Series 2003 Warrants to be given in accordance with the requirements of the Series 2003 Warrants and the Series 2003 Ordinance and of this Agreement.

Section 7. Compensation to the Trustee. The City will pay to the Trustee, promptly upon receipt of statements of the Trustee therefor, all reasonable and customary charges that may be made by the Trustee for its services hereunder and the City will reimburse the Trustee for all reasonably necessary expenses incurred hereunder. If the Trustee is required by a governmental agency or court proceeding initiated by a third party to undertake efforts beyond that which is set forth herein but related thereto (other than due to the Trustee's negligence or willful misconduct), the Trustee shall notify the City of the same in writing and the City shall promptly pay the Trustee for such extraordinary fees, costs and expenses (including reasonable attorney's fees, costs and

expenses) reasonably and necessarily incurred in connection therewith. The Trustee agrees that its charges and expenses hereunder shall in no event be payable from or constitute a charge on the Escrow Fund or any part thereof.

Section 8. Amendments to Trust Agreement. The parties hereto may, with the written consent of the Trustee but without the consent of or notice to the holders of any of the Series 2003 Warrants, at any time and from time to time, amend this Escrow Trust Agreement for any one or more of the following purposes:

(a) To add to the covenants and agreements herein contained other covenants and agreements thereafter to be observed and performed by any of the parties hereto, provided that such other covenants and agreements shall not either expressly or impliedly limit or restrict any of the obligations hereunder of any of the parties hereto; or

(b) To cure any ambiguity, or cure, correct or supplement any defect or inconsistent provision contained herein or in any amendment hereto, or to make any provision with respect to matters arising hereunder or under any amendment hereto for any other purpose if such provisions are necessary or desirable and are not inconsistent with the provisions hereof and do not, in the judgment of the Trustee, adversely affect the interests of the Holders of the Series 2003 Warrants; or

(c) To make subject to the trust created herein additional funds, securities or properties.

With respect to all questions arising under this Section 8, the Trustee shall be entitled to conclusively rely upon the opinion of Bond Counsel acceptable to it.

Section 9. Beneficiaries of this Agreement. This Agreement shall be binding upon, and shall inure to the benefit of, the Holders of the Series 2003 Warrants and the parties hereto and their respective successors.

Section 10. Governing Law. The provisions of this Agreement shall be governed by the laws of the State of Alabama without regard to conflict of law principles.

Section 11. Concerning the Trustee. It is expressly understood and agreed that the Trustee's duties and obligations in connection with this Agreement are confined to those expressly defined herein and no additional covenants or obligations shall be read into this Agreement against the Trustee. The Trustee may consult with counsel with respect to any question relating to its duties or responsibilities hereunder or otherwise in connection herewith and shall not be liable for any action taken, suffered or omitted by the Trustee in good faith upon the advice of such counsel. The Trustee may act through its agents and attorneys and shall not be responsible for any misconduct or negligence on the part of any such person so appointed with due care. The Trustee may conclusively rely upon and shall be fully protected in acting and relying upon any notice, order, requisition, request, consent, certificate, order, opinion (including an opinion of counsel), affidavit, letter, telegram or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any payment obligation of the Trustee hereunder shall be paid from, and is limited to funds available, established and maintained hereunder and the Trustee shall not be required to expend its own funds for the

performance of its duties under this Agreement. The Trustee shall not be liable for any action taken or neglected to be taken in performing or attempting to perform its obligations hereunder other than for its gross negligence or willful misconduct. Notwithstanding any provision herein to the contrary, in no event shall the Trustee be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances. The Trustee may resign at any time upon thirty (30) days written notice to the City.

[Signatures follow on next page]

IN WITNESS WHEREOF, the City has caused this Trust Agreement to be executed by the Mayor and by the Clerk of the City, and has caused its official seal to be impressed hereon and attested by its Clerk, and the Trustee to evidence its acceptance of the trusts hereby created, has caused this Trust Agreement to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Trust Agreement to be attested by its duly authorized officers, and the City and Trustee have caused this Trust Agreement to be dated as of _____, 2014.

CITY OF DAPHNE, ALABAMA

By: _____
Its: Mayor

Attest:

Its: City Clerk

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

By: _____
Its: _____

Attest:

Its: _____

EXHIBIT "A"
 TO
 ESCROW TRUST AGREEMENT BY AND BETWEEN
 CITY OF DAPHNE, ALABAMA AND
 THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
 ESCROW CASH FLOWS

\$ _____ City of Daphne, Alabama General Obligation Refunding and Improvement Warrants, Series 2014

Exhibit 6.0 • Verification of Total Escrow Cash Flow and Escrow Sufficiency - 2003 Escrow Trust Fund

DATE	TOTAL CASH DEPOSIT	DRAW REQUIREMENTS	EXCESS BALANCE
	\$	\$	s
Difference			

Exhibit E

2006 Escrow Trust Agreement

(See Attached)

ESCROW TRUST AGREEMENT

between

CITY OF DAPHNE, ALABAMA

and

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

Relating to

City of Daphne
General Obligation Warrants
Series 2006

This ESCROW TRUST AGREEMENT between the CITY OF DAPHNE, ALABAMA (herein called the "City") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., (herein called "the Trustee").

RECITALS

The City makes the following recitals and representations as the basis for the undertakings herein contained:

(1) The City has heretofore issued its General Obligation Warrants, Series 2006 (the "Series 2006 Warrants"), issued in the aggregate principal amount of \$25,230,000 and currently outstanding in the aggregate principal amount of \$17,185,000. The Series 2006 Warrants mature and are subject to optional redemption and scheduled mandatory redemption, accrue interest at the rates and are payable in the manner and at the times and places set forth in the ordinance of the City Council adopted on April 17, 2006, authorizing the issuance of the Series 2006 Warrants, (the "Series 2006 Ordinance").

(2) In order to provide the funds necessary to pay a portion of the principal and interest that will hereafter mature on the currently outstanding Series 2006 Warrants, and to redeem a portion of the Series 2006 Warrants, and for certain other purposes, the City has, contemporaneously with the execution and delivery of this Trust Agreement, issued \$_____ principal amount of its General Obligation Refunding and Improvement Warrants, Series 2014 (herein called the "Series 2014 Warrants")

NOW, THEREFORE, in consideration of the premises and the respective agreements on the part of the City and the Trustee herein contained, the City and the Trustee hereby agree as follows:

Section 1. The Escrow Fund. There is hereby created a special trust fund, the full name of which shall be the "City of Daphne 2006 Refunding Escrow Fund, 2014" and which shall be applied for the purpose hereinafter specified (the "Escrow Fund"). The cash and maturing principal of and interest on all securities held in such Escrow Fund shall be applied to payment of the amount required to pay the principal of and interest on the Series 2006 Warrants, or the redemption prices therefor, as provided herein.

Section 2. Deposit of Proceeds from Issuance of Warrants. The City hereby deposits with the Trustee, from proceeds of the Series 2014 Warrants, the sum of \$_____ in cash. The entire sum shall be deposited in the Escrow Fund. The Trustee hereby acknowledges receipt of said cash and its deposit in the Escrow Fund in the amount set forth in the preceding sentence of this section.

Section 3. Investment of Escrow Fund. Contemporaneously with the delivery of this Trust Agreement, the Trustee shall cause the sum of \$ _____ deposited with it pursuant to Section 2 hereof to be invested in the investments (herein called the "Federal Securities") that are described on Exhibit "A" attached hereto and made a part hereof as if set out in full herein. The remaining amount (viz., \$ _____) shall remain uninvested in the Escrow Fund.

Section 4. Application of the Escrow Fund. The Trustee shall apply all cash in the Escrow Fund solely to the payment of the principal and interest with respect to the Series 2006 Warrants (the "Refunded Debt Service"), by transferring to the Paying Agent with respect to the Series 2006 Warrants cash available to make all payments herein required with respect to the Refunded Debt Service. The cash flow required and to be provided from the Escrow Fund for the payment of Refunded Debt Service is described on the schedules attached hereto as Exhibit "B" and made a part hereof.

Section 5. Sufficiency of Escrow. The City represents and warrants that if the principal and interest on the Federal Securities held in the Escrow Fund are paid according to their respective terms, the payment of the principal and interest on such Federal Securities, together with the cash sums held therein uninvested, will provide cash in the Escrow Funds sufficient to provide for payment of the Refunded Debt Service.

Section 6. Redemption of Series 2006 Warrants. (a) In order to effect the redemption of those of the Series 2006 Warrants that are to be redeemed prior to maturity, the City has called the Series 2006 Warrants for redemption, as follows:

On April 1, 2016 (the "2006 Call Date"), \$ _____ in aggregate principal amount of the Series 2006 Warrants (being a portion of the Series 2006 Warrants maturing on or after April 1, 2017), the redemption of which shall be effected at a redemption price equal to 100% of the principal amount of each Series 2006 Warrant so called for redemption plus accrued interest thereon to the 2006 Call Date.

All such Warrants called for redemption are herein referred to as the "Called Warrants."

(b) The City agrees that it will not repeal, revoke or amend its resolution of [_____], in which the City has authorized the call for redemption of the Called Warrants.

(c) In order to effect the redemption of the Called Warrants, the City

(1) agrees to take all necessary action requisite to the redemption of the Called Warrants; and

(2) will deposit with the Trustee the amounts necessary to effect the redemption of the Called Warrants to the extent, if any, that funds are not available in the Escrow Fund for that purpose.

(d) Pursuant to the City's resolution of [_____], the City has authorized and directed the Trustee to cause notice of the redemption of the Called Warrants to be given in accordance with the requirements of the Series 2006 Warrants and the Series 2006 Ordinance and of this Agreement.

Section 7. Compensation to the Trustee. The City will pay to the Trustee, promptly upon receipt of statements of the Trustee therefor, all reasonable and customary charges that may be made by the Trustee for its services hereunder and the City will reimburse the Trustee for all reasonably necessary expenses incurred hereunder. If the Trustee is required by a governmental agency or court proceeding initiated by a third party to undertake efforts beyond that which is set forth herein but related thereto (other than due to the Trustee's negligence or willful misconduct), the Trustee shall notify the City of the same in writing and the City shall promptly pay the Trustee for such extraordinary fees, costs and expenses (including reasonable attorney's fees, costs and expenses) reasonably and necessarily incurred in connection therewith. The Trustee agrees that its charges and expenses hereunder shall in no event be payable from or constitute a charge on the Escrow Fund or any part thereof.

Section 8. Amendments to Trust Agreement. The parties hereto may, with the written consent of the Trustee but without the consent of or notice to the holders of any of the Series 2006 Warrants, at any time and from time to time, amend this Escrow Trust Agreement for any one or more of the following purposes:

(a) To add to the covenants and agreements herein contained other covenants and agreements thereafter to be observed and performed by any of the parties hereto, provided that such other covenants and agreements shall not either expressly or impliedly limit or restrict any of the obligations hereunder of any of the parties hereto; or

(b) To cure any ambiguity, or cure, correct or supplement any defect or inconsistent provision contained herein or in any amendment hereto, or to make any provision with respect to matters arising hereunder or under any amendment hereto for any other purpose if such provisions are necessary or desirable and are not inconsistent with the provisions hereof and do not, in the judgment of the Trustee, adversely affect the interests of the Holders of the Series 2006 Warrants; or

(c) To make subject to the trust created herein additional funds, securities or properties. With respect to all questions arising under this Section 8, the Trustee shall be entitled to conclusively rely upon the opinion of Bond Counsel acceptable to it.

Section 9. Beneficiaries of this Agreement. This Agreement shall be binding upon, and shall inure to the benefit of, the Holders of the Series 2006 Warrants and the parties hereto and their respective successors.

Section 10. Governing Law. The provisions of this Agreement shall be governed by the laws of the State of Alabama without regard to conflict of law principles.

Section 11. Concerning the Trustee. It is expressly understood and agreed that the Trustee's duties and obligations in connection with this Agreement are confined to those expressly defined herein and no additional covenants or obligations shall be read into this Agreement against the Trustee. The Trustee may consult with counsel with respect to any question relating to its duties or responsibilities hereunder or otherwise in connection herewith and shall not be liable for any action taken, suffered or omitted by the Trustee in good faith upon the advice of such counsel. The Trustee may act through its agents and attorneys and shall not be responsible for any misconduct or negligence on the part of any such person so appointed with due care. The Trustee may conclusively rely upon and shall be fully protected in acting and relying upon any notice, order, requisition, request, consent, certificate, order, opinion (including an opinion of counsel), affidavit, letter, telegram or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any payment obligation of the Trustee hereunder shall be paid from, and is limited to funds available, established and maintained hereunder and the Trustee shall not be required to expend its own funds for the performance of its duties under this Agreement. The Trustee shall not be liable for any action taken or neglected to be taken in performing or attempting to perform its obligations hereunder other than for its gross negligence or willful misconduct. Notwithstanding any provision herein to the contrary, in no event shall the Trustee be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances. The Trustee may resign at any time upon thirty (30) days written notice to the City.

[Signatures follow on next page]

IN WITNESS WHEREOF, the City has caused this Trust Agreement to be executed by the Mayor and by the Clerk of the City, and has caused its official seal to be impressed hereon and attested by its Clerk, and the Trustee to evidence its acceptance of the trusts hereby created, has caused this Trust Agreement to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Trust Agreement to be attested by its duly authorized officers, and the City and Trustee have caused this Trust Agreement to be dated as of _____, 2014.

CITY OF DAPHNE, ALABAMA

By: _____
Its: Mayor

Attest:

Its: City Clerk

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

By: _____
Its: _____

Attest:

Its: _____

EXHIBIT "A"
 TO
 ESCROW TRUST AGREEMENT BY AND BETWEEN
 CITY OF DAPHNE, ALABAMA AND
 THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
 ESCROW CASH FLOWS

\$ _____ City of Daphne, Alabama General Obligation Refunding and Improvement Warrants, Series 2014

Exhibit 6.0 • Verification of Total Escrow Cash Flow and Escrow Sufficiency - 2006 Escrow Trust Fund

DATE	TOTAL CASH DEPOSIT	DRAW REQUIREMENTS	EXCESS BALANCE
	\$	\$	s
Difference			

Exhibit F

Warrant Purchase Agreement

(See Attached)

CITY OF DAPHNE, ALABAMA

GENERAL OBLIGATION REFUNDING AND IMPROVEMENT WARRANTS,
SERIES 2014

WARRANT PURCHASE AGREEMENT

October 29, 2014

City of Daphne
Daphne, Alabama

Ladies and Gentlemen:

Harbor Financial Services, LLC (the "Underwriter"), offers to enter into the following agreement (the "Warrant Purchase Agreement") with the City of Daphne (the "City"), which upon the City's acceptance of this offer, will be binding upon the Underwriter and, subject to approval of an authorizing ordinance as provided in Section 7 hereof, upon the City. This offer is made subject to the City's acceptance on or before 8:00 p.m., Daphne, Alabama time, on October 29, 2014, and if not so accepted, will be subject to withdrawal by the Underwriter upon notice to the City at any time prior to the acceptance hereof by the City.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the City for offering to the public and the City hereby agrees to sell and deliver to the Underwriter for such purpose, all of the City's \$10,000,000 General Obligation Refunding and Improvement Warrants, Series 2014 (the "Series 2014 Warrants"). The Series 2014 Warrants shall be dated as of the date of their delivery and shall be issued in such principal amounts, mature on such dates, bear such rates of interest and be subject to redemption as set forth in Exhibit A attached hereto. Interest on the Series 2014 Warrants shall be payable on April 1 and October 1 in each year to maturity or earlier redemption. The Series 2014 Warrants shall be paid for by the Underwriter in Federal Funds or other immediately available funds on the Closing Date at the purchase price of \$9,933,231.80 (which takes into account a net original issue discount of \$16,768.20 and an Underwriter's discount of the \$50,000.00). The Series 2014 Warrants shall be issued pursuant to the Constitution and the laws of the State of Alabama, and pursuant to the provisions of an ordinance (the "Ordinance") to be adopted by the City Council. The Series 2014 Warrants are being issued for the purposes of refunding certain outstanding warrants of the City and paying the expenses of issuing the Series 2014 Warrants. The City is pledging its full faith and credit for payment of the principal of and interest on the Series 2014 Warrants.

Subject to the terms and conditions set forth herein, the Underwriter agrees to make a public offering of the Series 2014 Warrants at the initial offering prices or yields and subject to the redemption terms set forth in Exhibit A attached hereto prior to 1:00 p.m., on the Closing Date (hereinafter defined); provided, however, the Underwriter reserves the right to make concessions to certain dealers, certain dealer banks and banks acting as agents and to change such initial offering prices or yields as the Underwriter shall deem necessary in connection with the marketing of the Series 2014 Warrants.

2. Offering. It shall be a condition of the City's obligation to sell and deliver the Series 2014 Warrants to the Underwriter, and the obligation of the Underwriter to purchase and accept delivery of the Series 2014 Warrants, that the entire aggregate initial principal amount of the Series 2014 Warrants shall be sold and delivered by the City and accepted and paid for by the Underwriter on the Closing Date on the terms herein provided unless otherwise agreed to by the City by formal official action and by the Underwriter in writing.

3. Official Statement and Other Documents. The City shall deliver, or cause to be delivered, to the Underwriter within seven (7) business days after the date hereof such reasonable number of conformed final copies of the Official Statement, dated the date hereof, as the undersigned shall request and shall furnish as many additional copies thereof as are reasonably necessary to enable the Underwriter to comply with the requirements of paragraph (b)(4) of Rule 15c2-12 of the United States Securities and Exchange Commission (17 CFR Section 240.15c2-12) under the Securities Exchange Act of 1934 ("Rule 15c2-12"), and with Rule G-32 and all applicable rules of the Municipal Securities Rulemaking Board ("MSRB") and to fulfill its duties and responsibilities under Alabama and federal securities law generally.

The Underwriter agrees to file the Official Statement with the Municipal Securities Rulemaking Board ("MSRB") not later than the Closing Date. The filing with the MSRB shall be in accordance with the procedures of the Electronic Municipal Market Access System ("EMMA"). The City agrees and covenants to furnish annual financial information and material events notices through EMMA as provided in the Continuing Disclosure Agreement.

The Underwriter agrees that it will not confirm the sale of any Series 2014 Warrants unless a final written confirmation of the sale is accompanied or preceded by the delivery of a copy of the Official Statement, either directly or by notice that it is available through EMMA.

4. Representations, Warranties and Agreements. The City hereby represents, warrants and agrees as follows:

(a) At the time of the City's delivery to the Underwriter of the Official Statement and on the Closing Date, the statements and information contained in the Official Statement will be true and correct in all material respects and the Official Statement contains or will contain no misstatement of any material fact and will not omit any statement and information that is necessary to make the statements and information contained therein not misleading in any material respect.

(b) The City has full legal right, power and authority to: (i) enter into this Warrant Purchase Agreement, (ii) adopt the Ordinance, (iii) sell, issue and deliver the Series 2014 Warrants to the Underwriter as provided herein, and (iv) carry out and consummate the transactions contemplated by this Warrant Purchase Agreement, the Escrow Trust Agreements between the City and The Bank of New York Mellon Trust Company, N.A., as escrow trustee (the "Escrow Trust Agreements"), the Ordinance and the Official Statement, and on the Closing Date will be in compliance with the obligations on its part in connection with the issuance of the Series 2014 Warrants contained in the Ordinance, the Series 2014 Warrants and this Warrant Purchase Agreement.

(c) In its Resolution adopted August 4, 2014, the City Council authorized the execution and delivery by the Mayor of this Warrant Purchase Agreement on the part of the City, subject, however, to final approval by the Council of an authorizing ordinance with respect to the Series 2014 Warrants.

(d) When delivered to and paid for by the Underwriter on the Closing Date in accordance with the provisions of this Warrant Purchase Agreement, the Series 2014 Warrants will have been duly authorized, executed, issued and delivered and will constitute valid and binding general obligations of the City.

(e) The adoption of the Ordinance and the authorization, execution and delivery of this Warrant Purchase Agreement, the Escrow Trust Agreement and the Series 2014 Warrants, and compliance with the provisions hereof and thereof, will not conflict with, or constitute a breach of or default under, any law, administrative regulation, consent decree or ordinance.

(f) On the Closing Date, the City will be in compliance in all respects with the covenants and agreements contained in the Ordinance.

(g) All approvals, consents, authorizations and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the City of its obligations hereunder and under the Ordinance have been obtained and are in full force and effect, except for such approvals, consents and orders as may be required under the Blue Sky or securities law of any state in connection with the offering and sale of the Series 2014 Warrants or in connection with the registration of the Series 2014 Warrants under the federal securities laws.

5. **Closing.** At 9:00 a.m., local time, on December 18, 2014, or at such time on such earlier or later date as shall be agreed upon by the City and the Underwriter (the "Closing Date"), the activities relating to the execution and delivery of certain documents and the delivery of the certificates, opinions and other instruments as described in Section 6(e) hereof shall occur at the offices of Adams and Reese LLP, Mobile, Alabama, or such other location as shall be mutually agreed upon by the City and the Underwriter. Such simultaneous execution and delivery of such documents, certificates, opinions and other instruments are herein referred to as the "Closing." On the Closing Date:

(a) The City shall deliver to the Underwriter (i) the Series 2014 Warrants, duly authorized, executed and authenticated, and (ii) the other instruments and documents required to be delivered to the Underwriter pursuant to Section 6 hereof

(b) The purchase price for the Series 2014 Warrants shall be paid to the City in Federal Funds (by wire transfer or check, or by any combination of one or more wires or checks as may be agreeable to the City and the Underwriter).

6. **Underwriter's Closing Conditions.** The Underwriter has entered into this Warrant Purchase Agreement in reliance upon the representations and warranties of the City herein contained and the performance by the City of its obligations hereunder, both as of the date hereof and as of the Closing Date. The obligations of the Underwriter under this Warrant Purchase Agreement are and shall be subject to the following conditions:

(a) The representations, warranties and agreements of the City contained herein shall be true and correct and complied with as of the date hereof and as of the Closing Date.

(b) At the time of the Closing, the Ordinance shall be in full force and effect in accordance with its terms and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except to the extent that such amendments have been agreed to by the Underwriter.

(c) At the time of the Closing, all official action of the City relating to this Warrant Purchase Agreement and the Series 2014 Warrants shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect, except in each case as may have been agreed to by the Underwriter.

(d) At any time on or prior to the Closing Date, the Underwriter shall have the right to cancel the agreement contained herein to purchase the Series 2014 Warrants by notifying the City in writing of their intention to do so if:

(i) between the date hereof and the Closing Date, legislation shall have been enacted by the Congress of the United States, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of Congress by any Committee of such House, or passed by either House of Congress, or a decision shall have been rendered by a court of the United States or the United States Tax Court, or a ruling shall have been made or a regulation shall have been proposed or made by the Treasury Department of the United States or the Internal Revenue Service, with respect to the federal taxation of interest received on obligations of the general character of the Series 2014 Warrants, which, in the opinion of Counsel for the Underwriter or Bond Counsel, has or will have the effect of making such interest subject to inclusion in gross income for purposes of federal income taxation, except to the extent such interest shall be includable in gross income on the date hereof, or

(ii) between the date hereof and the Closing Date, legislation shall be enacted or any action shall be taken by the United States Securities and Exchange Commission which, in the opinion of Counsel for the Underwriter and Bond Counsel, has the effect of requiring the contemplated issuance or distribution of the Series 2014 Warrants to be registered under the Securities Act of 1933, as amended, or

(iii) between the date hereof and the Closing Date, in the opinion of the Underwriter, payment for and delivery of the Series 2014 Warrants is rendered impracticable or inadvisable because (A) trading in securities generally shall have been suspended on the New York Stock Exchange, Inc., or (B) a general banking moratorium shall have been established by federal, New York or Alabama authorities, or (C) there shall have occurred any outbreak of hostilities or other local, national or international calamity or crisis on the financial markets of the United States which, in the Underwriter's reasonable judgment, renders it impracticable for the Underwriter to market the Series 2014 Warrants or to enforce contracts for the sale of the Series 2014 Warrants, or

(iv) between the date hereof and the Closing Date, any order, decree or injunction of any court of competent jurisdiction, or any order, ruling, regulation or administrative proceeding by any governmental body or board, shall have been issued or commenced, or any legislation enacted, with the purpose or effect of prohibiting the issuance, offering or sale of the Series 2014 Warrants as contemplated hereby or by the Official Statement or prohibiting the entering into or performance of the Ordinance, or

(v) between the date hereof and the Closing Date, the President of the United States, the Office of Management and Budget, the Department of Treasury, the Internal Revenue Service or any other governmental body, department, agency or commission of the United States or the State of Alabama shall take or propose to take any action or implement or propose regulations, rules or legislation which, in the reasonable judgment of the Underwriter, materially adversely affects the market price of the Series 2014 Warrants or causes any material information in the Official Statement, in light of the circumstances under which it appears, to be misleading in any material respect, or

(vi) any executive order shall be announced, or any legislation, ordinance, rule or regulation shall be proposed by or introduced in, or be enacted by any governmental body, department, agency or commission of the United States or the State of Alabama, having jurisdiction over the subject matter, or a decision by any court of competent jurisdiction within the United States or within the State of Alabama, shall be rendered which, in the reasonable judgment of the Underwriter, materially adversely affects the market price of the Series 2014 Warrants or causes any information in the Official Statement to be misleading in any material respect, or

(vii) between the date hereof and the Closing Date, any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Series 2014 Warrants or in any way contesting or affecting any authority for or the validity of the Series 2014 Warrants or this Warrant Purchase Agreement, or any of the proceedings of the City taken with respect to the issuance or sale of the Series 2014 Warrants or the execution of and performance of this Warrant Purchase Agreement.

(e) On or prior to the Closing Date, the Underwriter shall receive the following documents:

(i) the Official Statement, and any supplements, amendments or modifications, if any, thereto, executed on behalf of the City by the Mayor;

(ii) the Ordinance, certified by the City Clerk under seal as having been duly executed by the Mayor and such modifications or amendments as may have been agreed to by the Underwriter;

(iii) an opinion of Adams and Reese LLP, Mobile, Alabama, Bond Counsel to the City ("Bond Counsel"), in substantially the form included in the Official Statement as Appendix B;

(iv) an opinion of Adams and Reese LLP, Mobile, Alabama, counsel to the City, addressed to the City and the Underwriter, and dated the date of the Closing, in form and substance satisfactory to the Underwriter;

(v) A certificate (herein sometimes referred to as the "Non-Arbitrage Certificate") of the City prepared by Bond Counsel and executed by the Mayor and Finance Director for the City, dated as of the Closing Date, setting forth facts, estimates and circumstances concerning the use or application of the Series 2014 Warrant proceeds, and stating in effect that on the basis of such facts, estimates and circumstances in existence on the Closing Date, it is not expected that the proceeds of the Series 2014 Warrants will be used in a manner that would cause such Series 2014 Warrants to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Series 2014 Warrants contained in this Warrant Purchase Agreement and the Underwriter does not waive such inability in writing, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Series 2014 Warrants shall be terminated for any reason permitted by this Warrant Purchase Agreement, including the exercise of the Underwriter' right to cancel this Warrant Purchase Agreement as provided in Section 6(d) hereof, this Warrant Purchase Agreement shall terminate and neither the Underwriter nor the City shall be under any further obligation hereunder, except that the respective obligations of the City and the Underwriter set forth in Section 8 hereof shall continue in full force and effect.

7. **City's Closing Condition.** The obligations of the City under this Warrant Purchase Agreement are and shall be subject to the following conditions:

(a) Adoption of the Ordinance by the City Council;

(b) Receipt from the Underwriter of a Certificate, to be attached to, and relied upon by the City in delivering, the City's Tax Certificate and Agreement, with respect to (i) the bona fide nature of the offering of the Warrants, (ii) the issue price for the Warrants, determined in accordance with applicable law and regulations, and (iii) the yield on the Warrants calculated in accordance with applicable law and regulations; and

(c) Receipt of a report of a firm of certified public accountants with regard to the adequacy of the refunding escrows under the Escrow Trust Agreements, or, in the case of the Series 2006 Warrants, a certificate from the Paying Agent for the Series 2006 Warrants as to the total amount of principal and interest to come due on the date of redemption of the Series 2006 Warrants.

8. **Expenses.** The Underwriter shall be under no obligation to pay, and the City shall pay, any expense incident to the performance of the City's obligations hereunder including, but not limited to: (a) the cost of preparation, printing and delivery of the Ordinance and this Warrant Purchase Agreement; (b) the costs of preparation and the fees and disbursements of Bond Counsel and other legal counsel to the City; (c) fees for bond ratings; (d) the fees and expenses of the Warrant Registrar, the Paying Agent, the Escrow Trustee and of their respective counsel; (e) the costs of preparing, printing and delivering the Official Statement and any supplements or amendments thereto; (f) the costs of escrow verification reports as required; and (g) such other expenses as may be agreed to in writing at a later date.

The Underwriter shall pay: (a) all fees and disbursements of any counsel retained by the Underwriter; (b) all advertising expenses; and (c) all other expenses incurred by it in connection with the public offering of the Series 2014 Warrants. In the event that either party shall have paid obligations of the other as set forth in this Section 8, adjustment shall be made at the time of the Closing.

9. **Notices.** Any notice or other communications to be given to the City under this Warrant Purchase Agreement may be given by mailing the same to Post Office Box 400, Daphne, Alabama 36526, and any such notice or other communication to be given to the Underwriter may be mailed to Harbor Financial Services, LLC, 11 N. Water Street, Suite 21290, Mobile, Alabama 36602.

10. **Parties in Interest.** This Warrant Purchase Agreement is made solely for the benefit of the City and the Underwriter and no other party or person shall acquire or have any right hereunder or by virtue hereof. All representations and agreements in this Warrant Purchase Agreement shall remain operative and in full force and effect and shall survive the delivery of the Series 2014 Warrants.

11. **Waiver.** Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the City hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter, in its sole discretion, and the approval of the Underwriter when required hereunder or the determination of its satisfaction as to any document referred to herein shall be in writing, signed by an appropriate officer or officers of the Underwriter and delivered to the City.

12. **No Liability.** Neither the City, nor any officer, agent or employee thereof, shall be charged personally by the Underwriter with any liability, or held liable to the Underwriter under any term or provision of this Warrant Purchase Agreement because of its execution or attempted execution, or because of any breach or attempted breach thereof.

13. **Counterparts.** This Warrant Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

14. **Governing Law.** This Warrant Purchase Agreement, and the terms and conditions herein, shall constitute the full and complete agreement between the City and the Underwriter with respect to the purchase and sale of the Series 2014 Warrants. This Warrant Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Alabama.

15. **No Advisory or Fiduciary Role.** The City acknowledges and agrees that: (i) the primary role of the Underwriter is to purchase the Series 2014 Bonds for resale to investors, in an arm's length, commercial transaction between the City and the Underwriter and the Underwriter has financial and other interests that differ from those of the City; (ii) the Underwriter is acting solely as principal and is not acting as a municipal advisor, financial advisor or fiduciary to the City; (iii) the Underwriter has not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters); (iv) the only obligations the Underwriter has to the City with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (v) the City has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

[Signature Page to Follow]

Very truly yours

Harbor Financial Services, LLC

By: _____

As Its: _____

Accepted this 29th day of October, 2014.

CITY OF DAPHNE

By: _____

Dane Haygood
Mayor of the City of Daphne

EXHIBIT A
 PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS
 AND REDEMPTION PROVISIONS

Year of Maturity	Amount Maturing	Interest Rate	Yield
2015	\$100,000	2.00%	0.600%
2016	610,000	2.00	0.800
2017	625,000	2.00	1.050
2018	640,000	2.00	1.250
2019	645,000	2.00	1.450
2020	120,000	2.00	1.700
2021	185,000	2.00	1.950
2022	815,000	2.00	2.100
2023	830,000	2.10	2.250
2024	855,000	2.30	2.400
2025	870,000	2.40	2.500
2026	890,000	2.50	2.650
2027	915,000	2.70	2.800
2028	935,000	2.80	2.900
2029	965,000	2.90	3.000

Redemption Provisions:

Optional Redemption.

Those of the Series 2014 Warrants, maturing on or after April 1, 2022 are subject to redemption prior to their maturity, at the option of the City, in whole or in part, on April 1, 2021, and on any date thereafter (in principal amounts of \$5,000 and any integral multiple thereof and if less than all of the Warrants are to be redeemed, those maturities or portions thereof to be called for redemption shall be selected by the City in its discretion, and if less than all the Warrants of a single maturity are to be redeemed, those to be called for redemption shall be selected by lot), at and for a redemption price equal to 100% of the principal amount of each Warrant or portion thereof redeemed, plus accrued interest to the date fixed for redemption.