REGULAR COMMITTEE OF THE WHOLE MEETING AGENDA

I. **Roll Call**

II. **Consideration of Previous Minutes**

1. Regular Council Meeting 04/02/2024
2. Committee of the Whole 04/02/2024

III. **Unfinished Business**

Miscellaneous

Resolutions

Ordinances

IV. **New Business**

Miscellaneous

1. Approval of 2022 Audited Financials.

Resolutions

1. Resolution awarding the bid for Justice Center Roof and Fascia Replacement. (GS/RE)
2. Resolution awarding the bid for Two Message Boards for Police. (SB)
3. Resolution Authorizing the Execution of a Subaward Grant Agreement With the Alabama Department of Conservation and Natural Resources for the RESTORE ACT-Council Selected Restoration Component funded Orange Beach Stormwater Master Plan. (NW/CP)
4. Resolution appropriating $25,000 to the Coastal Alabama Business Chamber for the purpose of funding the Gateway Initiative. (RE)
5. Resolution authorizing execution of a professional services agreement with Nick Rich, dba Wilde Design, for design and consultation services. (MV)

6. Resolution authorizing the execution of a task order with Nick Rich, dab Wilde Design, to provide design and project consultation services for the wildlife center outdoor enclosures in an amount not to exceed $9,000. (MV)

7. Resolution authorizing the City of Orange Beach to join the State of Alabama and other local governments as a participant in opioid settlements. (JL)

8. Resolution authorizing a reduction in rental fees for the Orange Beach Event Center for the 2024 AHSAA Officials Training. (JL)

9. Resolution declaring a vehicle owned by the City of Orange Beach as surplus and unneeded and authorizing the donation of said property to the Alabama Gulf Coast Zoo. (RE)

10. Resolution authorizing a franchise for Ryan Ahearn LLC, dba Perdido Key Party Bus, to operate a shuttle service within the city limits and police jurisdiction of the City of Orange Beach. (TC)

11. Resolution authorizing the approval of a wetland permit for the CoastAL employee parking lot. (WS)

Public Hearings

1. Reminder: Public hearing and first reading for an ordinance to amend Ordinance No. 172, the Zoning Ordinance, Case No. 0406-ZT-24, Section 4.01, Water Recreational Rentals on May 7, 2024.

2. Reminder: Public hearing and first reading for an ordinance amending Ordinance No. 172, the Zoning Ordinance, Case No. 0407-ZT-24, Section 4.06, Alabama Highway 180 Frontage Roadway Requirement on May 7, 2024.

3. Reminder: Public hearing and first reading for an ordinance amending Ordinance No. 172, the Zoning Ordinance, Case No. 0304-ZT-24, Zoning Text Amendments, Sections 4.01 & 5.13, Charter Boat Home Occupations on May 7, 2024.

Ordinances

V. Public Comments

VI. Adjourn

MINUTES OF
REGULAR COUNCIL MEETING
ORANGE BEACH CITY COUNCIL
APRIL 2, 2024 – 5:00 P.M.
CITY HALL – COUNCIL CHAMBERS

I. CALL TO ORDER Mayor Tony Kennon called the meeting to order at 4:58 P.M.

II. INVOCATION Pastor Jerry Peebles, Canal Road Baptist Church

III. PLEDGE OF ALLEGIANCE

IV. ROLL CALL

Present: Councilmember Jeff Silvers
Councilmember Jerry Johnson
Councilmember Annette Mitchell
Councilmember Joni Blalock
Councilmember Jeff Boyd
Mayor Tony Kennon

Absent: None

V. CONSIDERATION OF AGENDA

Motion made (Silvers/Blalock) to approve the agenda as written. Vote unanimous in favor.

VI. CONSIDERATION OF PREVIOUS MINUTES

Regular Council Meeting	03/05/2024
Committee of the Whole	03/05/2024
Work Session	03/12/2024

The reading was waived and minutes were approved as written.

VII. REPORTS OF OFFICERS/COMMITTEES

1. City Administrator – Ford Handley — No report
2. Director, Public Works – Tim Tucker — No report.
3. Director, Community Development – Adam Roberson — No report.
4. Chief, Police Department – Steve Brown — No report.
5. Chief, Fire Department – Jeff Smith — No report.
6. City Clerk – Renee Eberly — No report.
7. Director, Finance – Ford Handley — No report.
8. Parks & Recreation – Nicole Ard — No report.
9. Director, Utilities – Jeff Hartley — No report.
10. Director, Coastal Resources – Phillip West — No report.
11. Librarian, Public Library – Meagan Bing — No report.
12. Director, Municipal Court – Pam Davis — No report.
13. Director, Expect Excellence – Ford Handley — No report.
14. Mayor/Council

    Council recognized the Lady Makos Softball team who is now ranked first in the nation.

Councilmember Boyd reported a successful surgery for his grandson, and thanked everyone for their support.

Councilmember Silvers encouraged citizens to vote daily for the Hugh S. Branyon Backcountry Trail, which has been nominated for the second consecutive year by USA Today 10 Best Readers' Choice Awards for best recreational trails. Polls close on Monday, April 8, 2024.

VIII. AUDITING OF ACCOUNTS

Motion made (Mitchell/Silvers) to certify that cash requirements with no related interests are within budget and appropriate for payment. Vote revealed: Silvers, aye; Johnson, aye; Mitchell, aye; Blalock, aye; Boyd, aye; Kennon, aye. **Motion passed. (6-0).**

Motion made (Mitchell/Boyd) to certify that cash requirements with related interests in Swift Supply are within budget and appropriate for payment. Vote revealed: Silvers, abstain; Johnson, aye; Mitchell, aye; Blalock, aye; Boyd, aye; Kennon, aye. **Motion passed. (5-0-1).**

IX. PRESENTATIONS

1. Proclamation to declare April as National Child Abuse Prevention Month. Renee Eberly, City Clerk, read the proclamation aloud. Loretta Coar accepted the proclamation on behalf of the Baldwin County Child Advocacy Center.

X. RECOGNITIONS

1. Recognition of Fire Rescue responders by Chief Smith. Fire Chief Jeff Smith recognized first responders who responded to and successfully resuscitated a 14-year-old undergoing cardiac arrest at Alabama Point East beach. Chief Smith recognized off-duty Firefighter/AEMT Will Hearn, Beach Safety Supervisor Cole Fincher, Beach Safety Supervisor Robbie Bishop, Fire/Medic Tyler Hearn, Fire/Medic Jake Lambert, Engineer Johnnie Sundie, Fire/Medic Philip Stewart, Firefighter/EMT Jack Kyte, Resident Firefighter Christian Butler, Battalion Chief David Gant.

XI. UNFINISHED BUSINESS

XII. NEW BUSINESS

Resolutions

1. Resolution authorizing execution of a performance agreement with McLean Motor Sports Productions, LLC, for a Spring 2024 "Bama Coast Cruisin'" car show event. **Motion made (Mitchell/Silvers) to adopt the resolution.** Vote unanimous in favor. **Motion passed.**

2. Resolution amending the Employees Pay Plan/Job Listing to accommodate the approved 2024 Budget. **Motion made (Mitchell/Johnson) to adopt the resolution.** Vote unanimous in favor. **Motion passed.**

3. Resolution authorizing the execution of a task order with McCollough Architecture, Inc., to provide design services for new Gateway Signs in an amount not to exceed $3,800. **Motion made (Johnson/Mitchell) to adopt the resolution.** Vote unanimous in favor. **Motion passed.**

4. Resolution authorizing the purchase of Vehicle Equipment for the Police Department through State Bid from Dana Safety Supply, Inc., in the amount of $66,378.32. **Motion made (Johnson/Blalock) to adopt the resolution.** Vote unanimous in favor. **Motion passed.**

5. Resolution authorizing the purchase of K-9 Vehicle Equipment for the Police Department through State Bid from Dana Safety Supply, Inc., in the amount of $30,557.20. **Motion made (Boyd/Johnson) to adopt the resolution.** Vote unanimous in favor. **Motion passed.**

6. Resolution awarding the bid for Two Vehicles for the Police Department to Eastern Shore Toyota, LLC, in the amount of $106,054. **Motion made (Silvers/Blalock) to adopt the resolution.** Vote unanimous in favor. **Motion passed.**

7. Resolution awarding the bid for an EBS Rotary Screw Blower Package for the Utilities Department to Jim House & Associates, Inc., in the amount of $185,714. **Motion made (Silvers/Johnson) to adopt the resolution.** Vote unanimous in favor. **Motion passed.**

8. Resolution authorizing execution of Change Order No. 1 for Beaver Creek Subdivision Sidewalk Repairs with PL Russell LLC to reduce the slope of driveway tie-ins in an amount not to exceed $11,370.13. **Motion made (Mitchell/Silvers) to adopt the resolution.** Vote unanimous in favor. **Motion passed.**

XIII. PUBLIC COMMENTS

None

XIV. ADJOURN

There being no further business to come before the council, motion made (Blalock/Johnson) to adjourn. Vote unanimous in favor.

Time: 5:16 P.M.

APPROVED this the 7th day of May, 2024.

____
Renee Eberly
City Clerk

MINUTES OF
COMMITTEE OF THE WHOLE MEETING
ORANGE BEACH CITY COUNCIL
APRIL 2, 2024 – 5:16 P.M.
CITY HALL – COUNCIL CHAMBERS

The Orange Beach City Council met to review potential items for the April 2, 2024, agenda.

The following members were present:

Mayor Tony Kennon
Councilmember Jeff Silvers
Councilmember Jerry Johnson
Councilmember Annette Mitchell
Councilmember Joni Blalock
Councilmember Boyd

The following members were absent:

None

The following items were discussed:

1. Resolution supporting the Orange Beach Library children's library materials policy.
2. Resolution authorizing the execution of a task order with McCollough Architecture, Inc., to provide design services for Roof Replacement at the Library in an amount not to exceed $18,500.
3. Resolution authorizing the execution of a task order with McCollough Architecture, Inc., to provide design services for Roof Replacement and Addition at the Senior Center in an amount not to exceed $11,700.
4. Resolution awarding the bid for Softball Field Light Installation.
5. Resolution authorizing the execution of a subscription agreement with Granicus, LLC, for address identification and rental activity monitoring.
6. Set a public hearing date for an ordinance amending Ordinance No. 172, the Zoning Ordinance, Case No. 0406-ZT-24, Section 4.01, Water Recreational Rentals. Public hearing set for May 7, 2024.
7. Set a public hearing date for an ordinance amending Ordinance No. 172, the Zoning Ordinance, Case No. 0407-ZT-24, Section 4.06, Alabama Highway 180 Frontage Roadway Requirement. Public hearing set for May 7, 2024.
8. Reschedule public hearing and first reading for an ordinance amending Ordinance No. 172, the Zoning Ordinance, Case No. 0304-ZT-24, Zoning Text Amendments, Sections 4.01 & 5.13, Charter Boat Home Occupations set for April 16, 2024. Public hearing rescheduled to May 7, 2024.
9. Reminder: Public hearing and first reading for an ordinance to amend Ordinance No. 172, the Zoning Ordinance, Case Nos. 0103-PUD-04 and 0704-PUD-04, Reversion of the Bama Bayou Planned Unit Development Master Plan on April 16, 2024.
10. Reminder: Public hearing and first reading for an ordinance amending Ordinance No. 172, the Zoning Ordinance, Case No. 0204-PUD-24, Admiral Self Storage PUD on April 16, 2024.
11. Reminder: Public hearing and first reading for an ordinance amending Ordinance No. 172, the Zoning Ordinance, Case No. 0409-PUDA-24, Cottages at Old Bay/Robinson Grove PUD Minor Modification, Marine Accessory Amendment on April 16, 2024.

12. Reminder: Public hearing and first reading for an ordinance amending Ordinance No. 172, the Zoning Ordinance, Case No. 0402-PUDA-24, Zeke's Landing Marina Minor PUD Modification, East Transient Dock Amendment & Storage Building Addition on April 16, 2024.
13. Reminder: Public hearing and first reading for an ordinance amending Ordinance No. 172, the Zoning Ordinance, Case No. 0410-PUDA-24, Young's Hideaway Glamping Sites on April 16, 2024.

Public Comments:

1. Ford Handley, City Administrator/Finance Director, stated to Council that the next council agenda will include approval items for the appropriation of funds to the Safe Harbor Animal Coalition and the 2022 fiscal audit report.
2. Bill Jeffries, 4688 Walker Avenue, thanked Mayor and Council for repair of the Perdido Pass fishing area.

There being no further business, the meeting adjourned.

Time: 5:23 P.M.

APPROVED this 7th day of May, 2024.

____
Renee Eberly
City Clerk

ITEM 1.

REGULAR COMMITTEE OF THE WHOLE MEETING
APRIL 16, 2024

Departments: City Clerk

Description of Topic: Approval of 2022 Audited Financials.

Background/Description:

Action Options/Recommendation:

Source of Funding (if applicable):

ATTACHMENTS:

1. COOB 2022 Audit DRAFT 2

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THE CITY OF ORANGE BEACH, ALABAMA

FINANCIAL STATEMENTS

DECEMBER 31, 2022

THE CITY OF ORANGE BEACH, ALABAMA
TABLE OF CONTENTS
DECEMBER 31, 2022

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CPA Group, PC

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DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Orange Beach, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange Beach, Alabama, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Orange Beach, Alabama's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange Beach, Alabama, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Orange Beach, Alabama and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Orange Beach, Alabama's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

Jason B. Jackson, CPA/ABV
jason@jacksonsmithcpa.com

Jeffrey K. Smith, CPA
jeff@jacksonsmithcpa.com

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Orange Beach, Alabama's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Orange Beach, Alabama's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of employer contributions, and schedule of changes in the net pension liability on 3 through 10 and 47 through 51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Orange Beach, Alabama's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024, on our consideration of the City of Orange Beach, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Orange Beach, Alabama's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Orange Beach, Alabama's internal control over financial reporting and compliance.

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Jackson & Smith CPA Group, PC
Orange Beach, Alabama
March 18, 2024

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MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

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Management's Discussion and Analysis

Overview of the Financial Statements

The City's basic financial statements are comprised of three components:

1) Government-wide Financial Statements
2) Fund Financial Statements
3) Notes to the Financial Statements

This Financial Report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The Government-wide financial statements provide a broad overview of the City of Orange Beach's finances. The presentation is in a manner similar to a private sector business.

The Statement of Net Position provides information on all the City's assets and liabilities. The difference between the two is reported as net position. Over time, changes (increases or decreases) in net position may provide a useful indicator of the City's overall financial condition.

The Statement of Activities provides information on how the City's net position changed during the fiscal year.

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources that have been segregated for specific objectives or activities. The City of Orange Beach, Alabama uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund Financial Statements report the City's operations in more detail than the Government-wide Financial Statements. All of the funds of the City are governmental or proprietary.

Governmental Funds

Governmental funds provide information which may be useful in evaluating and determining a government's near-term financing requirements. The financial statements focus on near-term inflows and outflows of spendable resources. Readers of the financial statements may better understand the long-term impact of the government's near-term financial decisions.

Proprietary Funds

The City of Orange Beach maintains five enterprise funds: Refuse Fund, Sewer Fund, Event Center Fund, Arts Center Fund, and the Baldwin County Bridge Company Fund. Enterprise funds report the same functions presented in business-type activities in the Government-wide financial statements.

Discretely Presented Component Units

The Orange Beach Board of Education is a discretely presented component unit of the primary government of the City of Orange Beach, Alabama.

Notes to the Basic Financial Statements

The notes provide additional information and are essential to the full understanding of the data in the Government-wide and Fund Financial Statements.

Government-wide Financial Analysis

As previously noted, over time net position may serve as a useful indicator of a government's financial condition. At the close of Fiscal Year 20221 on December 31, 2022, the City of Orange Beach's assets exceeded its liabilities by $158,254,198 whereas at the close of Fiscal Year 2021 on December 31, 2021, the City of Orange Beach's assets exceeded its liabilities by $186,955,635. The largest portion of the City's net position reflects its investment in capital assets (property, plant, and equipment), less debt outstanding that was used for acquisition. These assets are used to provide services to the citizens and are not available for future spending. Since the capital assets cannot be used to liquidate the outstanding debt, resources needed to repay the debt must be provided from other sources.

Overall Analysis

Table 1 below presents the City's Condensed Statement of Net Position as of December 31, 2022 and December 31, 2021 and is derived from the Government-wide Statement of Net Position. Table 2 below presents the City's Condensed Statement of Activities as of December 31, 2022 and December 31, 2021 and is derived from the Statement of Activities.

Table 1 - Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Component Units	
	2021	2022	2021	2022	2021	2022	2021	2022
Current and other assets	$ 114,359,593	$ 135,386,917	$ 6,669,516	$ 4,341,707	$ 121,029,109	$ 139,728,624	$ -	$ 4,973,479
Capital assets	115,021,119	125,742,746	24,800,444	23,830,664	139,821,563	149,573,410	-	79,544,504
Total assets	229,380,712	261,129,663	31,469,960	28,172,371	260,850,672	289,302,034	-	84,517,983
Deferred outflows of resources	5,240,021	10,422,538	1,157,528	876,107	6,397,549	11,298,645	-	20,419,488
Other liabilities	2,575,546	9,883,125	211,316	2,169,393	2,786,862	12,052,518	-	979,934
Long-term liabilities	55,749,020	115,366,232	17,277,430	13,423,635	73,026,450	128,789,867	-	19,231,191
Total liabilities	58,324,566	125,249,357	17,488,746	15,593,028	75,813,312	140,842,385	-	20,211,125
Deferred inflows of resources	4,423,902	351,135	55,372	58,291	4,479,274	409,426	-	5,643,405
Invested in capital assets								
Net of related debt	63,515,950	21,392,573	7,639,937	8,595,664	71,155,887	29,988,237	-	79,544,504
Restricted	37,935,506	39,853,169	6,090,771	4,878,348	44,026,277	44,731,517	-	333,479
Unrestricted	70,420,809	84,705,967	1,352,662	(76,853)	71,773,471	84,629,114	-	(795,042)
Total net position	$ 171,872,265	$ 145,951,709	$ 15,083,370	$ 13,397,159	$ 186,955,635	$ 159,348,868	$ -	$ 79,082,941

Financial highlights for the City of Orange Beach as a whole as they relate to the Statement of Net Position for the fiscal year ended December 31, 2022 and December 31, 2021 include the following:

The assets of the City exceeded its liabilities (net assets) at the close of the fiscal year ended December 31, 2022 by $145,951,709 and at the close of the fiscal year ended December 31, 2021 by $171,872,265 for Governmental Activities and by $13,397,159 and $15,083,370 (respectively for each year end) for Business-Type Activities. Net capital assets increased by $10,721,627 from 2021 to 2022 for Governmental Activities and decreased by $969,780 from 2021 to 2022 for Business-Type Activities. Long-term liabilities increased from 2021 to 2022 for Governmental Activities by $59,617,212 and decreased by $3,853,795 for Business-Type Activities. Unrestricted net position increased from 2021 to 2022 by $14,285,158 and decreased by $1,429,515 for Governmental Activities and Business-Type Activities, respectively. Restricted net position increased by $1,917,663 and decreased by $1,212,423 from 2021 to 2022 for Governmental Activities and Business-Type Activities, respectively.

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Overall Analysis (continued)

Table 2 - Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Component Units	
	2021	2022	2021	2022	2021	2022	2021	2022
PRIMARY GOVERNMENT:								
Revenues								
Charges for services	$ 9,830,085	$ 9,380,244	$ 12,454,644	$ 13,262,515	$ 22,284,729	$ 22,642,759	$ -	$ 1,486,956
Operating grants and contributions	6,423,109	2,540,054	-	-	6,423,109	2,540,054	-	5,723
Capital grants and contributions	57,584	984,594	7,100	5,581,204	64,684	6,565,798	-	26,407
General revenues								
Taxes	58,490,606	63,204,334	-	-	58,490,606	63,204,334	-	-
Investment earnings (losses)	151,449	607,927	83,633	(13,085)	235,082	594,842	-	-
Reimbursed expenses	185,759	333,612	-	-	185,759	333,612	-	-
Miscellaneous	1,164,028	426,691	17,191	25,424	1,181,219	452,115	-	303,054
Gain on disposal of assets	279,813	38,129	-	-	279,813	38,129	-	-
Appropriations from the City	-	-	-	-	-	-	-	44,052,634
Donated assets	-	-	-	-	-	-	-	44,125,104
Total revenues	76,582,433	77,515,585	12,562,568	18,856,058	89,145,001	96,371,643	-	89,999,878
Expenses								
General government	16,623,587	61,081,369	-	-	16,623,587	61,081,369	-	-
Municipal court	494,362	524,184	-	-	494,362	524,184	-	-
Finance	1,064,602	1,230,500	-	-	1,064,602	1,230,500	-	-
Police	6,733,146	8,502,459	-	-	6,733,146	8,502,459	-	-
Corrections	770,277	912,471	-	-	770,277	912,471	-	-
Communications	604,017	675,823	-	-	604,017	675,823	-	-
Fire	9,253,074	10,945,520	-	-	9,253,074	10,945,520	-	-
Public works	3,919,995	4,807,316	-	-	3,919,995	4,807,316	-	-
Landscape	1,829,510	2,126,742	-	-	1,829,510	2,126,742	-	-
Parks & recreation	2,321,437	3,837,956	-	-	2,321,437	3,837,956	-	-
Library	694,196	730,603	-	-	694,196	730,603	-	-
Community development	1,585,316	1,615,576	-	-	1,585,316	1,615,576	-	-
Coastal resources	3,019,963	2,764,204	-	-	3,019,963	2,764,204	-	-
Recreation center	954,885	1,039,319	-	-	954,885	1,039,319	-	-
Performing arts	-	486,465	-	-	-	486,465	-	-
Expect Excellence	2,037,144	2,210,466	-	-	2,037,144	2,210,466	-	-
Interest on long-term debt	1,925,469	2,698,544	-	-	1,925,469	2,698,544	-	-
Sewer fund	-	-	5,967,933	12,532,984	5,967,933	12,532,984	-	-
Refuse fund	-	-	3,270,197	3,532,089	3,270,197	3,532,089	-	-
Events Center fund	-	-	568,896	674,774	568,896	674,774	-	-
Arts Center fund	-	-	960,309	1,049,046	960,309	1,049,046	-	-
Total expenses	53,830,980	106,189,517	10,767,335	17,788,893	64,598,315	123,978,410	-	-
COMPONENT UNIT:								
Expenses								
Orange Beach Board of Education	-	-	-	-	-	-	-	10,916,937
Increase (decrease) in net position before transfers	22,751,453	(28,673,932)	1,795,233	1,067,165	24,546,686	(27,606,767)	-	79,082,941
Transfers	2,338,321	2,753,376	(2,338,321)	(2,753,376)	-	-	-	-
Change in net position	25,089,774	(25,920,556)	(543,088)	(1,686,211)	24,546,686	(27,606,767)	-	79,082,941
Net position - beginning	146,782,491	171,872,265	15,626,458	15,083,370	162,408,949	186,955,635	-	-
Net position - ending	$ 171,872,265	$ 145,951,709	$ 15,083,370	$ 13,397,159	$ 186,955,635	$ 159,348,868	$ -	$ 79,082,941

Financial highlights for the City of Orange Beach as a whole as they relate to the Statement of Activities for the fiscal year ended December 31, 2022 and December 31, 2021 include the following:

The City's total net position decreased during the current year by $27,606,767 and increased during the previous year by $24,546,686. Net position of Governmental Activities decreased during the current year by $25,920,556 and increased during the previous year by $25,089,774. Net position of Business-Type Activities decreased during the current year by $1,686,211 and decreased in the previous year by $543,088.

Financial Analysis of the Government's Funds

The City of Orange Beach uses fund accounting to ensure and demonstrate compliance with finance related requirements. Funds that experienced significant changes in Fund Balance during the year are as follows:

Governmental Funds

At the close of the current year, the City's Governmental Funds showed a combined ending fund balance of $130,399,661 as compared to $112,280,597 at the end of the previous fiscal year with $86,657,681 unassigned compared to $71,146,310 reported as unassigned fund balance in the prior year. The remaining reserved amount of $43,741,980 for fiscal year end 2022 is $280,465 nonspendable, $40,488,943 restricted, $2,670,014 committed, and $302,558 assigned as compared to the fiscal year ended 2021 reserved amount of $41,134,287, $232,508 nonspendable, $37,936,121 restricted, $2,660,828 committed, and $304,830 assigned.

Proprietary Funds

As of the close of the current fiscal year the City's Proprietary Funds reported total net position of $13,397,159 compared to $15,083,370 at the end of fiscal year 2021.

Budget Variances in the General Fund

The City Council did not revise the original adopted General Fund budget. The actual expenditures of the General Fund were $22,759,999 over the budgeted amounts. This mainly resulted from unforeseen expenses related to appropriations to the Orange Beach Board of Education. Actual revenues were $14,775,574 over the budgeted amounts. Local taxes exceeded budget by $17,886,809 as the Council continued to budget conservatively, yet tourist numbers continued to exceed expectations. Refer to the budgetary comparison schedule for the General Fund in the other RSI section of the Financial Report.

Capital Asset Activity

At December 31, 2022, the City of Orange Beach reported net capital assets of $125,742,746 and $23,830,664 from Governmental Activities and Business-Type Activities, respectively. At December 31, 2021, the City of Orange Beach reported net capital assets of $115,021,119 and $24,800,444 from Governmental Activities and Business-Type Activities, respectively.

GASB No. 34 requires the City to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ending September 30, 2003. Infrastructure assets include roads, bridges, underground pipes (other than utilities), traffic signals, etc. The City's capitalization threshold for infrastructure is $500,000. The City of Orange Beach does not have infrastructure that exceeds the capitalization threshold.

Refer to **Note 10** to the financial statements for additional information on capital assets.

Long-Term Debt Activity

At December 31, 2022, the City of Orange Beach reported long-term debt of $115,366,232 and $13,423,635 from Governmental Activities and Business-Type Activities, respectively. At December 31, 2021, the City of Orange Beach reported long-term debt of $55,749,020 and $17,277,430 from Governmental Activities and Business-Type Activities, respectively.

Refer to **Note 5** to the financial statements for additional information on long-term debt activity.

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Future Events Impacting the City's Financial Condition

The City of Orange Beach faces several factors that will impact the City's financial and fiscal condition next year and beyond:

1) The City has a 30-year option to purchase the Foley Beach Express Bridge. The City made annual $1.2 million payments to the bridge company from 2003-2013. The 2013 payment ended the 10-year outlay. In exchange, the City receives a per car royalty for 30 years. If the City does not exercise the option to purchase in year 30, the per car royalty payment extends for a second 30-year period. In 2022, negotiations broke down between the Alabama Department of Transportation (ALDOT) and the owners of the Foley Beach Express Bridge, aka the Baldwin County Bridge Company, owned by DIF Capital Partners. Several years of planning by ALDOT to construct a new bridge just west of the Foley Beach Express Toll Bridge came to fruition with the letting of the project in late 2022. The Baldwin County Bridge Company filed suit shortly thereafter and construction was halted in mid-2023, pending the outcome of the lawsuit. The City of Orange Beach is working to maintain its financial position via the existing contract and protection of the value of the contract and future revenues, working to secure controlled tolls for residents of local municipalities and within Baldwin County to assist with local movement and workforce attraction, and guaranteeing improved flow and volume capacity on an expanded toll bridge and toll facility.

2) In 2004, the City entered into a 15-year agreement with AIG Baker for the development of "The Wharf," a mixed-use commercial development on Canal Road. The City has committed one-half of the sales and lodging taxes collected from the project for public improvements associated with the project. The tax reimbursement portion of the agreement began in 2011; however, the City renegotiated a $1 million escrow account to build up before any tax payments are shared. Along with this renegotiation the City acquired a one-acre tract of land on a prime corner lot. In 2012, The Wharf came into new ownership and aggressively attracted new investment. A Springhill Suites by Marriott opened in 2016 with 132 rooms along with a restaurant adjacent to the city-owned Orange Beach Event Center. In 2019, the City swapped land with the Wharf obtaining land next to the Art Center and the Public Library for a corner piece of land at the Wharf. The City also extended original term of the Wharf Warrant for 10 years to December 31, 2035.

3) In 2005, the City purchased 80 acres of land north of the Intracoastal Waterway on the Beach Express for the development of the Orange Beach Commerce Park. The City sold 20 acres to Baldwin Electric Membership Cooperative, 20.42 acres to Columbia Southern University, and an approximate 3 acres to VDL Holdings, LLC. Approximately 17 acres consists of undevelopable wetlands. The City has listed the remaining 19+ acres for sale or lease.

4) In May 2009, the Governor of Alabama signed legislation that allowed the construction of the Gulf State Park's Hotel and Conference Center in Gulf Shores. Construction of the 350-room "The Lodge at Gulf State Park, a Hilton Hotel," began in spring of 2016 and opened in fall of 2018. This addition to the Gulf State Park has generated revenue for the entire Alabama State Park System and resulted in a positive economic impact across the Alabama Gulf Coast including Orange Beach. Gulf State Park has also made significant improvements over its 6,150 acres, including the expansion of its trails system to more than 30 miles and the addition of two pedestrian overpasses crossing the busy beach highway; upgrades to its fishing pier, beach pavilion and campground; the opening of the new Interpretive Center, which was certified as a Living Building of which there are less than 20 in the world; the cottages on Lake Shelby, which were part of the now-retired National Geographic's Unique Lodges of the World program; and a new learning campus, which opened in the summer of 2019. Construction on the Gulf Coast Center for Ecotourism & Sustainability began in 2022 and is expected to open in the fall of 2024.

5) The City continues to explore the feasibility of the Wolf Bay Bridge Project. In 2011, the City paid off a loan for $3.45 million and now holds title to several acres of property, which will eventually serve as the southern landing for a future bridge at the intersection of State Highways 161 and 180. In 2018, the City Council authorized task orders to begin the design and permitting process for the new span over Wolf Bay, which continued in 2019. The future bridge will aid in evacuations during tropical events, the improvement of public safety and introduce positive economic development opportunities for long-term financial stability beyond the City's vulnerable coastline opening up thousands of undeveloped acres for new economic impact. As of year-end 2022, the city's consultant was still awaiting the U.S. Army Corps of Engineers permit for the Wolf Bay Bridge project. At present, the city has no immediate plans to construct the bridge but the permits will be good for up to 10 years.

6) In 2017, the City Council approved a 2% lodging tax increase, effective May 1, 2018, with revenue specifically funding infrastructure projects, including the completion of the widening of Canal Road to five lanes, which has provided a significant improvement with traffic flow on and off the island.

7) In March 2022, the Orange Beach City Council made the bold leap to begin the process of forming the city's own school system, breaking away from the Baldwin County School System. Thanks to the drive and determination of city officials and the community, the State of Alabama's newest independent city school system was established on July 1, 2022. Going from one of many cities in a 32,000-student county system to a locally operated city system with about 1,100 students, the opportunity to create excellence became a reality. With a local school board appointed by the city, the control, mission, vision and daily operation now best fits the personality of the community. Residents will receive top quality education and extracurricular activities for minimum tax investment due to a strong tourism economy driving much of the funding via lodging and sales tax. The split from the county system came on the heels of the completion of the $26 million Orange Beach Middle/High School, which opened in August 2020 and is housed on 40 acres of prime real estate the City donated. The City also committed to fund a Performing Arts Center, which opened in the fall of 2021 with 710 seats holding numerous performances and meetings. The facility now serves as a hallmark venue for performing arts on the Gulf Coast. As part of the formation of the city system, the city had to purchase all school buildings in the city from the county system. As anticipated, the opening of the City's first-ever middle/high school and then the formation of a City School System resulted in an influx of new families and a rise in property values.

8) In April 2022, the City Council approved a 3% lodging tax increase with 2% effective on May 1, 2023 and 1% effective on Sept. 1, 2023. The increase is expected to bring in $12 million in additional annual revenue. Part of the revenue will go toward funding the new Orange Beach City School System and the remainder is designated for capital improvements in the city.

9) The City maintains a permanent reserve fund for the general fund and the sewer utility fund. The City continues to add to the balance annually with a goal of maintaining close to one year general fund operations. The reserve fund was utilized and depleted down related to expenses of Hurricane Sally cleanup and operations. With FEMA reimbursement the funds are being replenished as such reimbursement is received. The city continues to work to get maximum reimbursement of approved cleanup costs.

10) In May 2021, the South Baldwin Regional Medical Center freestanding emergency department opened in Gulf Shores on Hwy. 59. The $15 million freestanding ER is located on 11 acres owned by the City of Gulf Shores. The City of Orange Beach worked in partnership with the City of Gulf Shores on this regional freestanding ER along with goals of regional healthcare improvements through the Gulf Coast Healthcare Authority, as well as locally through the Orange Beach Healthcare Authority. In its first years of operation the 14,000-square-foot emergency medical facility provided substantial relief to the SBRMC emergency room in Foley and saw strong usage in its 7 day per week operation with patients and cases.

11) In 2022, the City Council moved ahead with a plan to upgrade and lease the City of Orange Beach Medical Arts Building to Southern Rapid Care to further improve medical services in the city.

12) The Council continues to be conservative in its budgeting, spending, and debt management. These conservative philosophies resulted in Moody's upgrading the bond rating for the City of Orange Beach to Aa1 in Spring of 2018. In September of 2020, S&P Global Ratings reaffirmed the City of Orange Beach's AA+ bond rating, which remains.

13) In February 2021, a 2021 warrant issue of $50 million was approved by the City Council to go toward capital projects throughout the City. In March of 2022, the City approved an additional $50 million warrant for expenses related to the new school system. A 2022 warrant of $25 million was approved to be used on an as-needed basis for capital projects in the City. The City has the ability to borrow upwards of $300 million and still be in excellent standing.

14) On April 20, 2010, the BP/Deepwater Horizon oil derrick explosion occurred in the Gulf of Mexico. The well continued to uncontrollably leak oil for approximately 90 days. National media coverage of the unprecedented man-made disaster and its potential to harm the Gulf Coast environment, negatively impacted tourism for the summer of 2010. A final settlement for lost revenues was reached with BP in 2016, resulting in a net payment to the City of $10 million. In June of 2012, the U.S. Congress passed the RESTORE Act that directs fines and penalties directly attributed to the quantity of oil spilled into the Gulf of Mexico. The RESTORE Act specifically directs 80% of these fines to go to the five Gulf States. Alabama and its two coastal counties were estimated to receive, at minimum, $1 billion to be reinvested in environmental and economic restoration projects such as infrastructure. In 2016, the Alabama Legislature under the guidance of then Governor Robert Bentley "reallocated" the majority of restoration funds to statewide general fund shortfalls instead of investing as planned in future infrastructure in Mobile and Baldwin Counties. Orange Beach is currently included in remaining funds allocated to Baldwin County highway projects that will increase traffic capacity in the city.

Projects funded by BP-related penalties include upgrading the City's northern sewer main, widening and improving capacity on Canal Road East, filtration and water quality improvements to various canals and channels near Cotton Bayou, the construction of a Gulf Coast Engineering Research Station (in partnership with Auburn University), expansion of the Orange Beach Wildlife Rehabilitation Center and essential repairs to the Alabama Point seawall. The funding for the majority of the City's RESTORE projects has been approved and allocated at the time of each grant initiation.

15) A 2005 warrant issue used for the last comprehensive beach renourishment project, and a 2007A issue used to establish the City's permanent reserve fund were scheduled to be paid off in 2016; however, the council structured the new issues to pay off in 2020 and to pay interest only until 2015. During 2005, an additional 1 cent sales tax was instituted to essentially provide for the 2005 issue's debt service payments. It was also to pay for needed drainage projects and to provide for reserve funds. The 1 cent tax was scheduled to end in 2015; however, the Council extended the 1 cent sales tax for 10 years until March 31, 2025.

16) Wharf built and opened a 28,000-square-foot conference center in 2008. In April 2011, the City purchased the Wharf Conference Center for $1.6 million, gaining immediate equity in the asset. Renamed the Orange Beach Event Center at The Wharf, the City is aggressively recruiting trade shows, conferences, meetings, concerts and more to bring attendees to town to fill room nights in the City. Since is opening in 2016, the 132-room Marriott Springhill Suites hotel on The Wharf site has increased usage at the Event Center, which is adjacent to the hotel. Rentals continue to be strong in the facility.

17) In April 2012, the Baldwin County Commission purchased approximately 2,400 acres, known as the South Alabama Mega Site, close to Interstate 65 to market to potential industrial prospects. In 2022, Novelis Inc., an Atlanta-based aluminum producer, announced plans for a $2.5 billion aluminum recycling and rolling plant on the Mega Site in Bay Minette. The factory will be able to produce 600 kilotons of aluminum per year. More than half is destined for beverage cans, and most of the rest for the automotive market. The Novelis plant "will be the first fully integrated aluminum mill built in the U.S. in 40 years," the company said. This project is an economic boon for Baldwin County as a whole, including Orange Beach. Novelis expects to be operational by mid-2025.

18) The Alabama Gulf Coast Reef and Restoration Foundation successfully sank a 271-foot retired coastal freighter "The LuLu" 17 nautical miles off the coast of Orange Beach in May 2013 and additional underwater structures and near-shore reefs have been created for scuba-diving enthusiasts since that time. In June 2018, a 250-foot vessel named "The New Venture" was sunk about 20 nautical miles south of Orange Beach. These underwater attractions are a boon for the Alabama Gulf Coast tourism industry and tap into the lucrative scuba-diving destination market. Understanding the potential, the City helped sponsor a community-driven project that added structures to a near-shore reef and continues to support the creation of new reefs in Alabama waters. The "Southern Heritage" a 50-foot shrimp boat was sank in May 2020 as an Eagle Scout project led by Garrett Ard with the city funding $10,000 of the total $25,000 project costs continuing in reef development and investment.

19) The City recently saw the opening of several properties including Phoenix Orange Beach and Phoenix Orange Beach 2, which added near 300 units. Phoenix Gulf Towers I and II will be Orange Beach's newest resort development with the first tower opening in 2023. Each tower offers 112 units. Overall, commercial and residential construction permits continue to rise substantially. Assessed property value in the City of Orange Beach now exceeds $1.4 billion leading the Baldwin County Tax Assessor data.

20) Diversification of the tourism market continues as more sporting events such as youth baseball/softball tournaments, marathons, soccer and volleyball come to the area. These athletic-oriented events documented over 133,000 room nights on the entire Gulf Coast in 2022 with an estimated economic impact of $93 million. These events are building on off-season months in attracting visitors. The City continues to invest in its sports facilities to attract and retain events, such as upgraded baseball/softball fields for USSSA tournaments, new sand volleyball courts, and vastly upgraded baseball and softball fields for Orange Beach High School to seat hundreds of spectators each. The City also hosts the NAIA Women's National Soccer Championship in December annually providing a strong off-season economic impact.

21) The City of Foley issued a $25 million bond to construct 16 soccer fields along with a 90,000-square-foot indoor competition facility, which opened in late 2017 and is anchored by a hotel and a major entertainment/amusement park complex located on the Beach Express known as OWA. This entire complex is attracting visitors year round and hosting new sporting events that cannot currently be held in south Baldwin County due to the lack of flat fields such as lacrosse, 7-on-7 football and large soccer tournaments, etc. This activity is expected to continue to generate new room nights for visitors who will choose to stay in Orange Beach just 9 miles south.

22) The Poarch Band of Creek Indians has constructed the OWA development and started with an initial investment of $260 million. OWA, stands for “Big Water” in the Creek Indians language. It is located along the Foley Beach Express at County Road 20. While the Alabama Gulf Coast already hosts 8 million visitors each year, OWA is expected to bring in an additional 1 million visitors annually once the project is built out. Phase 1 of OWA, includes a 150-room hotel, retail and dining spaces, amusement park and lake, which opened in late summer 2017 and is now called Tropical Falls. In 2019, Phase II began as a $100 million investment of an indoor waterpark and outdoor wave pool, which opened in late 2022, a 200-room hotel, a condominium complex, and a resort level RV park, which is under construction. When complete, total investment in the development is projected to top $500 million. The 520-acre OWA development is adjacent to the City of Foley’s $40 million sports tourism complex. Overall, the OWA development is expected to generate close to 3,500 jobs.

23) The City continues to make key property acquisitions related to future expansion of city services and public safety improvements. Acquiring necessary parcels of land with buildable, dry acreage is key in securing such land for future public facilities and growth.

24) Impactful economic event – Pandemic: On March 19, 2020 Alabama Governor Kay Ivey closed all public and private beaches in the State of Alabama due to the coronavirus pandemic concerns. This closure continued through the month of April basically stopping tourism for the one and a half months. The local economy rebounded once beaches reopened with restrictions and mandates in place such as social distancing and Orange Beach saw a banner summer season.

25) Impactful economic event – Hurricane Sally: On September 16, 2020, Hurricane Sally made a direct impact on Orange Beach, Alabama at almost Category 3 strength. The storm grew in intensity in its final hours of approach which had caused no mandatory evacuation. Moving at only 1mph, Sally deposited 30 inches of rainfall along with sustained winds near 110mph for hours. The damage and devastation was broad with severe impacts on marine-related structures such as docks and marinas, vessels and the charter fishing and tour boat industry based in Orange Beach. Flooding was severe throughout the city. The city set very aggressive goals of cleanup and restoration which by end of the calendar year 2020 was met and by spring break of the following tourist season around 90% operation was back in force.

26) Recent Quality of Life investments:

    a. Opening of the Coastal Arts Center of Orange Beach - $2.5 million includes a 10,000-square-foot, two-story art gallery, children’s studio, Hot Shop, Clay Studio and campus improvements that upgraded parking and driveways.

    b. Orange Beach Seawall Park at Alabama Point – Over $500,000 invested to reopen a popular fishing spot for residents and visitors located on state property adjacent to Perdido Pass bridge.

    c. Sidewalk investments – Over $1 million invested in recent years to improve neighborhood connectivity, recreational opportunities and connection through Gulf State Park to the City of Gulf Shores. Funds used in matching of trail and sidewalk grants where available.

    d. The City of Orange Beach purchased near 4 acres of beachfront property with approximately 400 linear feet along the Gulf of Mexico with usage of 800 linear feet total by the adjacent development of CoastAL restaurant for a public citizen beach. The City investment of $13 million provides the first-ever, city-owned citizen beach access with parking in the city’s history. The first phase of the restaurant, as well as city beach parking, opened in December 2022.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT – WIDE FINANCIAL STATEMENTS

THE CITY OF ORANGE BEACH, ALABAMA
STATEMENT OF NET POSITION
DECEMBER 31, 2022

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	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Orange Beach Board of Education
ASSETS				
Current assets:				
Cash and cash equivalents	$ 75,144,026	$ 8,174,017	$ 83,318,043	$ 4,946,787
Accounts receivable - net	8,923,645	2,474,954	11,398,599	26,672
Internal balances	11,185,612	(11,185,612)	-	-
Prepaids	280,465	-	280,465	20
Restricted assets:				
Cash and cash equivalents	39,853,169	4,878,348	44,731,517	-
Capital assets:				
Non-depreciable	86,608,645	2,214,907	88,823,552	386,175
Depreciable (net)	39,134,101	21,615,757	60,749,858	79,158,329
TOTAL ASSETS	261,129,663	28,172,371	289,302,034	84,517,983
DEFERRED OUTFLOWS OF RESOURCES				
Deferred employer pension contributions	603,390	-	603,390	-
Deferred pension losses	9,375,353	-	9,375,353	13,797,000
Deferred OPEB losses	-	-	-	6,622,488
Defeasance cost (net)	443,795	876,107	1,319,902	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,422,538	876,107	11,298,645	20,419,488
LIABILITIES				
Current liabilities:				
Accounts payable	$ 2,840,317	$ 114,934	$ 2,955,251	$ 14,448
Accrued expenses	2,101,374	66,630	2,168,004	-
Accrued interest payable	809,389	59,430	868,819	-
Long-term liabilities:				
Due within one year:				
Compensated absences	533,262	78,399	611,661	965,486
Bonds payable	3,598,783	1,850,000	5,448,783	-
Due in more than one year:				
Net pension liability	14,353,048	-	14,353,048	17,732,000
Compensated absences	261,794	38,635	300,429	1,499,191
Bonds payable	100,751,390	13,385,000	114,136,390	-
TOTAL LIABILITIES	125,249,357	15,593,028	140,842,385	20,211,125
DEFERRED INFLOWS OF RESOURCES				
Deferred pension gains	305,570	-	305,570	430,000
Deferred OPEB gains	-	-	-	5,213,405
Unearned revenue	45,565	58,291	103,856	-
TOTAL DEFERRED INFLOWS OF RESOURCES	351,135	58,291	409,426	5,643,405
NET POSITION				
Invested in capital assets, net of related debt	21,392,573	8,595,664	29,988,237	79,544,504
Restricted:				
Capital projects	37,183,155	-	37,183,155	
Education	-	-	-	333,479
Emergencies	2,670,014	4,878,348	7,548,362	-
Unrestricted	84,705,967	(76,853)	84,629,114	(795,042)
TOTAL NET POSITION	$ 145,951,709	$ 13,397,159	$ 159,348,868	$ 79,082,941

The accompanying notes are an integral part of the financial statements.

THE CITY OF ORANGE BEACH, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Revenues				Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business type Activities	Total	Orange Beach Board of Education
PRIMARY GOVERNMENT								
Governmental activities:								
General government	$ 61,081,369	$ 529,331	$ -	$ 908,408	$ (59,643,630)		$ (59,643,630)	
Court	524,184	77,332	-	-	(446,852)		(446,852)	
Finance	1,230,500	3,456,725	-	-	2,226,225		2,226,225	
Police	8,502,460	476,485	-	-	(8,025,975)		(8,025,975)	
Corrections	912,471	-	-	-	(912,471)		(912,471)	
Communications	675,823	-	-	-	(675,823)		(675,823)	
Fire	10,945,520	1,679,134	-	-	(9,266,386)		(9,266,386)	
Public works	4,807,316	-	1,181,661	76,186	(3,549,469)		(3,549,469)	
Landscape	2,126,742	-	-	-	(2,126,742)		(2,126,742)	
Parks and recreation	3,837,956	1,978,514	-	-	(1,859,442)		(1,859,442)	
Library	730,603	44,343	7,778	-	(678,482)		(678,482)	
Community development	1,615,576	1,138,380	37,950	-	(439,246)		(439,246)	
Coastal resources	2,764,204	-	1,312,665	-	(1,451,539)		(1,451,539)	
Recreation center	1,039,319	-	-	-	(1,039,319)		(1,039,319)	
Performing arts	486,465	-	-	-	(486,465)		(486,465)	
Expect Excellence	2,210,466	-	-	-	(2,210,466)		(2,210,466)	
Interest on long-term debt	2,698,544	-	-	-	(2,698,544)		(2,698,544)	
Total governmental activities (See Note 1)	106,189,518	9,380,244	2,540,054	984,594	(93,284,626)		(93,284,626)	
Business-type activities:								
Sewer	12,532,983	7,958,926	-	5,581,204	-	1,007,147	1,007,147	
Refuse	3,532,089	2,784,758	-	-	-	(747,331)	(747,331)	
Events Center	674,774	121,375	-	-	-	(553,399)	(553,399)	
Baldwin County Bridge Company (BCBC)	-	1,673,376	-	-	-	1,673,376	1,673,376	
Arts Center	1,049,046	724,079	-	-	-	(324,967)	(324,967)	
Total business-type activities	17,788,892	13,262,514	-	5,581,204	-	1,054,826	1,054,826	
Total primary government	$ 123,978,410	$ 22,642,758	$ 2,540,054	$ 6,565,798	$ (93,284,626)	$ 1,054,826	$ (92,229,800)	
COMPONENT UNIT								
Orange Beach Board of Education	$ 10,916,937	$ 1,486,956	$ 5,723	$ 26,407				$ (9,397,851)
General revenues:								
Property taxes					5,569,458	-	5,569,458	
Local taxes					32,310,395	-	32,310,395	
Franchise taxes					1,691,799	-	1,691,799	
State taxes					1,038,068	-	1,038,068	
Sales taxes					22,594,615	-	22,594,615	
Unrestricted investment earnings (losses)					607,927	(13,085)	594,842	
Reimbursed expenses					333,612	-	333,612	
Miscellaneous					426,691	25,424	452,115	303,054
Gain on disposal of assets					38,129	-	38,129	
Transfers					2,753,376	(2,753,376)	-	
Appropriations from the City of Orange Beach					-	-	-	44,052,634
Donated assets					-	-	-	44,125,104
Total general revenues, special items and transfers					67,364,070	(2,741,037)	64,623,033	88,480,792
Change in net position					(25,920,556)	(1,686,211)	(27,606,767)	79,082,941
Net position - beginning					171,872,265	15,083,370	186,955,635	-
Net position - ending					$ 145,951,709	$ 13,397,159	$ 159,348,868	$ 79,082,941

The accompanying notes are an integral part of the financial statements.

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FUND FINANCIAL STATEMENTS

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THE CITY OF ORANGE BEACH, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 74,834,588	$ 309,438	$ 75,144,026
Restricted cash and cash equivalents	37,678,978	2,174,191	39,853,169
Accounts receivable - net	8,758,409	165,236	8,923,645
Due from other funds	11,387,723	-	11,387,723
Prepaid expenses	280,465	-	280,465
TOTAL ASSETS	$ 132,940,163	$ 2,648,865	$ 135,589,028
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	2,840,317	-	2,840,317
Due to other funds	-	202,111	202,111
Accrued expenses	1,975,587	17,596	1,993,183
Appearance bonds	70,956	-	70,956
Performance bonds	33,545	-	33,545
Communications tower escrow funds	3,690	-	3,690
Total liabilities	4,924,095	219,707	5,143,802
Deferred inflows of resources:			
Unearned revenue	45,565	-	45,565
Fund balances:			
Nonspendable	280,465	-	280,465
Spendable:			
Restricted	38,362,343	2,126,600	40,488,943
Committed	2,670,014	-	2,670,014
Assigned	-	302,558	302,558
Unassigned	86,657,681	-	86,657,681
Total fund balances	127,970,503	2,429,158	130,399,661
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 132,940,163	$ 2,648,865	$ 135,589,028

The accompanying notes are an integral part of the financial statements.

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THE CITY OF ORANGE BEACH, ALABAMA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

Fund balances - total governmental funds		$ 130,399,661
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	159,987,429	
Less: accumulated depreciation	(34,244,683)	125,742,746
Certain deferred outflows of resources used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Deferred employer pension contributions	603,390	
Deferred pension losses	9,375,353	
Loss on advance refunding	880,250	
Less: accumulated amortization	(436,455)	10,422,538
Certain deferred inflows of resources used in governmental activities are not financial uses and therefore are not reported in the governmental funds.		
Deferred pension gains	(305,570)	(305,570)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Governmental bonds payable	(96,240,000)	
Premium on bonds issued	(9,860,675)	
Discount on bonds issued	42,033	
Accumulated amortization of premium/discount	1,708,469	
Net pension liability	(14,353,048)	
Compensated absences	(795,056)	(119,498,277)
Accrued interest payable on debt in the governmental funds is susceptible to full accrual on the entity wide basis.		
Accrued interest payable		(809,389)
Net position of governmental activities		$ 145,951,709

The accompanying notes are an integral part of the financial statements.

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THE CITY OF ORANGE BEACH, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	$ 5,569,458	$ -	$ 5,569,458
Intergovernmental:			
State tax	268,038	582,587	850,625
Local tax	56,596,809	-	56,596,809
Grants	3,440,684	7,778	3,448,462
Personnel service reimbursement	333,612	-	333,612
Other licenses, permits and fees	5,379,476	2,451	5,381,927
Fines and forfeitures	421,379	37,012	458,391
Charges for services	2,063,980	-	2,063,980
Rent	76,797	-	76,797
Investment earnings	595,586	12,341	607,927
Contracts	1,131,032	-	1,131,032
Miscellaneous	665,573	324,507	990,080
TOTAL REVENUES	76,542,424	966,676	77,509,100
EXPENDITURES			
General government	56,183,270	-	56,183,270
Coastal resources	2,445,760	-	2,445,760
Court	522,822	-	522,822
Finance	1,223,704	-	1,223,704
Police	8,235,271	-	8,235,271
Corrections	910,123	-	910,123
Community development	1,529,139	-	1,529,139
Communications	674,523	-	674,523
Fire	8,858,978	-	8,858,978
Public works	3,333,610	-	3,333,610
Landscape	2,066,674	-	2,066,674
Parks and recreation	1,917,299	-	1,917,299
Performing arts	485,748	-	485,748
Recreation center	1,039,319	-	1,039,319
Expect Excellence	2,205,910	-	2,205,910
Library	-	696,736	696,736
Capital improvements	20,643,935	-	20,643,935
Securities lending:			
Fiscal agent fees	-	2,400	2,400
Debt service:			
Principal payments	-	2,855,000	2,855,000
Interest and other	-	2,490,676	2,490,676
TOTAL EXPENDITURES	112,276,085	6,044,812	118,320,897
Excess (deficiency) of revenues over expenditures	(35,733,661)	(5,078,136)	(40,811,797)
OTHER FINANCING SOURCES (USES)			
Proceeds from disposal of assets	6,486	-	6,486
Proceeds from debt issue	56,250,000	-	56,250,000
Cost of debt issue	(79,000)	-	(79,000)
Transfers in	3,382,865	5,170,509	8,553,374
Transfers out	(5,170,509)	(629,489)	(5,799,998)
TOTAL OTHER FINANCING SOURCES (USES)	54,389,842	4,541,020	58,930,862
NET CHANGE IN FUND BALANCES	18,656,181	(537,116)	18,119,065
FUND BALANCES - BEGINNING	109,314,322	2,966,274	112,280,596
FUND BALANCES - ENDING	$ 127,970,503	$ 2,429,158	$ 130,399,661

The accompanying notes are an integral part of the financial statements.

THE CITY OF ORANGE BEACH, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL ACTIVITIES TO THE CHANGES IN NET POSITION ON THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2022

Net change in fund balances		$ 18,119,065
Governmental funds report capital improvements as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets	15,000,793	
Less: current year depreciation	(4,279,166)	10,721,627
Bond proceeds provide current financial resources to governmental funds, but issuing debt increase long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Proceeds of 2022 A & B GO Debt issue	(56,250,000)	
Bond premium/discount amortization	549,996	
Principal payments	2,855,000	(52,845,004)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Amortization of loss on refunding	(44,012)	
Increase in interest accrued on long term debt	(126,468)	
Increase in compensated absences	(84,561)	
Decrease in deferred employer pension contributions	-	
Increase in deferred pension losses	5,226,529	
Decrease in deferred pension gains	3,931,961	
Increase in net pension liability	(10,819,692)	(1,916,243)
Change in net position of governmental activities		$(25,920,555)

The accompanying notes are an integral part of the financial statements.

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THE CITY OF ORANGE BEACH, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Sewer	Refuse	Other Proprietary Funds	Total Proprietary Funds
ASSETS				
Current assets				
Cash and cash equivalents	$ 8,060,102	$ -	$ 113,915	$ 8,174,017
Restricted cash and cash equivalents	4,878,348	-	-	4,878,348
Accounts receivable - net	2,451,360	23,594	-	2,474,954
Due from other funds	-	1,400,956	-	1,400,956
Total current assets	$15,389,810	$ 1,424,550	$ 113,915	$16,928,275
Noncurrent assets				
Capital assets:				
Land	343,588	-	158,648	502,236
Buildings	-	-	3,820,516	3,820,516
Sewer plant	30,476,427	-	-	30,476,427
Vehicles and equipment	3,466,590	1,462,536	157,734	5,086,860
Distribution and collection system	13,763,412	-	-	13,763,412
Less: Accumulated depreciation	(27,532,140)	(1,211,977)	(1,074,670)	(29,818,787)
Total noncurrent assets	20,517,877	250,559	3,062,228	23,830,664
TOTAL ASSETS	35,907,687	1,675,109	3,176,143	40,758,939
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding - net	876,107	-	-	876,107
LIABILITIES				
Current labilities				
Accounts payable	$ 100,307	12,884	$ 1,743	$ 114,934
Due to other funds	4,892,560	3,984,591	3,709,417	12,586,568
Accrued expenses	41,550	8,734	16,346	66,630
Accrued compensated absences	50,834	12,021	15,544	78,399
Accrued interest payable	59,430	-	-	59,430
Current portion of bonds payable	1,850,000	-	-	1,850,000
Total current liabilities	6,994,681	4,018,230	3,743,050	14,755,961
Noncurrent labilities				
Accrued compensated absences	30,803	3,473	4,359	38,635
Series 2020 G.O. Sewer Warrant - net	13,385,000	-	-	13,385,000
Total noncurrent liabilities	13,415,803	3,473	4,359	13,423,635
TOTAL LIABILITIES	20,410,484	4,021,703	3,747,409	28,179,596
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	58,291	-	-	58,291
NET POSITION				
Invested in capital assets, net of related debt	5,282,877	250,559	3,062,228	8,595,664
Unrestricted	11,032,142	(2,597,153)	(3,633,494)	4,801,495
TOTAL NET POSITION	$16,315,019	$ (2,346,594)	$ (571,266)	$13,397,159

The accompanying notes are an integral part of the financial statements.

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THE CITY OF ORANGE BEACH, ALABAMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Sewer	Refuse	Other Proprietary Funds	Total Proprietary Funds
OPERATING REVENUES				
Charges for services	$ 7,958,926	$ 2,784,758	$ 2,239,064	$ 12,982,748
Miscellaneous income	4,029	21,395	6,147	31,571
Merchandise sales	-	-	308,637	308,637
TOTAL OPERATING REVENUES	7,962,955	2,806,153	2,553,848	13,322,956
COST OF GOODS SOLD	-	-	193,520	193,520
GROSS PROFIT	7,962,955	2,806,153	2,360,328	13,129,436
OPERATING EXPENSES				
Salaries, wages and employee benefits	2,245,750	567,095	1,001,019	3,813,864
Contractual services	239,668	2,561,674	54,301	2,855,643
Utilities	1,631,666	7,725	119,196	1,758,587
Repairs and maintenance	5,971,417	120,635	150,348	6,242,400
Other supplies and expenses	413,966	121,801	112,492	648,259
Bad debt expense	(5,295)	-	-	(5,295)
Bond premium amortization	125,913	-	-	125,913
Depreciation	1,707,337	153,159	127,962	1,988,458
TOTAL OPERATING EXPENSES	12,330,422	3,532,089	1,565,318	17,427,829
OPERATING INCOME (LOSS)	(4,367,467)	(725,936)	795,010	(4,298,393)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	(13,225)	-	140	(13,085)
Interest expense	(202,562)	-	-	(202,562)
Capital grants	5,581,204	-	-	5,581,204
TOTAL NON-OPERATING REVENUES (EXPENSES)	5,365,417	-	140	5,365,557
INCOME (LOSS) BEFORE TRANSFERS	997,950	(725,936)	795,150	1,067,164
TRANSFERS IN (OUT)	(1,080,000)	-	(1,673,376)	(2,753,376)
CHANGE IN NET POSITION	(82,050)	(725,936)	(878,226)	(1,686,212)
NET POSITION - BEGINNING	16,397,069	(1,620,658)	306,960	15,083,371
NET POSITION - ENDING	$ 16,315,019	$ (2,346,594)	$ (571,266)	$ 13,397,159

The accompanying notes are an integral part of the financial statements.

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THE CITY OF ORANGE BEACH, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Sewer	Refuse	Other Proprietary Funds	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 5,595,473	$ 2,807,985	$ 2,553,845	$ 10,957,303
Payments to employees for services	(2,239,587)	(571,160)	(1,002,301)	(3,813,048)
Payments to suppliers of goods & services	(8,221,276)	(2,806,775)	(643,416)	(11,671,467)
Payments from (to) other funds	3,645,146	569,950	781,311	4,996,407
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,220,244)	-	1,689,439	469,195
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(1,080,000)	-	(1,673,376)	(2,753,376)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest income	(13,225)	-	142	(13,083)
Decrease in restricted cash	1,212,423	-	-	1,212,423
Capital grants	5,581,204	-	-	5,581,204
Principal repayments for capital purposes	(1,925,507)	-	-	(1,925,507)
Interest paid on capital debt	(41,334)	-	-	(41,334)
Acquisition of property and equipment	(1,018,677)	-	-	(1,018,677)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	3,794,884	-	142	3,795,026
NET INCREASE (DECREASE) IN CASH	1,494,640	-	16,205	1,510,845
CASH & EQUIVALENTS - BEG. OF YEAR	6,565,462	-	97,710	6,663,172
CASH & EQUIVALENTS - END OF YEAR	$ 8,060,102	$ -	$ 113,915	$ 8,174,017
Operating income (loss)	$ (4,367,467)	$ (725,936)	$ 795,010	$ (4,298,393)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	1,707,337	153,159	127,962	1,988,458
Amortization	125,913	-	-	125,913
(Increase) decrease in:				
Accounts receivable	(2,375,697)	1,832	-	(2,373,865)
Due to other funds	3,645,146	569,950	781,311	4,996,407
Increase (decrease) in:				
Accounts payable	31,753	5,060	(13,562)	23,251
Accrued expenses	3,689	-	-	3,689
Accrued payroll	6,163	(4,065)	(1,282)	816
Deferred revenue	2,919	-	-	2,919
Total adjustments	3,147,223	725,936	894,429	4,767,588
Net cash provided (used) by operating activities	$ (1,220,244)	$ -	$ 1,689,439	$ 469,195

Supplemental Disclosures
Noncash Investing and Financing Activities: NONE

The accompanying notes are an integral part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL STATEMENT

The City of Orange Beach, Alabama, (the "City"), was incorporated on August 1, 1984, under the applicable laws of the State of Alabama. The City operates under a Mayor-Council form of government and provides the following services to its citizens: Police, Fire and Paramedic services, Street maintenance, Culture-Recreation, Public Improvements, Planning and Zoning, Building Inspection and other general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally Accepted Accounting Principles (GAAP) for local governments includes those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

B. FINANCIAL REPORTING ENTITY

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on these criteria, this report includes financial statements of the funds required to account for those financial activities for which the City has the ability to influence and control through its legislative processes.

Component Units

The Orange Beach Board of Education is a separate legal entity that is included as a component unit in the financial reporting entity. It is included as a result of being financially accountable and fiscally dependent. The entity does not provide services entirely or almost entirely to the City, nor does it exclusively benefit the City, therefore they do not meet the criterion for blending, and must be discretely presented in the basic financial statements of the primary government. The Orange Beach Board of Education does not have substantially the same governing body as the City. The component unit has elected to report on a September 30th year end, whereas the City reports on a December 31st year end. Generally accepted accounting principles allow the presentation of these component units as part of the reporting entity if the component unit’s year end falls within the year end of the primary government. Significant interfund transfers and borrowing between the City and the component units that occur from October 1 to December 31 each year will be disclosed in a note, if applicable. Separately issued audited financial statements of the Orange Beach Board of Education can be obtained from the Board.

Excluded from the financial statements of the City are the following boards or agencies for which a lack of influence, dependency and control exist: The Business and Industrial Development Board of the City of Orange Beach, Alabama, the Orange Beach Water, Sewer and Fire Protection Authority and the Orange Beach Volunteer Fire Department. These boards and agencies are governed by their own Boards of Directors, prepare and adopt an annual operating budget which is not influenced by the City, have the authority to issue debt which is not an obligation of the City and are not secured by City revenues, have responsibility for any operating deficits which they may incur and must fund any deficits through prior years' surplus or other financing sources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF PRESENTATION

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include I) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

FUND FINANCIAL STATEMENTS:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund -

The General Fund is the main operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the Statement of Net Position. The City has presented the following major proprietary funds:

Sewer Utility System -

Sewer Utility System Fund is used to account for the provision of sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

Refuse Collection -

Refuse Collection Fund is used to account for operations of solid waste collection and disposal services. All costs are financed through charges to refuse customers.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF PRESENTATION (continued)

FUND FINANCIAL STATEMENTS (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following discretely presented component unit is presented as a major fund:

Orange Beach Board of Education -

This fund accounts for all operating revenues and expenditures of the Orange Beach Board School System. This governmental fund does not provide services entirely to the primary government, nor does it primarily benefit the primary government. The governing board is not the same as the City.

Additionally, the City's non-major funds are:

Governmental Funds:

Special Revenue Funds -

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Library Fund -

The Library fund is used to record the daily operating functions of the library. The library fund is a component unit of the city presented with the other governmental funds since its revenue primarily consists of appropriations from the city's general fund.

Debt Service Fund -

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Proprietary Funds:

Events Center Fund -

Events Center Fund is used to account for the operations of the events center operation. All costs are financed through charges to customers.

Arts Center Fund -

Arts Center Fund is used to account for the operations of the coastal arts center. All costs are financed through charges to customers.

Baldwin County Bridge Company (BCBC) Fund -

BCBC Fund is used to account for the transactions between the City and American Roads as described in Note 12.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, liabilities (whether current or non-current), deferred inflows of resources, and deferred outflows of resources are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, charges for services, interest income and intergovernmental revenues. Taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

E. BUDGETARY CONTROL

As set forth in the City Charter, the City of Orange Beach, Alabama, adopts an annual budget for the General Fund, Special Revenue Fund, Refuse Fund (an Enterprise Fund), and the Sewer System Utility Fund (an Enterprise Fund). The annual budget for the funds is prepared on the cash and expenditure/encumbrances basis. Revenues and expenditures are budgeted in the year receipt and payment is expected. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The budget to actual comparison in the general purpose financial statements is presented on this basis. The City may transfer budgeted amounts between line items with the approval of the City Council. The City Council can amend the budget during the year as needed to reflect any changes in its programs or services arising during the budget period. The Enterprise funds do not require a budget comparison. All annual appropriations lapse at year-end except for on- going projects which are budgeted for the following fiscal year.

The City follows these procedures in establishing the budgetary data presented in the financial statements:

1. During the months of October and November, the Mayor and City Administrator meet with the Department heads to discuss a proposed budget for that department for the coming year commencing January 1st.
2. The Mayor then drafts a budget for all funds, which include proposed expenditures and the proposed means for financing them.
3. On or about December 1st, the Mayor presents to the Council the proposed budget. Prior to January 1st, the budget is legally enacted through passage of a resolution.
4. The City Council may amend the budget through resolutions as needed, provided adequate funds are available at the time of amendment. The City reviews its budget at mid-year and at other times as needs and circumstances dictate.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETARY CONTROL (continued)

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

F. CASH AND INVESTMENTS

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand deposits, savings accounts, and short-term investments with original or remaining maturities of three months or less when purchased. For purposes of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and short-term investments with an original maturity of three months or less.

The City has $48,509,584 invested in the JP Morgan 100% U.S. Treasury Securities Money Market Fund #677 as of December 31, 2022. The fund invests solely in debt securities of the U.S. Treasury, including Treasury bills, bonds and notes. These investments carry different interest rates, maturities and issue dates.

G. RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivables balances for the governmental activities include property taxes, local taxes and franchise taxes. Major proprietary receivables include amounts due on the Baldwin County Bridge agreement and sewer fees.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as franchise tax, grants and other similar intergovernmental revenue that are usually both measurable and available. Nonexchange transactions collectible but not available are not deferred in the fund financial statements in accordance with modified accrual but are deferred in the government-wide statements in accordance with accrual basis. The interest earned is recorded when earned, only if paid within 60 days since they would be considered both measurable and available.

H. PREPAID ITEMS

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

I. INVENTORY

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory consists of gasoline and diesel fuel and merchandise held in the general fund.

J. INTERFUND RECEIVABLES AND PAYABLES

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

K. TRANSACTIONS BETWEEN FUNDS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

L. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. CAPITAL ASSETS

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

GASB No 34 requires the City to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ending September 30, 2003. Infrastructure assets include roads, bridges, underground pipes (other than utilities), traffic signals, etc. The City's capitalization threshold for infrastructure is $500,000. During 2007, the City assessed the condition of the roads, sidewalk, and other infrastructure. The City of Orange Beach, Alabama does not have infrastructure that exceeds the capitalization threshold.

Assets capitalized, not including infrastructure assets, have varying capitalization thresholds depending on the asset type. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives and capitalization thresholds are as follows:

	Useful Life	Capitalization Threshold Before 2/5/19	Capitalization Threshold After 2/5/19
Buildings	35-50 years	$ 100,000	$ 100,000
Building improvements	20-30 years	100,000	100,000
Machinery, vehicles and equipment	5-15 years	7,500	15,000
Furniture and fixtures	3-15 years	7,500	15,000
Land	n/a	7,500	10,000

Sewer Utility System Fund

During 2007, The City began constructing a new wastewater treatment plant. The new plant was completed and put on-line on April 8, 2011. The final cost of the project was $28,071,590. The costs of the various items of land, buildings, plant, collection system and other equipment and vehicles were allocated based on actual costs of the various components of the system. Additions to the system during the year are recorded at cost or, if contributed property, at the estimated fair value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of property and equipment is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to operations.

Refuse Collection Fund, Arts Center Fund, Events Center Fund

Additions to the fund during the year are recorded at cost or, if contributed property, at the estimated fair value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of property and equipment is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to operations.

N. ACCUMULATED COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation which will be paid to City workers when they terminate employment or will be used in future years by the employees. In governmental funds and enterprise funds, the cost of this leave time is recognized based on the Administration's estimate of the total value which will be taken in the coming fiscal period and is recorded as a liability in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. PROPERTY TAXES

All ad valorem taxes levied by the State, County and the City are assessed and collected by the Tax Collector of Baldwin County, Alabama. The Baldwin County tax calendar requires the Tax Assessor to assess and attach taxes as enforceable liens on property as of September 30, and taxes are due October I through December 31 of each year. Property taxes not paid by January l, are considered as delinquent. Tax collections received by the County Tax Collector are remitted to the City on a monthly basis. All amounts paid to the City within the bill paying period are included in revenues. The City currently assesses 4 mills on property within the City Limits. The Council has the authority to increase property taxes at its discretion, within certain statutory limits.

P. NATURE AND PURPOSE OF RESERVATIONS AND DESIGNATIONS OF FUND BALANCE

Government Wide Level Financial Statements

Equity is classified as net position and displayed in three components:

- Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position consists of all other net position that do not meet the definition of “restricted" or "invested in capital assets, net of related debt."

Fund Level Financial Statements

In accordance with Government Accounts Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Bureau classifies governmental fund balance as follows:

a) Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

b) Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

c) Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

d) Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The policy established by the City pursuant to which the authorization to assign fund balance to a specific purpose is given for the Finance Committee to approve, followed by Council action to accept and the Mayor's signature to authorize.

e) Unassigned - includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The City commits fund balance through council action, the government highest level of decision-making authority. Formal Council action in a form of a resolution is required to establish, modify, or rescind a fund balance commitment is needed.

The City does not have an established policy regarding use of unrestricted fund balance when both restricted and unrestricted fund balance are available. However, the City does consider committed amount would be reduced first, followed by any assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the City's unrestricted fund balance classifications are used.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. NATURE AND PURPOSE OF RESERVATIONS AND DESIGNATIONS OF FUND BALANCE (continued)

A schedule of fund balances is as follows:

	General Fund	Debt Service Fund	Special Revenue Fund	Library Fund	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Prepaid expenses	$ 280,465	$ -	$ -	$ -	$ 280,465
Restricted for:					
Grants	4,019,975	-	-	-	4,019,975
Municipal court	71,683	-	-	-	71,683
Debt service	826,316	1,276,713	-	-	2,103,029
Capital outlay	33,444,369	-	849,887	-	34,294,256
Committed to:					
Emergencies	2,670,014	-	-	-	2,670,014
Assigned to:					
Library	-	-	-	302,558	302,558
Unassigned:	86,809,880	-	-	-	86,809,880
Total Fund Balance:	$ 128,122,702	$ 1,276,713	$ 849,887	$ 302,558	$ 130,551,860

Q. CAPITALIZED INTEREST

Interest costs on debt are capitalized when incurred by proprietary funds where the proceeds are used to finance the construction of assets.

R. ACCUMULATED DEFICIT

At December 31, 2022, the Events Center Fund and Refuse Fund had accumulated deficits of $1,069,101 and $2,346,594, respectively. It is anticipated that the Events Center Fund and Refuse Fund deficits will continue to be financed by the General Fund.

S. NET POSITION

Net position represents the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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NOTE 2 – CASH AND RESTRICTED CASH

A detail of cash as of December 31, 2022 is as follows:

	Governmental-type Funds	Business-type Funds
Cash on hand	$ 3,905	$ 100
Cash in banks		
Operations	75,140,121	8,173,917
Reserved- Disaster	2,670,014	3,104,016
Reserved- Capital projects	35,008,964	-
Reserved- Special revenues	897,478	-
Reserved- Debt service	1,276,713	1,774,332
	$ 114,997,195	$ 13,052,365

NOTE 3 – CREDIT RISK

The City's deposits at year end were held by facial institutions that participate in the State of Alabama's Security of Alabama Funds Enhancement (SAFE) Program. The SAFE program was established by the Alabama legislature and is governed by the provisions contained in the Code of Alabama 1975, Sections 41-14A-l through 41-14A-14. Under the SAFE Program all public funds are protected through the collateral pool administered by the Alabama State Treasurer's Office under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged failed to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

At December 31, 2022 the carrying amount of the City's deposits, including Certificates of Deposit, was $128,045,656 and the bank balance was $130,967,502. These deposits are held in accounts insured by the Federal Deposit Insurance Corporation, FDIC. Amounts in excess of FDIC coverage are further secured by a pledge of securities from various institutions to the Alabama State Treasurer Office in accordance with the Security for Alabama Funds Enhancement, SAFE, Act.

NOTE 4 – RETIREMENT PLAN

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Employees’ Retirement System of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State’s Annual Comprehensive Financial Report.

B. GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan description. The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control Effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

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NOTE 4 – RETIREMENT PLAN (continued)

B. GENERAL INFORMATION ABOUT THE PENSION PLAN (continued)

The ERS Board of Control consists of 15 trustees as follows:

1) The Governor, ex officio.
2) The State Treasurer, ex officio.
3) The State Personnel Director, ex officio.
4) The State Director of Finance, ex officio.
5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
    a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
    b. Two vested active state employees.
    c. One vested active employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
    d. One vested active employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
    e. One vested active employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
    f. One vested active employee of a participating employer other than a municipality, city or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

Benefits provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 608 employers adopted Act 2019-132 as of September 30, 2022.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

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NOTE 4 – RETIREMENT PLAN (continued)

B. GENERAL INFORMATION ABOUT THE PENSION PLAN (continued)

The ERS serves approximately 886 local participating employers. The ERS membership includes approximately 108,890 participants. As of September 30, 2022, the City's membership consisted of:

Retired members or their beneficiaries currently receiving benefits	75
Vested inactive members	11
Non-vested inactive members	78
Active members	430
Post-DROP retired members still in active service	-
Total	594

Contributions: Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676, Tier 1 regular members' contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.5% of earnable compensation.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended December 31, 2022, the City's active employee contribution rate was 5.15% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 4.85% of covered employee payroll.

The City's contractually required contribution rate for the year ended September 30, 2022 was 6.23% of pensionable pay for Tier 1 employees, and 3.27% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2019, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were $1,156,216 for the year ended December 31, 2022.

C. NET PENSION LIABILITY

The City's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020 rolled forward to September 30, 2021 using standard roll-forward techniques as shown in the following table:

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NOTE 4 – RETIREMENT PLAN (continued)

C. NET PENSION LIABILITY (continued)

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) TPL as of September 30, 2021	$ 56,687,289	$ 57,183,693	$ 57,231,516
(b) Discount rate	7.45%	7.45%	7.45%
(c) Entry age normal cost for the period October 1, 2021 - September 30, 2022	2,080,539	2,080,539	2,082,310
(d) Transfers among employees	-	(124,566)	(124,566)
(e) Actual benefit payments and refunds for the period October 1 2021 -September 30, 2022	(2,125,506)	(2,125,506)	(2,125,506)
(f) TPL as of September 30, 2022 = [(a) x (1 + (b))] + (c) + (d) + [(e) x (1 + 0.5 x (b))]	$ 60,786,350	$ 61,195,170	$ 61,248,327
(g) Difference between expected and actual		$ 408,820	
(h) Less liability transferred for immediate recognition		(124,566)	
(i) Difference between Expected and Actual - Experience (gain) / loss = (g) - (h)		$ 533,386	
(j) Difference between Actual TPL Before and After Plan Changes - Benefit Change (gain) / loss			$ 53,157

Actuarial assumptions: The total pension liability as of September 30, 2022 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2021. The key actuarial assumptions are summarized below:

Inflation	2.50%
Salary increases	3.25%-6.00%
Investment rate of return*	7.45%, including inflation

* Net of pension plan investment expense

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

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NOTE 4 – RETIREMENT PLAN (continued)

C. NET PENSION LIABILITY (continued)

	Target Allocation	Long-Term Expected Rate of Return*
Fixed income	15.00%	2.80%
U.S. large stocks	32.00%	8.00%
U.S. mid stocks	9.00%	10.00%
U.S. small stocks	4.00%	11.00%
International developed market stock	12.00%	9.50%
International emerging market stocks	3.00%	11.00%
Alternative	10.00%	9.00%
Real estate	10.00%	6.50%
Cash equivalents	5.00%	1.50%
Total	100.00%	

* Inclues assumed rate of inflation of 2.00%.

Discount rate: The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2021	$ 56,687,289	$ 53,153,933	$ 3,533,356
Changes for the year:			
Service cost	2,080,539	-	2,080,539
Interest	4,144,028	-	4,144,028
Changes of benefit terms	53,157	-	53,157
Changes of assumptions	-	-	-
Difference between expected and actual experience	533,386	-	533,386
Contributions - employer	-	1,199,000	(1,199,000)
Contributions - employee	-	1,627,070	(1,627,070)
Net investment income	-	(6,834,652)	6,834,652
Benefit payments, including refunds of employee contributions	(2,125,506)	(2,125,506)	-
Administrative expense	-	-	-
Transfers amoung employees	(124,566)	(124,566)	-
Net changes	4,561,038	(6,258,654)	10,819,692
Balance at September 30, 2022	$ 61,248,327	$ 46,895,279	$ 14,353,048

Sensitivity of the net pension liability to changes in the discount rate: The following table presents the City's net pension liability calculated using the discount rate of 7.45%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

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NOTE 4 – RETIREMENT PLAN (continued)

D. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

	1% Decrease (6.45%)	Current Discount (7.45%)	1% Increase (8.45%)
Plan's Net Pension Liability	$ 22,923,064	$ 14,353,048	$ 7,258,130

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2022. The auditor's report dated August 19, 2022 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

For the year ended December 31, 2022, the City recognized pension expense of $1,156,216. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,546,237	$ 305,570
Changes of assumptions	2,209,837	-
Net difference between projected and actual earnings on plan investments	5,619,279	-
Employer contributions subsequent to the measurement date	603,390	-
Total	$ 9,978,743	$ 305,570

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2023	$ 2,243,697
2024	1,664,022
2025	1,520,627
2026	2,680,319
2027	520,202
Thereafter	440,916

Details of the deferred inflows and outflows of resources are displayed in the following three tables:

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NOTE 4 – RETIREMENT PLAN (continued)

D. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

Collective Deferred Outflows and Inflows between Expected and Actual Experience

				Beginning Balance						Ending Balance	
Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amort. Period	Deferred Outflows (a)	Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recog. In Pension Expense / Deferred Outflow (e)	Amounts Recog. In Pension Expense / Deferred Inflow (f)	Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
2022	$ 533,386	$ -	7.6	$ -	$ -	$ 533,386	$ -	$ 70,182	$ -	$ 463,204	$ -
2021	1,077,245	-	7.7	937,343	-	-	-	139,902	-	797,441	-
2020	-	291,520	7.5	-	213,782	-	-	-	38,869	-	174,913
2019	130,650	-	8.0	81,657	-	-	-	16,331	-	65,326	-
2018	518,534	-	8.0	259,266	-	-	-	64,817	-	194,449	-
2017	-	503,971	8.1	-	192,876	-	-	-	62,219	-	130,657
2016	23,081	-	8.2	6,191	-	-	-	2,815	-	3,376	-
2015	920,209	-	8.2	134,662	-	-	-	112,221	-	22,441	-
Total				$ 1,419,119	$ 406,658	$ 533,386	$ -			$ 1,546,237	$ 305,570

NOTE 4 – RETIREMENT PLAN (continued)

D. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

Collective Deferred Outflows and Inflows for Differences from Assumption Changes

Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amort. Period	Beginning Balance Deferred Outflows (a)	Beginning Balance Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recog. In Pension Expense / Deferred Outflow (e)	Amounts Recog. In Pension Expense / Deferred Inflow (f)	Ending Balance Deferred Outflows (a) + (c) - (e)	Ending Balance Deferred Inflows (b) + (d) - (f)
2022	$ -	$ -	7.6	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2021	2,537,576	-	7.7	2,208,021	-	-	-	329,555	-	1,878,466	-
2020	-	291,520	7.5	-	-	-	-	-	-	-	-
2019	-	-	8.0	-	-	-	-	-	-	-	-
2018	258,582	-	8.0	129,290	-	-	-	32,323	-	96,967	-
2017	-	503,971	8.1	-	-	-	-	-	-	-	-
2016	1,601,749	-	8.2	429,739	-	-	-	195,335	-	234,404	-
Total				$ 2,767,050	$ -	$ -	$ -			$ 2,209,837	$ -

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NOTE 4 – RETIREMENT PLAN (continued)

D. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

Collective Deferred Outflows and Inflows for Differences in Investment Experience

Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amort. Period	Beginning Balance: Deferred Outflows (a)	Beginning Balance: Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recog. In Pension Expense / Deferred Outflow (e)	Amounts Recog. In Pension Expense / Deferred Inflow (f)	Ending Balance: Deferred Outflows (a) + (c) - (e)	Ending Balance: Deferred Inflows (b) + (d) - (f)
2022	$ 10,816,076	$ -	5.0	$ -	$ -	$10,816,076	$ -	$ 2,163,215	$ -	$ 8,652,861	$ -
2021	-	6,253,030	5.0	-	5,002,424	-	-	-	1,250,606	-	3,751,818
2020	798,809	-	5.0	479,285	-	-	-	159,762	-	319,523	-
2019	1,993,569	-	5.0	797,427	-	-	-	398,714	-	398,713	-
2018	-	525,801	5.0	-	105,161	-	-	-	105,161	-	-
2017	-	1,526,162	5.0	-	-	-	-	-	-	-	-
Total				$ 1,276,712	$ 5,107,585	$10,816,076	$ -			$ 9,371,097	$ 3,751,818

Net difference between projected and actual earnings on investments $ (5,619,279)

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NOTE 5 – LONG TERM DEBT

General Fund

General Obligation Warrants

At December 31, 2022, governmental long-term debt consisted of the following individual issues:

On February 1, 2013, the City issued a General Obligation Warrant, in the amount of $9,780,000 to Bank of New York for the refunding of General Obligation Issue 2007B. The Warrant is payable in annual installments varying from $151,858 to $1,465,950 principal plus interest from 0.55% - 3.00% beginning May 1, 2013 with a final payment on May l, 2022.

On February 1, 2021, the City issued a General Obligation Warrant, in the amount of 41,395,000 to Bank of New York. The Warrant is payable in annual installments varying from $117,000 to $1,641,750 principal plus interest with an average coupon of 3.996% beginning February 1, 2022 with a final payment on August 1, 2041.

On June 1, 2022, the City issued a General Obligation Warrant in the amount of $50,000,000 to Regions Capital Advantage, Inc. The Warrant is payable in annual installments varying from $44,343 to $3,660,615 principal plus interest with an average coupon of 3.080% beginning June 1, 2023 with a final payment on June 1, 2042.

On June 1, 2022, the City issued a General Obligation Warrant B in the amount of $25,000,000 to Regions Capital Advantage, Inc. The City is making monthly principal draws of $1,041,667 beginning July 1, 2022 and ending June 1, 2024, with principal drawn not to exceed $25,000,000. Interest only installments due until June 1, 2025, at which time principal and interest due in annual installments through June 1, 2042. Variable interest with average coupon of 2.990%.

Sewer Fund

General Obligation Warrants

At December 31, 2022, the long-term debt for the proprietary fund consisted of the following individual issues:

On October 17, 2020, the City issued $15,660,000 of its Series 2020 General Obligation Sewer Warrants for the partial refunding of the previous Series 2012 General Obligation Sewer Warrants. The warrant is payable in annual installments varying from $100,000 to $1,990,000 principal plus interest from .235% - 1.564% beginning February 1, 2021 with a final payment on February 1, 2030.

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NOTE 5 – LONG TERM DEBT (continued)

General Obligation Warrants for governmental activities of the City were comprised of the following at December 31, 2022:

$41,395,000 General Obligation Warrants Series 2021 dated February 1, 2021, principal and interest due in annual installments varying from $117,000 to $1,641,750 through August 1, 2041; variable interest rate with average coupon of 3.996%.	$ 39,990,000
$50,000,000 General Obligation Warrants Series 2022 A dated June 1, 2022, principal and interest due in annual installments varying from $44,343 to $3,660,615 through June 1, 2042; variable interest rate with average coupon of 3080%.	50,000,000
$25,000,000 General Obligation Warrants Series 2022 B dated June 1, 2022, with the City making monthly principal draws of $1,041,667 beginning July 1, 2022 and ending June 1, 2024, with principal drawn not to exceed $25,000,000 aggregate. Interest only installments due until June 1, 2025, at which time principal and interest due in annual installemtsn through June 1, 2042. Variable interest with average coupon of 2.990%.	6,250,000
Unamortized bond premium / discount (net)	8,110,173
TOTAL WARRANTS AND NOTES OUTSTANDING	104,350,173
Compensated absences	795,056
Net pension liability	14,353,048
TOTAL GENERAL LONG-TERM DEBT	$ 119,498,277

General Obligation and Revenue Warrants for business-type activities of the City were comprised of the following at December 31, 2022:

$15,660,000 General Obligations Sewer Warrants Series 2020 dated October 17, 2020, principal and interest due in annual installments varying from $100,000 to $1,990,000 through February 1, 2030; variable interest rate from .235% to 1.564%; issued in 2020 to partially refund the 2012 Warrants.	$ 15,235,000
TOTAL WARRANTS AND NOTES OUTSTANDING	15,235,000
Compensated absences	117,034
TOTAL BUSINESS-TYPE ACTIVITY DEBT	$ 15,352,034

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NOTE 5 – LONG TERM DEBT (continued)

The annual aggregate maturities, including principal and interest, for the years subsequent to December 31, 2022, are as follows:

Year Ending	Governmental Activities			Business-type Activities		
December 31,	Principal	Interest	Total	Principal	Interest	Total
2023	$ 3,598,783	$ 3,238,456	$ 6,837,239	$ 1,850,000	$ 160,204	$ 2,010,204
2024	3,691,951	2,981,785	6,673,736	1,855,000	152,082	2,007,082
2025	3,785,631	2,853,708	6,639,339	1,865,000	140,117	2,005,117
2026	3,879,828	2,722,186	6,602,014	1,885,000	126,037	2,011,037
2027	3,979,553	2,587,203	6,566,756	1,905,000	108,054	2,013,054
2028 and thereafter	77,304,254	19,788,018	97,092,272	5,875,000	176,938	6,051,938
Unamortized bond discount / premium	8,110,173	-	8,110,173	-	-	-
Total	$ 104,350,173	$ 34,171,356	$ 138,521,529	$ 15,235,000	$ 863,432	$ 16,098,432

Changes in General Long-Term Debt during the year were as follows:

Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
February 1, 2013, G.O. Warrants, Series 2013	$ 1,450,000	$ -	$ (1,450,000)	$ -	$ -
February 1, 2021, G.O. Warrants, Series 2021	41,395,000	-	(1,405,000)	39,990,000	1,445,000
June 1, 2022, G.O. Warrants, Series 2022 A	-	50,000,000	-	50,000,000	2,153,783
June 1, 2022, G.O. Warrants, Series 2022 B	-	6,250,000	-	6,250,000	-
Unamortized bond premium / discount (net)	8,660,169	-	(549,996)	8,110,173	-
Total bonds payable	51,505,169	56,250,000	(3,404,996)	104,350,173	3,598,783
Other long-term liabilities:					
Compensated absences	710,495	84,561	-	795,056	533,262
Net pension liability	3,533,356	10,819,692	-	14,353,048	-
Total other long-term liabilities	4,243,851	10,904,253	-	15,148,104	533,262
Governmental activities long-term liabilities	$ 55,749,020	$ 67,154,253	$ (3,404,996)	$ 119,498,277	$ 4,132,045

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NOTE 5 – LONG TERM DEBT (continued)

Changes in Business-Type Long Term Debt during the year were as follows:

Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Bonds payable:					
October 1, 2012 G.O. Sewer Warrants, Series 2012	$ 1,445,000	$ -	$ (1,445,000)	$ -	$ -
October 17, 2020 G.O. Sewer Warrants, Series 2020	15,560,000	-	(325,000)	15,235,000	1,850,000
Unamortized bond premium / discount (net)	155,507	-	(155,507)	-	-
Total bonds payable	17,160,507	-	(1,925,507)	15,235,000	1,850,000
Other long-term liabilities:					
Compensated absences	116,923	111	-	117,034	78,399
Total other long-term liabilities	116,923	111	-	117,034	78,399
Business-type activities long-term liabilities	$ 17,277,430	$ 111	$ (1,925,507)	$ 15,352,034	$ 1,928,399

NOTE 6 – DEFEASANCE OF DEBT

On February 1, 2013, $9,780,000 million in general obligation bonds with an average interest rate of 2.11% were issued to advance refund $9,105,000 of outstanding bonds with an average interest rate of 4.22%. The net proceeds of $10,032,143 (after payment of $142,030 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds and loans. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. This refunding decreases total debt service payments over the next 11 years by almost $611,228 resulting in an economic gain (difference between the present values of the debt services payments on the old and new debt and cash exchanged) of $500,454.

On October 27, 2020, $15,660,000 million in Sewer Fund general obligation bonds with an average interest rate of 1.20% were issued to advance refund $14,430,000 of outstanding bonds with an average interest rate of 3.87%. The net proceeds of $15,451,767 (after payment of $208,233 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds and loans. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. This refunding decreases total debt service payments over the next 10 years by $1,049,838 resulting in an economic gain (difference between the present values of the debt services payments on the old and new debt and cash exchanged) of 996,504.

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NOTE 7 – OPERATING LEASES

Post Office Lease

On August 26, 1994, the City entered into a 20-year operating lease with the United States Postal Service, USPS. USPS is leasing the building constructed by the City which was designed for use as a post office. The lease has no purchase options, no residual value and maintenance lies with the USPS. The following schedule details the lease revenues accruing to the City during the initial lease period and the renewal periods outlined in the lease document:

Term	Monthly Rental	Yearly Rental
4/20/15 - 4/19/20	$ 1,667	$ 20,000
4/20/20 - 4/19/25	1,667	20,000

Medical Arts Building

The City entered into an agreement with various doctors and medical facilities to rent space in the Medical Arts Building. The following schedule details the lease revenues accruing to the City outlined in the lease documents:

Year	Yearly Rental Revenue
2020	$ 52,424
2021	47,424
Thereafter	-

NOTE 8 – BRETT ROBINSON AGREEMENT

On January 27, 2014, the City signed a release and settlement agreement with Brett Real Estate, Robinson Development Co., Inc., Phoenix West II LLC., and Brett/Robinson Gulf Corporation (collectively referred to as the BR Parties) regarding impact fees for the development of Phoenix West II Condominium Association, Inc. that were never paid. The BR Parties entered into a promissory note with the City for $1,532,242 to be paid in 120 monthly installments of $15,239 beginning in March of 2015 with interest thereon of 3% per annum in lieu of the impact fees.

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NOTE 9 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following is detail of the interfund receivables and payables on the combined balance sheet of the City as of December 31, 2022:

	Due To	
Due From	General Fund	Refuse Fund
General Fund	$ -	$ -
Special Revenue Fund	198,591	-
Debt Service Fund	-	-
Refuse Fund	3,984,591	-
BCBC Fund	-	-
Sewer Fund	3,491,604	1,400,956
Event Center Fund	2,236,428	-
Library Fund	3,520	-
Art Center Fund	1,472,989	-
Total	$ 11,387,723	$ 1,400,956

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers during the year ended December 31, 2022 were as follows:

	Transfers In			
Transfers Out	General Fund	Library Fund	Debt Service Fund	Total
General Fund	$ -	$ 663,299	$ 4,507,210	$ 5,170,509
Debt Service Fund	456	-	-	456
BCBC Fund	1,673,376	-	-	1,673,376
Special Revenue Fund	629,033	-	-	629,033
Sewer Fund	1,080,000	-	-	1,080,000
Total	$ 3,382,865	$ 663,299	$ 4,507,210	$ 8,553,374

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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NOTE 10 – CAPITAL ASSETS

Capital asset activity for governmental and business-type activities for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Disposals & Reclassifications	Ending Balance
Governmental actities:				
Non depreciable assets:				
Land & improvements	$ 68,751,649	$ 849,592	$ -	$ 69,601,241
Construction in progress	10,131,057	7,814,030	(937,683)	17,007,404
Depreciable assets:				
Buildings & improvements	32,894,916	937,683	-	33,832,599
Infrastructure	12,178,169	3,000,000	-	15,178,169
Equipment & vehicles	21,168,581	3,337,172	(137,738)	24,368,015
Total historical cost of assets:	145,124,372	15,938,477	(1,075,421)	159,987,428
Less accumulated depreciation for:				
Buildings & improvements	13,276,443	1,202,058	-	14,478,501
Infrastructure	2,579,277	234,664	-	2,813,941
Equipment & vehicles	14,247,533	2,842,445	(137,738)	16,952,240
Total accumulated depreciation:	30,103,253	4,279,167	(137,738)	34,244,682
Governmental activities capital assets, net:	$ 115,021,119	$ 11,659,310	$ (937,683)	$ 125,742,746

Depreciation expense was charged to governmental functions as follows:	
Administration	$ 162,358
Finance	2,322
Police	829,191
Fire	1,385,936
Public works	615,036
Parks & recreation	1,203,390
Library	33,867
Community development	47,067
Total depreciation expense:	$ 4,279,167

	Beginning Balance	Additions	Disposals & Reclassifications	Ending Balance
Business-type actities:				
Non depreciable assets:				
Land & improvements	$ 502,236	$ -	$ -	$ 502,236
Construction in progress	1,003,533	709,138	-	1,712,671
Depreciable assets:				
Buildings & improvements	32,824,417	-	-	32,824,417
Equipment	2,451,555	18,545	(8,850)	2,461,250
Vehicles	2,094,472	290,993	-	2,385,465
Distribution & collection systems	13,763,412	-	-	13,763,412
Total historical cost of assets:	52,639,625	1,018,676	(8,850)	53,649,451
Less accumulated depreciation for:				
Buildings & improvements	11,579,700	102,787	-	11,682,487
Equipment	1,719,887	292,108	(8,850)	2,003,145
Vehicles	1,627,767	159,205	-	1,786,972
Distribution & collection systems	12,911,827	1,434,356	-	14,346,183
Total accumulated depreciation:	27,839,181	1,988,456	(8,850)	29,818,787
Business-type activities capital assets, net:	$ 24,800,444	$ (969,780)	$ -	$ 23,830,664

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NOTE 10 – CAPITAL ASSETS (continued)

Capital asset activity for the discretely presented component unit, the Orange Beach Board of Education for the year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Disposals & Reclassifications	Ending Balance
Governmental actities:				
Non depreciable assets:				
Construction in progress	$ -	$ 386,175	$ -	$ 386,175
Depreciable assets:				
Buildings & improvements	-	63,585,556	-	63,585,556
Equipment	-	16,822,297	-	16,822,297
Total historical cost of assets:	-	80,794,028	-	80,794,028
Less accumulated depreciation for:				
Buildings & improvements	-	408,409	-	408,409
Equipment	-	841,115	-	841,115
Total accumulated depreciation:	-	1,249,524	-	1,249,524
Governmental activities capital assets, net:	$ -	$ 79,544,504	$ -	$ 79,544,504

NOTE 11 – THE BALDWIN COUNTY BRIDGE COMPANY PROJECT

On April 15, 2004, the City of Orange Beach (City) entered into the "Bridge Option, Easement and Annexation Agreement" with The Baldwin County Bridge Company, LLC (BCBC). BCBC owns and operates a toll bridge, toll facility and related roadways which span the Intracoastal Waterway within and near the current corporate limits of the City. BCBC has agreed to grant the City an option to purchase the Bridge, to grant the City an easement for the usage of the Bridge for certain limited purposes, to petition for annexation of the BCBC property into the City, to make a per vehicle payment to the City, to grant the City an option to purchase various parcels of real estate located adjacent to the Bridge, and to expand the Bridge under certain circumstances. The City has agreed to annex the BCBC property into the City, to execute certain access restrictions on the City Property, to become bound by an Access Management Plan, and to make ten annual installment advances to the BCBC in the amount of $1,200,000 for a total of $12,000,000. The first advance of $1,200,000 was made on April 21, 2004 and the final advance was made in 2013.

The BCBC will repay the above amount monthly based on a Variable Traffic Fee formula as described in the following table:

Annual Car Count	Rate per Vehicle
0 - 2,000,000	$ 0.10
2,000,001 - 3,000,000	0.21
3,000,001 - 4,000,000	0.36
4,000,000 +	0.46

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NOTE 11 – THE BALDWIN COUNTY BRIDGE COMPANY PROJECT (continued)

Based on the above payments from the City and the above repayment schedule from BCBC, the BCBC shall never be obligated to pay Variable Traffic Fees in a cumulative amount to exceed $12,000,000. If at any time during the term of the agreement, BCBC shall have paid Traffic Fees equal to the $12,000,000, or if, prior to January 1, 2015, BCBC shall pay to the City an amount equal to the difference between the Traffic Fees paid to the City and $12,000,000, then the payment obligations of the BCBC under the above mentioned agreement shall immediately terminate (the "Termination Event").

Upon the first to occur of (i) the Termination Event, or (ii) January 1, 2015 and continuing through December 31, 2033, the BCBC shall pay to the City Fixed Traffic Fees in the amount of $0.30 per Vehicle Usage.

Real Estate Option:

The City shall be entitled to exercise an option to purchase land adjacent to the Bridge any time between January I, 2015 and March 31, 2015 for $1,000 provided, however, the Real Estate Option shall automatically terminate if the above mentioned Termination Event occurs prior to the commencement of the option period. This provision has been amended in the subsequent period by The Wharf Agreement.

On April 4, 2010, the City amended the Wharf Development Agreement. The new agreement stated that once the $25,000,000 warrants have been issued to AIG Baker ("the Developer"), AIG Baker is required to set up an escrow in the amount of $1,000,000. The escrow account will be funded by ½ of all tax revenues (defined as sales tax or lodging tax). In the event the City has not received Traffic fees of at least $12,000,000 on or before December 31, 2013, the Escrow agent shall pay to the City from the Escrow Funds, an amount equal to the Bridge Security Amount. The Bridge Security amount means an amount equal to the lesser of the required escrow amount or the Traffic Fee Shortfall. If the Escrow Funds are sufficient to satisfy in full the Bridge Security Amount, any escrow remaining in the Escrow Account shall be disbursed to the Developer, and the escrow shall be terminated. If the escrow Funds are not sufficient to satisfy the Bridge Security amount in full, the Developer shall be liable for and shall pay any such deficiency amount upon the City's written demand, and the City shall additionally be entitled to withhold payments and setoff against future payments under the warrants such amounts necessary to eliminate such deficiency, such that the City is paid the entire Bridge Security Amount.

Bridge Option:

The City shall be entitled to exercise the option to purchase the Bridge at any time between January 1, 2033 and December 31, 2033 for the sum equal to ten (10) multiplied by the revenue produced by toll-charges paid for usage of the Bridge for the highest of the previous three (3) full calendar years preceding the date of the commencement of the option term. There are allowances for Force Majeure events. If the City declines the Bridge Option, the $.30 fixed traffic fees will automatically be extended for an additional thirty years.

During 2007, The Baldwin County Bridge Company, LLC was sold to American Roads. For the year ended December 31, 2022, the City received payments from American Roads totaling $1,621,431 for the twelve months the agreement was in effect, based on fixed fee of $.30 per vehicle.

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NOTE 12 – COMMITMENTS AND CONTINGENCIES

On July 12, 2004, the City of Orange Beach entered into a Development Agreement known as "The Wharf' with AIG Baker Development, LLC. The purpose of the agreement is to develop seven tracts of real property that Baker has under contract for long-term leasehold interests. The property will be developed conceptually in two distinct manners, the Commercial Development and the Public Land. During 2012, "The Wharf' was purchased by Wharf Retail Properties LLC.

The City will issue non-recourse limited-obligation warrant to AIG Baker in the amount of $25,000,000 bearing an interest rate of 3.5%, or the rate at which AIG Baker is able to obtain for its construction financing, for the purchase of the Public Land. This amount will be amortized over 15 years and will be paid monthly. The funds to pay the warrant will be provided exclusively by ½ of all tax revenues (defined as sales tax or lodging tax) levied by the City on the businesses. AIG Baker will remit sales and lodging tax to the City. The developer will also make payments-in-lieu of taxes for the amounts that would have been assessed on the property. The commencement date of this transaction shall be the date upon which the Deed and the Assignment of Leasehold Interest are executed and delivered. The agreement was amended on April 10, 2010 requiring that AIG Baker to set up an escrow account to satisfy the Bridge Security Agreement. See note 11 for more information.

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City obtains coverage from municipal insurance companies and effectively manages risk through various employee education and prevention programs. The policy premiums are based on estimated annual payroll. The premiums are adjusted retrospectively based on actual annual payroll.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements by the grantor agency for expenditures disallowed under the terms of the grant. The City is currently not under audit by any grantor agencies.

The City is party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings.

Construction, engineering, and design contracts for material commitments at December 31, 2022 are as follows:

Contractor/Engineer	Project	Resolution Number	Contract Amount Including Change Orders	Approximate Expenditures Incurred To Date	Approximate Balance of Contract

PLACEHOLDER

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events were evaluated from January 1, 2022 through the financial statement issuance date, March 18, 2024.

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REQUIRED SUPPLEMENTARY INFORMATION

THE CITY OF ORANGE BEACH, ALABAMA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance With Final Budget Over/(Under)
RESOURCES (INFLOWS)				
Property taxes	$ 4,802,049	$ 4,802,049	$ 5,569,458	$ 767,409
Intergovernmental:				
State tax	106,000	106,000	268,038	162,038
Local tax	38,710,000	38,710,000	56,596,809	17,886,809
Grants	9,938,901	9,938,901	3,440,684	(6,498,217)
Personnel service reimbursement	141,000	141,000	333,612	192,612
Other licenses, permits and fees	4,271,000	4,271,000	5,379,476	1,108,476
Fines and forfeitures	511,000	511,000	421,379	(89,621)
Charges for services	1,210,000	1,210,000	2,063,980	853,980
Rent	150,000	150,000	76,797	(73,203)
Investment earnings	450,000	450,000	595,586	145,586
Insurance proceeds	-	-	-	-
Contracts	859,000	859,000	1,131,032	272,032
Miscellaneous	617,900	617,900	665,573	47,673
AMOUNTS AVAILABLE FOR APPROPRIATION	61,766,850	61,766,850	76,542,424	14,775,574
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General government	8,723,564	8,723,564	56,183,270	47,459,706
Coastal resources	2,234,275	2,234,275	2,445,760	211,485
Court	487,556	487,556	522,822	35,266
Finance	978,689	978,689	1,223,704	245,015
Police	7,309,366	7,309,366	8,235,273	925,907
Corrections	780,022	780,022	910,123	130,101
Community development	1,660,515	1,660,515	1,529,139	(131,376)
Communications	588,081	588,081	674,523	86,442
Fire	7,157,123	7,157,123	8,858,978	1,701,855
Public works	3,092,285	3,092,285	3,333,610	241,325
Landscape	1,810,482	1,810,482	2,066,674	256,192
Parks and recreation	1,809,412	1,809,412	1,917,299	107,887
Performing arts	594,346	594,346	485,748	(108,598)
Recreation center	1,039,250	1,039,250	1,039,319	69
Expect Excellence	1,730,088	1,730,088	2,205,910	475,822
Capital improvements	34,745,460	34,745,460	20,643,935	(14,101,525)
TOTAL CHARGES TO APPROPRIATIONS	74,740,514	74,740,514	112,276,087	37,535,573
EXCESS OF AMOUNTS AVAILABLE FOR OVER CHARGES TO APPROPRIATIONS	(12,973,664)	(12,973,664)	(35,733,663)	(22,759,999)
OTHER FINANCING SOURCES (USES)				
Proceeds from disposal of assets	50,000	50,000	6,486	(43,514)
Proceeds from debt issue	-	-	56,250,000	56,250,000
Cost of debt issue	-	-	(79,000)	(79,000)
Transfers in	3,507,000	3,507,000	3,382,865	(124,135)
Transfers out	(6,468,672)	(6,468,672)	(5,170,509)	1,298,163
TOTAL OTHER FINANCING (USES)	(2,911,672)	(2,911,672)	54,389,842	57,301,514
STATUTORY REVENUE REDUCTION	(6,002,895)	(6,002,895)	-	6,002,895
EXCESS (DEFICIENCY) OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(21,888,231)	(21,888,231)	18,656,179	40,544,410
FUND BALANCES - BEGINNING	109,314,324	109,314,324	109,314,324	-
FUND BALANCES - ENDING	$87,426,093	$87,426,093	$ 127,970,503	$ 40,544,410

The accompanying notes are an integral part of the financial statements.

THE CITY OF ORANGE BEACH, ALABAMA
SEWER FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original	Final	Actual Amounts (Budgetary Basis)	Variance With Final Budget Over/(Under)
OPERATING REVENUES				
Charges for services	$ 6,950,000	$ 6,950,000	$ 7,958,926	$ 1,008,926
Miscellaneous income	5,000	5,000	4,029	(971)
TOTAL OPERATING REVENUES	6,955,000	6,955,000	7,962,955	1,007,955
OPERATING EXPENSES				
Salaries, wages and employee benefits	1,801,608	1,801,608	2,245,750	444,142
Contractual services	300,000	300,000	239,668	(60,332)
Utilities	1,086,000	1,086,000	1,631,666	545,666
Repairs and maintenance	6,865,000	6,865,000	5,971,417	(893,583)
Other supplies and expenses	409,000	409,000	413,966	4,966
Bad debt expense	-	-	(5,295)	(5,295)
Bond premium amortization	-	-	125,913	125,913
Depreciation	-	-	1,707,337	1,707,337
TOTAL OPERATING EXPENSES	10,461,608	10,461,608	12,330,422	1,868,814
OPERATING INCOME (LOSS)	(3,506,608)	(3,506,608)	(4,367,467)	(860,859)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	100,000	100,000	(13,225)	(113,225)
Interest expense	-	-	(202,562)	(202,562)
Capital grants	5,000,000	5,000,000	5,581,204	581,204
TOTAL NON-OPERATING REVENUES (EXPENSES)	5,100,000	5,100,000	5,365,417	265,417
INCOME (LOSS) BEFORE TRANSFERS	1,593,392	1,593,392	997,950	(595,442)
TRANSFERS IN (OUT)	-	-	(1,080,000)	(1,080,000)
CHANGE IN NET POSITION	1,593,392	1,593,392	(82,050)	(1,675,442)
NET POSITION - BEGINNING	16,397,069	16,397,069	16,397,069	-
NET POSITION - ENDING	$17,990,461	$17,990,461	$ 16,315,019	$ (1,675,442)

The accompanying notes are an integral part of the financial statements.

THE CITY OF ORANGE BEACH, ALABAMA
REFUSE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original	Final	Actual Amounts (Budgetary Basis)	Variance With Final Budget Over/(Under)
OPERATING REVENUES				
Charges for services	$ 2,650,000	$ 2,650,000	$ 2,784,758	$ 134,758
Miscellaneous income	5,000	5,000	21,395	16,395
TOTAL OPERATING REVENUES	2,655,000	2,655,000	2,806,153	151,153
OPERATING EXPENSES				
Salaries, wages and employee benefits	402,973	402,973	567,095	164,122
Contractual services	2,300,000	2,300,000	2,561,674	261,674
Utilities	7,800	7,800	7,725	(75)
Repairs and maintenance	102,000	102,000	120,635	18,635
Other supplies and expenses	92,550	92,550	121,801	29,251
Depreciation	-	-	153,159	153,159
TOTAL OPERATING EXPENSES	2,905,323	2,905,323	3,532,089	626,766
OPERATING INCOME (LOSS)	(250,323)	(250,323)	(725,936)	(475,613)
NET POSITION - BEGINNING	(1,620,658)	(1,620,658)	(1,620,658)	-
NET POSITION - ENDING	$ (1,870,981)	$ (1,870,981)	$ (2,346,594)	$ (475,613)

The accompanying notes are an integral part of the financial statements.

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THE CITY OF ORANGE BEACH, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE RETIREMENT SYSTEMS OF ALABAMA
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	$ 1,171,841	$ 1,084,916	$ 1,007,589	$ 912,787	$ 860,452	$ 746,774	$ 850,584	$ 800,331
Contributions in relation to the actuarially determined contribution	1,171,841	1,084,916	1,007,589	912,787	860,452	746,774	850,584	800,331
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	23,850,424	21,843,594	20,898,846	18,487,298	17,100,269	14,999,922	14,393,677	13,508,477
Contributions as a percentage of covered payroll	4.91%	4.97%	4.82%	4.94%	5.03%	4.98%	5.91%	5.92%

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2022 were based on the September 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period January 1, 2022 to September 30, 2022:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	14 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25% - 5.0% including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

Methods and assumptions used to determine contribution rates for the period October 1, 2022 to December 31, 2022:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	14.9 years
Asset valuation method	Five year smoothed market
Inflation	2.75%
Salary increases	3.25% - 5.0% including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

The accompanying notes are an integral part of the financial statements.

THE CITY OF ORANGE BEACH, ALABAMA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2022

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	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	$ 2,080,539	$ 1,786,762	$ 1,469,240	$ 1,425,842	$ 1,317,681	$ 1,245,314	$ 1,213,069	$ 1,168,947	$ 1,090,244
Interest	4,144,028	3,710,888	3,418,855	3,155,678	2,877,895	2,676,913	2,401,553	2,113,138	1,915,434
Changes of benefit terms	53,157	-	1,243,089	-	-	-	-	-	-
Difference between expected and actual experience	533,386	1,077,245	(291,520)	130,650	518,534	(503,971)	23,081	920,209	-
Changes of assumptions	-	2,537,576	-	-	258,582	-	1,601,749	-	-
Benefit payments, including refunds of employee contributions	(2,125,506)	(1,717,068)	(1,343,369)	(1,337,845)	(1,160,003)	(853,462)	(641,884)	(552,344)	(516,402)
Transfers among employers	(124,566)	239,995	(516,798)	46,310	124,934	181,799	29,622	-	-
Net change in total pension liability	4,561,038	7,635,398	3,979,497	3,420,635	3,937,623	2,746,593	4,627,190	3,649,950	2,489,276
Total pension liability - beginning	56,687,289	49,051,891	45,072,394	41,651,759	37,714,136	34,967,543	30,340,353	26,690,403	24,201,127
Total pension liability - ending (a)	$61,248,327	$56,687,289	$49,051,891	$45,072,394	$41,651,759	$37,714,136	$34,967,543	$30,340,353	$26,690,403
Plan fiduciary net position									
Contributions - employer	$ 1,199,000	$ 1,089,725	$ 921,337	$ 849,129	$ 786,837	$ 804,848	$ 806,700	$ 801,525	$ 782,020
Contributions - member	1,627,070	1,341,292	1,141,547	1,011,541	1,013,613	862,030	773,424	728,225	703,936
Net investment income	(6,834,652)	9,572,104	2,298,731	997,451	3,233,903	3,866,396	2,700,298	297,551	2,552,678
Benefit payments, including refunds of employee contributions	(2,125,506)	(1,717,068)	(1,343,369)	(1,337,845)	(1,160,003)	(853,462)	(641,884)	(552,344)	(516,402)
Transfers among employers	(124,566)	239,995	(516,798)	46,310	124,934	181,799	29,622	327,982	231,356
Net change in plan fiduciary net position	(6,258,654)	10,526,048	2,501,448	1,566,586	3,999,284	4,861,611	3,668,160	1,602,939	3,753,588
Plan net position - beginning	53,153,933	42,627,885	40,126,437	38,559,851	34,560,567	29,698,956	26,030,796	24,427,857	20,674,269
Plan net position - ending (b)	$46,895,279	$53,153,933	$42,627,885	$40,126,437	$38,559,851	$34,560,567	$29,698,956	$26,030,796	$24,427,857
Net pension liability - ending (a) - (b)	$14,353,048	$ 3,533,356	$ 6,424,006	$ 4,945,957	$ 3,091,908	$ 3,153,569	$ 5,268,587	$ 4,309,557	$ 2,262,546
Plan fiduciary net position as a percentage of the total pension liability	76.57%	93.77%	86.90%	89.03%	92.58%	91.64%	84.93%	85.80%	91.52%
Covered payroll	23,850,424	21,843,594	20,898,846	18,487,298	17,100,269	14,999,922	14,393,677	13,508,477	13,175,276
Net pension liability as a percentage of covered payroll	60.18%	16.18%	30.74%	26.75%	18.08%	21.02%	36.60%	31.90%	17.17%

The accompanying notes are an integral part of the financial statements.

OTHER SUPPLEMENTARY INFORMATION

THE CITY OF ORANGE BEACH, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	Special Revenues	Debt Service	Library	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ -	$ -	$ 309,438	$ 309,438
Restricted cash and cash equivalents	897,478	1,276,713	-	2,174,191
Accounts receivable - net	151,000	-	14,236	165,236
TOTAL ASSETS	$ 1,048,478	$ 1,276,713	$ 323,674	$ 2,648,865
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Due to other funds	198,591	-	3,520	202,111
Accrued expenses	-	-	17,596	17,596
Total liabilities	198,591	-	21,116	219,707
Fund balances:				
Nonspendable	-	-	-	-
Spendable:				
Restricted	849,887	1,276,713	-	2,126,600
Committed	-	-	-	-
Assigned	-	-	302,558	302,558
Unassigned	-	-	-	-
Total fund balances	849,887	1,276,713	302,558	2,429,158
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 1,048,478	$ 1,276,713	$ 323,674	$ 2,648,865

The accompanying notes are an integral part of the financial statements.

THE CITY OF ORANGE BEACH, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenues	Debt Service	Library	Total Governmental Funds
REVENUES				
Intergovernmental:				
State tax	$ 582,587	-	$ -	$ 582,587
Grants	-	-	7,778	7,778
Other licenses, permits and fees	2,451	-	-	2,451
Fines and forfeitures	37,012	-	-	37,012
Investment earnings	3,432	8,531	378	12,341
Miscellaneous	301,498	-	23,009	324,507
TOTAL REVENUES	926,980	8,531	31,165	966,676
EXPENDITURES				
Library	-	-	696,736	696,736
Securities lending:				
Fiscal agent fees	-	2,400	-	2,400
Debt service:				
Principal payments	-	2,855,000	-	2,855,000
Interest and other	-	2,490,676	-	2,490,676
TOTAL EXPENDITURES	-	5,348,076	696,736	6,044,812
Excess (deficiency) of revenues over expenditures	926,980	(5,339,545)	(665,571)	(5,078,136)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	4,507,210	663,299	5,170,509
Transfers out	(629,033)	(456)	-	(629,489)
TOTAL OTHER FINANCING SOURCES (USES)	(629,033)	4,506,754	663,299	4,541,020
NET CHANGE IN FUND BALANCES	297,947	(832,791)	(2,272)	(537,116)
FUND BALANCES - BEGINNING	551,940	2,109,504	304,830	2,966,274
FUND BALANCES - ENDING	$ 849,887	$ 1,276,713	$ 302,558	$ 2,429,158

The accompanying notes are an integral part of the financial statements.

THE CITY OF ORANGE BEACH, ALABAMA
STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2022

	Events Center	BCBC	Arts Center	Total Nonmajor Proprietary Funds
ASSETS				
Current assets				
Cash and cash equivalents	$ -	$ -	$ 113,915	$ 113,915
Total current assets	$ -	$ -	$ 113,915	$ 113,915
Noncurrent assets				
Capital assets:				
Land	158,648	-	-	158,648
Buildings	1,667,975	-	2,152,541	3,820,516
Vehicles and equipment	76,104	-	81,630	157,734
Less: Accumulated depreciation	(716,671)	-	(357,999)	(1,074,670)
Total noncurrent assets	1,186,056	-	1,876,172	3,062,228
TOTAL ASSETS	1,186,056	-	1,990,087	3,176,143
LIABILITIES				
Current labilities				
Accounts payable	28	-	1,715	1,743
Due to other funds	2,236,428	-	1,472,989	3,709,417
Accrued expenses	6,612	-	9,734	16,346
Accrued compensated absences	8,303	-	7,241	15,544
Total current liabilities	2,251,371	-	1,491,679	3,743,050
Noncurrent labilities				
Accrued compensated absences	3,786	-	573	4,359
Total noncurrent liabilities	3,786	-	573	4,359
TOTAL LIABILITIES	2,255,157	-	1,492,252	3,747,409
NET POSITION				
Invested in capital assets, net of related debt	1,186,056	-	1,876,172	3,062,228
Unrestricted	(2,255,157)	-	(1,378,337)	(3,633,494)
TOTAL NET POSITION	$ (1,069,101)	$ -	$ 497,835	$ (571,266)

The accompanying notes are an integral part of the financial statements.

THE CITY OF ORANGE BEACH, ALABAMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Events Center	BCBC	Arts Center	Total Nonmajor Proprietary Funds
OPERATING REVENUES				
Charges for services	$ 121,375	$ 1,673,376	$ 444,313	$ 2,239,064
Miscellaneous income	-	-	6,147	6,147
Merchandise sales	-	-	308,637	308,637
TOTAL OPERATING REVENUES	121,375	1,673,376	759,097	2,553,848
COST OF GOODS SOLD	-	-	193,520	193,520
GROSS PROFIT	121,375	1,673,376	565,577	2,360,328
OPERATING EXPENSES				
Salaries, wages and employee benefits	394,363	-	606,656	1,001,019
Contractual services	1,200	-	53,101	54,301
Utilities	69,816	-	49,380	119,196
Repairs and maintenance	112,344	-	38,004	150,348
Other supplies and expenses	36,721	-	75,771	112,492
Depreciation	60,330	-	67,632	127,962
TOTAL OPERATING EXPENSES	674,774	-	890,544	1,565,318
OPERATING INCOME (LOSS)	(553,399)	1,673,376	(324,967)	795,010
NON-OPERATING REVENUES (EXPENSES)				
Interest income	-	-	140	140
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	-	140	140
INCOME (LOSS) BEFORE TRANSFERS	(553,399)	1,673,376	(324,827)	795,150
TRANSFERS IN (OUT)	-	(1,673,376)	-	(1,673,376)
CHANGE IN NET POSITION	(553,399)	-	(324,827)	(878,226)
NET POSITION - BEGINNING	(515,702)	-	822,662	306,960
NET POSITION - ENDING	$ (1,069,101)	$ -	$ 497,835	$ (571,266)

The accompanying notes are an integral part of the financial statements.

THE CITY OF ORANGE BEACH, ALABAMA
STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

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	Events Center	BCBC	Arts Center	Total Nonmajor Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 121,375	$ 1,673,376	$ 759,094	$ 2,553,845
Payments to employees for services	(395,020)	-	(607,281)	(1,002,301)
Payments to suppliers of goods & services	(220,118)	-	(423,298)	(643,416)
Payments from (to) other funds	493,763	-	287,548	781,311
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	1,673,376	16,063	1,689,439
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	-	(1,673,376)	-	(1,673,376)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest income	-	-	142	142
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	142	142
NET (DECREASE) IN CASH	-	-	16,205	16,205
CASH & EQUIVALENTS AT BEGINNING OF YEAR	-	-	97,710	97,710
CASH & EQUIVALENTS AT END OF YEAR	$ -	$ -	$ 113,915	$ 113,915
Operating income (loss)	$ (553,399)	$ 1,673,376	$ (324,967)	$ 795,010
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation	60,330	-	67,632	127,962
(Increase) decrease in:				
Due to other funds	493,763	-	287,548	781,311
Increase (decrease) in:				
Accounts payable	(37)	-	(13,525)	(13,562)
Accrued payroll	(657)	-	(625)	(1,282)
Total adjustments	553,399	-	341,030	894,429
Net cash provided (used) by operating activities	$ -	$ 1,673,376	$ 16,063	$ 1,689,439

Supplemental Disclosures
Noncash Investing and Financing Activities: NONE

The accompanying notes are an integral part of the financial statements.

COMPLIANCE AND INTERNAL CONTROL SECTION

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CPA Group, PC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council
City of Orange Beach, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange Beach, Alabama, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Orange Beach, Alabama's basic financial statements and have issued our report thereon dated March 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Orange Beach, Alabama's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Orange Beach, Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Orange Beach, Alabama's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Orange Beach, Alabama's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Jeffrey K. Smith, CPA
jeff@jacksonsmithcpa.com

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DRAFT

Jackson & Smith CPA Group, PC
Orange Beach, Alabama
March 18, 2024

Jackson & Smith
CPA Group, PC

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POST OFFICE BOX 1616
ORANGE BEACH, AL 36561
251-979-8878 OFFICE
251-929-4200 FAX

13700 PERDIDO KEY DRIVE
UNIT B-224
PERDIDO KEY, FL 32507
850-619-9256 OFFICE

DRAFT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council
City of Orange Beach, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Orange Beach, Alabama's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Orange Beach, Alabama's major federal programs for the year ended December 31, 2022. The City of Orange Beach, Alabama's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Orange Beach, Alabama complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Orange Beach, Alabama and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Orange Beach, Alabama's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Orange Beach, Alabama's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Orange Beach, Alabama's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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JEFFREY K. SMITH, CPA
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Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Orange Beach, Alabama's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Orange Beach, Alabama's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Orange Beach, Alabama's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Orange Beach, Alabama's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DRAFT

Jackson & Smith CPA Group, PC
Orange Beach, Alabama
March 18, 2024

DRAFT

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Homeland Security		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	$ 7,635,007
Assistance to Firefighters	97.044	112,381
Port Security Grant	97.056	517,549
Homeland Security Grant Program	97.067	46,576
Total U.S. Department of Homeland Security		8,311,513
U.S. Department of the Treasury		
State and Local Fiscal Recovery Fund	21.027	741,117
Total U.S. Department of the Treasury		741,117
U.S. Department of the Interior		
GoMESA	15.435	140,806
Total U.S. Department of the Interior		140,806
U.S. Department of Commerce		
Habitat Conservation	11.463	157,147
Total U.S. Department of Commerce		157,147
Gulf Coast Ecosystem Restoration Council (RESTORE Council)		
Gulf Coast Ecosystem Restoration Council Comprehensive Plan Component Program	87.051	100,516
Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program	87.052	6,839,459
Total Gulf Coast Ecosystem Restoration Council (RESTORE Council)		6,939,975
Total Federal Awards		$ 16,290,558

THE CITY OF ORANGE BEACH, ALABAMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2022

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying schedule of Federal Awards is presented based on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related liability is incurred. In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of such revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to the purpose of expenditure and substantially irrevocable; i.e., revocable only for failure to comply with prescribed compliance requirements, such as with equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criteria.

For purposes of the SEFA, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass-through entities. The City has obtained Catalog of Federal Domestic Assistance (CFDA) numbers to ensure that all programs have been identified in the SEFA. CFDA numbers have been appropriately listed by applicable programs.

NOTE 2 – EXPENDITURES INCLUDED ON SEFA INCURRED IN PRIOR PERIOD

In accordance with the guidance included in the 2022 Compliance Supplement for CFDA 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters), grant expenditures are recorded on the SEFA when 1) FEMA has approved the entity's Project Worksheet and 2) the eligible expenditures have been incurred. See reconciliation below of grant expenditures recorded on financial statements to the amount recorded on the SEFA.

Expended 2020-2021	$	7,331,512
Expended in 2022		303,495
Total Reported on SEFA	$	7,635,007

THE CITY OF ORANGE BEACH, ALABAMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I – SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of auditors' report issued:	Unmodified Opinion

PLACEHOLDER

Federal Awards

Internal control over major program:

PLACEHOLDER

SECTION II – FINANCIAL STATEMENT FINDINGS:

PLACEHOLDER

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS:

PLACEHOLDER

ITEM 1.

REGULAR COMMITTEE OF THE WHOLE MEETING
APRIL 16, 2024

Departments: City Clerk

Description of Topic: Resolution awarding the bid for Justice Center Roof and Fascia Replacement. (GS/RE)

Background/Description: Bid opening scheduled for May 2, 2024.

Action Options/Recommendation:

Source of Funding (if applicable): Budgeted

ATTACHMENTS:
None

ITEM 2.

REGULAR COMMITTEE OF THE WHOLE MEETING
APRIL 16, 2024

Departments: City Clerk

Description of Topic: Resolution awarding the bid for Two Message Boards for Police. (SB)

Background/Description: Bid opening is scheduled for May 2, 2024.

Action Options/Recommendation:

Source of Funding (if applicable):

ATTACHMENTS:
None

REGULAR COMMITTEE OF THE WHOLE MEETING
APRIL 16, 2024

Departments: Coastal Resources

Description of Topic: Resolution Authorizing the Execution of a Subaward Grant Agreement With the Alabama Department of Conservation and Natural Resources for the RESTORE ACT-Council Selected Restoration Component funded Orange Beach Stormwater Master Plan. (NW/CP)

Background/Description: The purpose of this project is to fund the development of a drainage basin study in the Bear Point Area of the city that will map existing stormwater conveyance infrastructure, model current and future storm scenarios to identify areas of flooding concern and develop best management practices.

Action Options/Recommendation:

Source of Funding (if applicable): The total cost of the project will be $312,500. RESTORE will reimburse $250,000 and the City will co-fund 25% of the project in the amount of $62,500.

ATTACHMENTS:

1. B2WQ-OBSM_City of Orange Beach Stormwater Master Plan DRAFT Subaward for Signature
2. WQ_NOA_3.13.2024
3. Resolution

STATE OF ALABAMA

ADCNR Grant #: B2WQ-OBSM

MONTGOMERY COUNTY

SUBAWARD GRANT AGREEMENT

THIS SUBAWARD GRANT AGREEMENT, ("Agreement") is made and entered into by and between the State of Alabama Department of Conservation and Natural Resources (hereinafter "ADCNR") and the City of Orange Beach (hereinafter "Subrecipient"). Pursuant to this Agreement, ADCNR and Subrecipient (collectively hereinafter "Parties") agree as follows:

1. PROJECT PURPOSE AND IDENTITY: The purpose of this Agreement is to provide funding under the Resources and Ecosystem Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (hereinafter "RESTORE Act") to Subrecipient for implementation of the RESTORE Act Council Selected Restoration Component project titled "Orange Beach Stormwater Master Plan" (hereinafter "Project"). The purpose of this project is to fund the development of a drainage basin study in the Bear Point Area of the city that will map existing stormwater conveyance infrastructure, model current and future storm scenarios to identify areas of flooding concern and develop best management practices; further described in the Federal Award GT3CP24AL0010-01-00. This Agreement between the Parties will be identified by the "ADCNR Grant Number" set forth above in the upper right corner of this Agreement. All invoices and other correspondence submitted to ADCNR in connection with this Agreement must be identified by said Grant Number.

2. FEDERAL AWARD INFORMATION: The Project's Financial Assistance Award (hereinafter "Federal Award") in its entirety is hereby incorporated into this Agreement by reference. Information as to the Federal Award associated with the Project includes the following:

    a. Federal Award Identification Number (FAIN): GT3CP24AL0010
    b. Federal Award Period of Performance: 03/12/2024 – 12/21/2028
    c. Total Amount of Federal Funds Obligated to Subrecipient: $250,000.00
    d. Subrecipient UEI#: JKREAZH2DMF6
    e. Total Amount of Federal Award: $16,130,748.66
    f. Name of Federal Awarding Agency: Gulf Coast Ecosystem Restoration Council (hereinafter "RESTORE")
    g. Pass-Through Entity & Awarding Official Contact Information:
        Alabama Department of Conservation and Natural Resources Commissioner Christopher M. Blankenship
        64 N. Union Street; Suite 468
        Montgomery, AL 36130
    h. CFDA Number & Name: CFDA# 87.051 "Council-Selected Restoration Component"
    i. Indirect Cost Rate of Subrecipient: 0%

3. AGREEMENT FUNDING AMOUNT: ADCNR's funding commitment under this Agreement shall be within the budgetary limits as described herein and pursuant to the Federal Award and shall not exceed a total of two hundred fifty thousand dollars ($250,000.00).

4. PROJECT PERIOD: The period allowed for Project completion by the Subrecipient (hereinafter "Project Period") shall commence on March 12, 2024, and end on September 30, 2024.

5. AGREEMENT TERM: The term of this Agreement shall commence when the Agreement is executed by both Parties and end on September 30, 2024 (hereinafter "Agreement Term").

6. APPLICABLE LAWS: Subrecipient shall perform and/or procure all Agreement Services in accordance with all applicable federal, state and local laws, codes, regulations, and ordinances, including, but not limited to all executive orders (EO), Office of Management and Budget (OMB) requirements, and RESTORE Regulations. In addition, Subrecipient shall procure all applicable federal, state, and local permits and pay all said fees. Subrecipient further agrees and acknowledges it is responsible for ensuring of all lower tier compliance as to all such requirements. Subrecipient shall at all times maintain effective internal control providing reasonable assurance as to compliance with all requirements.

7. AGREEMENT SERVICES: Subrecipient hereby agrees, in proper sequence and in the time herein specified, to perform all tasks and to provide all the necessary labor, materials, equipment, services and facilities necessary to achieve Project completion and fulfill all terms of this Agreement in accordance with all requirements of the Federal Award, including, but not limited to, any RESTORE-specific Special Award Conditions, and the Gulf Coast Ecosystem Restoration Council Financial Assistance Standard Terms and Conditions contained therein, and all applicable laws (hereinafter "Agreement Services"). Research and Development are not services funded under this subaward.

8. RELIANCE UPON SUBRECIPIENT: Subrecipient acknowledges and hereby accepts responsibility to stay current as to necessary compliance measures and that ADCNR is relying upon the Subrecipient to maintain compliance as to all requirements associated with performance under this Agreement including, but not limited to, all exhibits hereto, required certifications, and all applicable laws.

9. FUNDING AVAILABILITY/SOURCES: Subrecipient acknowledges and agrees the commencement and continuation of this Agreement, as well as any funding to be disbursed pursuant to this Agreement, is contingent on the availability of and actual receipt by ADCNR of the Federal Award funding designated for this Project.

10. ALLOWABLE COSTS:

    a. Costs allowed under this Agreement shall be determined in accordance with provisions of all applicable federal, state and local laws, regulations, and other requirements including, but not limited to, the following:
        i. Federal Award;
        ii. Special Award Conditions incorporated within the Federal Award;
        iii. 2 C.F.R. Part 200; and
        iv. 31 C.F.R. Part 34.
    b. Subrecipient agrees that any expenditure related to any type of lower tier contract or subaward support prior to both receipt of written approval from ADCNR and execution of a written agreement pursuant to Paragraph 24 of this Agreement may be disallowed at the sole discretion of ADCNR.

c. Subrecipient shall immediately notify ADCNR in writing in the event, subsequent to execution of this Agreement, it receives other financial assistance to support or fund any activity related to Agreement Services. Subrecipient further agrees that no costs funded by such other sources constitute Allowable Costs.

d. Sub recipient acknowledges that no pre-award costs or other costs incurred prior to the Effective Date of this Agreement are eligible for reimbursement pursuant to this Agreement, unless specifically authorized in writing by ADCNR. Subrecipient acknowledges that no pre-award costs or other costs incurred prior to the Effective Date.

e. Subrecipient specifically agrees that Non-Federal Share funds, in the amount and as described in the Federal Award, will be used as leverage to complete the Project as described in the approved Scope of Work.

11. REIMBURSEMENT PAYMENTS: Invoices, with required supporting documentation detailing the Allowable Costs to be reimbursed in accordance with the Federal Award Subrecipient budget categories, shall be submitted to the following:

Dr. Rita Peachey
Email: Rita.peachey@dcnr.alabama.gov
OR
Physical Address:
Alabama Department of Conservation and Natural Resources
31115 Five Rivers Boulevard
Spanish Fort, AL 36527

The Subrecipient may invoice no more frequently than monthly for reimbursement of Allowable Costs. Subrecipient's final request for reimbursement of Allowable Costs under this Agreement must be received by ADCNR no later than fifteen (15) days after the expiration of the Project Period. Subrecipient acknowledges that due to annual State of Alabama fiscal year closeout procedures, ADCNR is not able to process payments in the month of September. Accordingly, requests for payment not submitted to ADCNR on or before August 15 will not be processed prior to commencement of the closeout period. In addition, only Allowable Costs incurred during an active fiscal year performance period are eligible for reimbursement. Requests for payment not received by deadlines set by ADCNR will not be eligible for reimbursement. While funding under this Agreement shall be on a reimbursement- only basis for Allowable Costs, if at any time any funds disbursed by ADCNR are for any reason not expended (or, for example, are returned/credited to Subrecipient subsequent to payment of an invoice), Subrecipient shall immediately notify ADCNR and return such funds in such timeframe and manner as specified by ADCNR. Prior to the submittal of any cost documentation, the sub-recipient shall redact, in accordance with 2 CFR 200.1, all personal information except for Personally Identifiable Information (PII) that is required by law to be disclosed. See also 2 CFR 200.1.

ADCNR reserves the right to refuse to pay all or any part of requested funding for any of the following reasons:

a. (1) at ADCNR's discretion, the costs are not determined to reasonable or necessary for completion of the scope of work; 2) at ADCNR's discretion, the costs are determined to be ineligible for reimbursement; (3) the Subrecipient has failed to comply with any term or conditions of this agreement; (4) the Subrecipient has otherwise failed to perform the scope of work in accordance with this agreement; or (5) ADCNR has determined that the Subrecipient has otherwise failed to comply with applicable state, federal, or local laws and regulations.

b. Notwithstanding any other provision of this agreement, and notwithstanding the submission of any reimbursement request by the Subrecipient, ADCNR shall not pay more than 95% of the sub-award amount until such time as the Subrecipient has completed the work, submitted final reporting, and submitted a written certification to ADCNR that the scope of work was completed in accordance with the terms and conditions of this agreement, that no additional amounts are owed, and that no additional reimbursement requests will be submitted.

12. FINAL PAYMENT: Notwithstanding any other provision of this Agreement, and notwithstanding the submission of any Reimbursement Request by Subrecipient, ADCNR shall withhold an amount equal to five- percent (5%) of the Funds until such time as Subrecipient has completed the Work, submitted the Final Report, as defined below, required pursuant to this section, and received ADCNR's written approval of such Final Report. Within forty-five (45) days after ADCNR's written approval of such Final Report, ADCNR shall disburse to Subrecipient all or such portion of the five-percent (5%) holdback as is properly payable to Subrecipient for Work performed under this Agreement. However, if ADCNR is satisfied that the Project is proceeding on schedule and on budget, ADCNR (acting in its sole discretion) may reduce the holdback from five-percent (5%) and disburse Funds to Recipient to pay for the costs of Work in advance of completion of the Work and submission of Final Report.

When Subrecipient has performed all the Work, sub-recipient shall transmit to ADCNR a comprehensive report on the Work, along with the corresponding results (the "Final Report"). As appropriate, the Final Report should include copies of any publications, press releases, and other documents, materials, and products developed as part of the Project, including, without limitation, photographs, video footage, and other electronic representations of the Project and Work. The Final Report shall be provided by Subrecipient to ADCNR within forty-five (45) days of Project completion. Upon approval of Final Reports, ADCNR will process final Reimbursement Request.

Upon satisfactory completion of the Work performed under this Agreement, as a condition before final payment under this Agreement, or as a termination settlement under this Agreement, the Subrecipient shall execute and deliver to ADCNR a release of all claims, on a form provided by ADCNR, against ADCNR arising under, or by virtue of, this Agreement. Unless otherwise provided in the Agreement, by state law, or otherwise expressly agreed to by the Parties in this Agreement, final payment under this Agreement or settlement upon termination of this Agreement shall not constitute a waiver of ADCNR 's claims against the sub-recipient or its sureties under this Agreement.

13. SUBMISSION OF REPORTS/INFORMATION: Subrecipient understands and acknowledges that ADCNR must meet several requirements set forth in the Federal Award and RESTORE Council specific Special Award Conditions related to reporting. Furthermore, Subrecipient acknowledges that ADCNR is specifically relying upon Subrecipient to be familiar with these requirements and any subsequent updates or revisions to these requirements. Subrecipient shall provide accurate and timely information to ADCNR, as necessary, for ADCNR to remain in compliance with all said requirements of the Federal Award and applicable laws and regulations. Accordingly, Subrecipient agrees to provide the following information, and any additional information as may be deemed necessary by ADCNR:

a. Reporting:

i. The Subrecipient shall provide required progress reports as determined by ADCNR. The form and format shall be prescribed by ADCNR.

ii. The final report must provide ADCNR with a summary financial and performance report related to the Project expenditures and confirmation of Project completion including, but not limited to, supporting documentation detailing the Allowable Costs for the expenditures and other documents needed to be maintained by ADCNR for purposes of recordkeeping and potential audit compliance.

b. Submission: All project communication and documents, including monthly reports and payment requests, should be sent to the ADCNR project manager. If files are too large to send via email, a link to documents for download may be provided. If the sub recipient is unable to send documents via an online link, the ADCNR project manager will work with the sub recipient to determine another suitable method for transfer of documents.

c. Format: Subrecipient shall provide reports generated or compiled within the scope of this Agreement specified herein in digital format or other format as may be specified by ADCNR.

14. RECORDS RETENTION/ACCESS/AUDITS: Subrecipient shall maintain detailed records sufficient to account for the receipt, obligation, and expenditure of grant funds (including, if applicable and allowed, records related to tracking program income). Accordingly, Subrecipient agrees as follows:

a. Record Retention: Subrecipient shall maintain (and require all subrecipients and contractors to maintain) records and accounts associated with this Agreement, including, but not limited to, property, personnel, and financial records, in accordance with ADCNR's records retention policy and 2 C.F.R. §200.334, as well as all other applicable federal, state and local requirements, the Federal Award and RESTORE Council specific Special Award Conditions. Such records will be made available to all entities listed below in Paragraph 14(b) and shall be retained for a minimum of three
(1) years after expiration of this Agreement, unless ADCNR grants permission in writing to destroy. However, Subrecipient agrees that it is responsible for being familiar with all such retention requirements and maintaining records for periods longer than this 3-year minimum, as applicable.

b. Access: The Gulf Coast Ecosystem Restoration Council, ADCNR, the Alabama Examiners of Public Accounts, or any of their duly authorized representatives shall have timely and unrestricted access during normal business hours to any pertinent books, documents, papers, and records (including electronic records) of the Subrecipient and its agents, subrecipients and contractors in order to make audits, inspections, financial reviews, excerpts, transcripts and other examinations as directed by law (and to make copies of such). In addition, such rights to access shall include timely and reasonable access to Subrecipient's personnel for the purpose of interview and discussion related to such records.

c. Audit Requirements: Subrecipient shall follow all audit requirements under the Federal Award and this Agreement and applicable federal, state, and local laws. Subrecipient shall also ensure applicable lower tier compliance.

d. Survival: The provisions of this Paragraph 14 survive the Agreement Term and remain a continuing obligation of Subrecipient.

15. POLITICAL ACTIVITY: Subrecipient shall comply with all provisions of the Hatch Act (5 U.S.C. §1501 et seq.), as applicable, which limits political activities of employees whose principal

employment activities are funded in whole or in part with federal funds. Subrecipient further agrees that it is responsible for ensuring such compliance of lower tier subrecipients and contractors, as applicable.

16. LOBBYING ACTIVITY:

   a. Compliance: Subrecipient shall comply with all applicable federal, state, and local laws related to lobbying activities including, but not limited to, the Byrd Anti-Lobbying Amendment (31 U.S.C. §1352). Subrecipient further acknowledges and agrees it is responsible for ensuring compliance as to lower tier subrecipients and contractors.
   b. Certification: Subrecipient hereby certifies, by execution of this Agreement, that no federal appropriated funds have been paid or will be paid, by or on behalf of Subrecipient, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
   c. Lower Tier Certification: Subrecipient further agrees to include the certification required pursuant to Paragraph 16(b) in all applicable lower tier agreements.
   d. Notification: If subsequent to execution of this Agreement, Subrecipient becomes aware of any information indicating any certification potentially is no longer accurate or indicating any potential non-compliance issue, it shall immediately notify ADCNR in writing. Subrecipient shall also immediately suspend any related expenditures/activities until the potential issue has been resolved to ADCNR's satisfaction and Subrecipient receives written approval from ADCNR to resume such expenditures/activities.

17. FRAUD/WASTE/ABUSE: Subrecipient shall immediately report to ADCNR as well as the Gulf Coast Ecosystem Restoration Council Inspector General in accordance with 31 C.F.R. §34.803(a), any indication of fraud, waste, abuse, or potential criminal activity associated with any activity or expenditure of funds related to this Agreement.

18. CONFLICTS OF INTEREST: Subrecipient by his/her/its signature, certifies to the best of his/her/its knowledge and belief, no conflict of interest (or appearance of conflict), either personal or organizational, in any manner existed or now exists which has, has had, or may have any effect on this Agreement, or any activity/expenditure associated with this Agreement. By execution of this Agreement, Subrecipient certifies that a conflicts of interest policy consistent with 2 C.F.R. § 200.318 covering each activity associated with or funded pursuant to this Agreement is currently in effect and at all times will remain in effect during the Agreement Term. In the event Subrecipient subsequently cannot maintain this certification during the Agreement Term, Subrecipient shall immediately notify ADCNR in writing. Subrecipient shall also immediately suspend any related expenditures/activities until the potential issue has been resolved to ADCNR's satisfaction and Subrecipient receives written approval from ADCNR to resume such expenditures/activities.

19. ENVIRONMENTAL COMPLIANCE: Subrecipient shall comply with all applicable federal, state and local environmental laws, regulations and policies including, but not limited to, all requirements set forth below and more fully described within the Federal Award and RESTORE Council specific Special Award Conditions. Subrecipient further agrees that it is responsible for including all

environment requirements set forth below pursuant to the RESTORE Council specific Special Award Conditions in all lower tier agreements and for ensuring lower tier compliance. If Subrecipient becomes aware of any potential impact on the environment not approved pursuant to the Federal Award, Subrecipient shall immediately notify ADCNR and suspend activities related to such potential impact until Subrecipient receives written approval from ADCNR to resume such activities.

a. National Historic Preservation Act, as amended (54 U.S.C. § 300101 et seq.) and Archeological and Historic Preservation Act, as amended (54 U.S.C. § 312501 et seq.)
b. The National Environmental Policy Act of 1969, as amended (42 U.S.C. § 4321 et seq.)
c. Clean Air Act, as amended (42 U.S.C. § 7401 et seq.), Clean Water Act, as amended (33 U.S.C. § 1251 et seq.), and EO 11738.
d. The Flood Disaster Protection Act of 1973, as amended (42 U.S.C. § 4002 et seq.)
e. The Endangered Species Act of 1973, as amended, (16 U.S.C. § 1531 et seq.)
f. The Coastal Zone Management Act, as amended, (16 U.S.C. § 1451 et seq.)
g. The Coastal Barriers Resources Act, as amended, (16 U.S.C. § 3501 et seq.)
h. The Wild and Scenic Rivers Act, as amended, (16 U.S.C. § 1271 et seq.)
i. The Safe Drinking Water Act of 1974, as amended, (42 U.S.C. § 300f-j)
j. The Resource Conservation and Recovery Act of 1976, as amended, (42 U.S.C. § 6901 et seq.)
k. The Comprehensive Environmental Response, Compensation, and Liability Act (Superfund) (42 U.S.C. § 9601 et seq.) and the Community Environmental Response Facilitation Act (42 U.S.C. § 9601 note)
l. Magnuson-Stevens Fishery Conservation and Management Act, as amended (16 U.S.C.§1801)
m. Marine Mammal Protection Act, as amended (16 U.S.C § 31)
n. Migratory Bird Treaty Act, as amended (16 U.S.C. §§ 703-712)
o. Responsibilities of Federal Agencies to Protect Migratory Birds, EO 13186
p. Bald and Golden Eagle Protection Act, as amended (16 U.S.C. § 668-668d)
q. Marine Protection, Research and Sanctuaries Act (33 U.S.C. §§ 1401-1445 and 16 U.S.C.§§ 1431— 1445)
r. National Marine Sanctuaries Act, as amended (16 U.S.C. § 1431 et seq.)
s. Rivers and Harbors Act of 1899 (33 U.S.C § 407)
t. Environmental Justice in Minority Populations and Low-Income Populations, EO 12898, as amended
u. Floodplain Management, EO 11988, as amended by EO 13690 and, Protection of Wetlands, EO 11990, May 24,1977, as amended by EO 12608
v. Farmland Protection Policy Act, as amended (7 U.S.C. § 4201 et. seq.)
w. Coral Reef Protection, EO 13089Invasive Species, EO 13112
x. Invasive Species, EP 13112
y. Laboratory Animal Welfare Act of 1966 (Public Law 89-544), as amended, (7 U.S.C. § 2131 et seq.)
z. Nonindigenous Aquatic Nuisance Prevention Act, as amended (16 U.S.C. § 4701 et seq.)

20. FEDERAL PROVISIONS: This Agreement relies on Federal funds; therefore, the following terms and conditions apply, in addition to others provided in this Agreement.

a. Equal Employment Opportunity: Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR Chapter 60). The foregoing is applicable, except as otherwise provided under 41 CFR Part 60, to any grant, contract, loan, insurance, or guarantee involving Federal assisted construction.

b. Davis-Bacon Act: The Davis Bacon Act, 40 U.S.C. 3141-3148, as supplemented by Department of Labor regulations at 29 CFR Part 5, applies to grants awarded by RESTORE under the RESTORE Act in two situations: (1) for a construction project if it is for the construction of a project that can be defined as a "treatment works" in 33 U.S.C 1292; and (2) for a construction project regardless of whether it is a "treatment works" project if it is receiving federal assistance from another federal agency operating under an authority that requires the enforcement of Davis-Bacon Act-related provisions. Under this Act, contractors and subcontractors performing work on federally funded or assisted contracts in excess of $2,000.00 for construction, alteration, or repair or public works must pay their laborers and mechanics employed under the Contract no less than the locally prevailing wages and fringe benefits of corresponding work on similar projects in the area.

c. Copeland "Anti-kickback" Act: The Copeland "Anti-kickback" Act, 40 U.S.C. 3141-3148, as supplemented by Department of Labor regulations (29 CFR Part 5). This Act is applicable to contracts awarded by a non-Federal entity in excess of $100,000.00 that involve employment of mechanics or laborers. Under this Act, contractors and subrecipients are prohibited from inducing by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled.

d. Contract Work Hours and Safety Standard Act Section 103 and 107 of the Agreement Work Hours and Safety Standard Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulation (29 CFR part 5). Applicable to construction contracts awarded by Contracts and subcontractors in excess of $2,000.00, and in excess of $2,500.00 for other contracts which involve the employment of mechanics or laborers. Under this Act, contractors and subcontractors must compute wages of mechanics and laborers (workers) on the basis of standard forty (40) hour work week; provide workers no less than time and a half for hours worked in excess of the forty (40) hour work week; and not require workers to work in surroundings or work conditions that are unsanitary, hazardous, or dangerous.

e. Rights to Inventions Made Under a Contract or Agreement 37 CFR Part 401. If the Federal award meets the definition of "funding agreement" under 37 CFR 401.2(a) and the recipient and Subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under the "funding agreement," the recipient or Subrecipient must comply with the requirements of 37 CFR 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

f. Compliance with Office of Management and Budget Circulars. As applicable, Contractors shall comply with the following Office of Management and Budget (OMB) Uniform Guidance (2 CFR 200).

g. If the Subrecipient, with the funds authorized by this Agreement, seeks to procure goods or services, in compliance with 2 CFR 200.321, the Subrecipient shall take affirmative steps to assure that minority business enterprises, women's business enterprises, and labor surplus area firms are used when possible.

21. OTHER COMPLIANCE: Subrecipient shall comply, and ensure lower tier compliance, with all applicable federal, state and local laws, regulations and policies including, but not limited to, all

requirements set forth below and more fully described within the Federal Award and RESTORE Council specific Special Award Conditions. In addition, Subrecipient shall assist ADCNR as to compliance with all such requirements.

a. Foreign Travel: Subrecipient agrees that no travel outside the United States shall be permitted pursuant to this Agreement.
b. Seat Belts: Pursuant to EO 130443, Subrecipient agrees to encourage employees and any contractors to enforce on-the-job seat belt policies and programs when operating any vehicles in connection with performance of activities associated with this Agreement.
c. Research Involving Human Species: Subrecipient agrees that no research involving human subjects shall be permitted pursuant to this Agreement.
d. Federal Employee Expenses: Subrecipient agrees that no funding pursuant to this Agreement shall be used to pay transportation, travel or other expenses for any employee of the federal government without prior written approval from ADCNR.
e. Minority Serving Institutions: Subrecipient acknowledges the RESTORE's goal of meaningful participation of minority serving institutions ("MSIs") in its financial assistance programs and agrees to include such meaningful participation of MSIs as to Project activities when possible.
f. Research Misconduct: Subrecipient agrees, to the extent at any time applicable, to abide by all provisions of the Federal Policy on Research Misconduct issued by the Executive Office of the President's Office of Science and Technology Policy on December 6, 2000 (65 FR 76260).
g. Care and Use of Live Vertebrate Animals: Subrecipient agrees that no research involving vertebrate animals shall be permitted pursuant to this Agreement.
h. Homeland Security Presidential Directive 12: Subrecipient acknowledges and agrees that its performance under this Agreement does not require or involve routine physical access to a federally- controlled facility or routine access to a federally controlled information system.
i. Export-Controlled Items: Subrecipient acknowledges and agrees that its performance under this Agreement does not require or involve access to export-controlled items.
j. Trafficking of Victims Protection Act Of 2000: Subrecipient agrees the award term set forth in 2 C.F.R. § 175.15(b) implementing provisions of the Trafficking Victims Protection Act of 2000 (22 U.S.C. §7104(g), to extent applicable, is hereby incorporated into this Agreement.
k. Subrecipient shall comply and assist ADCNR as to compliance with all applicable requirements of FFATA, as amended (Pub. L. No 109-282, 31 U.S.C. §6101) associated with this Agreement.
l. Certifications: Subrecipient shall execute, as applicable, and comply (and assist ADCNR as to compliance) with all certifications associated with this Agreement including, but not limited to, all certifications and requirements set forth in 31 C.F.R. §34.802, assurances (Forms SF-424B and SF- 424D, or equivalent, as applicable), and any required RESTORE-specific certifications and/or other certifications as required by 2 C.F.R. Part 200.
m. Construction Activities: Subrecipient acknowledges and agrees that its performance under this Agreement does require or involve construction related activities.
n. To the extent equipment and products are authorized to be purchased pursuant to this Agreement, the Subrecipient is encouraged, to the greatest extent practicable, to purchase American-made equipment and products with funding provided pursuant to this Agreement.

22. PROCUREMENT: Subrecipient shall conduct all procurement actions consistent with the Federal Award, RESTORE Council specific Special Award Conditions, and all applicable federal, state, and

local requirements including, but not limited to, provisions of 2 C.F.R. Part 200. Furthermore, Subrecipient specifically agrees to ensure that applicable clauses set forth pursuant to 2 C.F.R. Part 200 will be included in all purchase orders, contracts, and agreements.

23. DEBARMENT AND SUSPENSION:

    a. Compliance: Subrecipient shall comply with provisions of 2 C.F.R. Part 180 "OMB Guides To Agencies on Governmentwide Debarment and Suspension (Non-procurement)," which generally prohibit entities, and their principals, that have been debarred, suspended, or voluntarily excluded from participating in Federal non-procurement transactions either through primary or lower tier covered transactions, and which sets forth the responsibilities of recipients of Federal financial assistance regarding transactions with other persons, including subrecipients and contractors. Subrecipient further acknowledges and agrees it is responsible for ensuring compliance as to lower tier subrecipients and contractors. Pursuant to 31 C.F.R. Part 19, Subrecipient shall verify that its contractors (for contracts expected to equal or exceed $25,000), subcontractors (for subcontracts expected to equal or exceed $25,000), or principals that the subrecipient engages to accomplish the scope of work, if applicable, do not appear on the federal government's Excluded Parties List. Subrecipient may not enter into a contract or subcontract with an entity, or that entity's principals, if that entity or its principals appear on the Excluded Parties List.
    b. Certification: Subrecipient hereby certifies, by execution of this Agreement, that neither it nor its principals are presently debarred, suspended, proposed for disbarment, declared ineligible, or voluntarily excluded from participation in Project implementation or any aspect of the Agreement by any Federal department or agency.
    c. Lower Tier Covered Transactions: The Subrecipient must include a term or condition in all lower tier covered transactions (subawards, contracts, and subcontracts described in 31 CFR Part 19, Subpart B) that the award is subject to 31 C.F.R Part 19 and require a certification of compliance in covered lower tier transactions as may be required by the Gulf Coast Ecosystem Restoration Council.
    d. Notification: If subsequent to execution of this Agreement, Subrecipient becomes aware of any information indicating any certification potentially is no longer accurate or indicating any potential non-compliance issue, it shall immediately notify ADCNR in writing. Subrecipient shall also immediately suspend any related expenditures/activities until the potential issue has been resolved to.
    e. ADCNR's satisfaction and Subrecipient receives written approval from ADCNR to resume such expenditures/activities.

24. LOWER TIER SUBAWARDS/CONTRACTS: Subrecipient shall not enter into a lower tier subaward, or contractual agreement associated with its performance under this Agreement without the prior written consent of ADCNR. Further, Subrecipient agrees and acknowledges that, unless otherwise approved in writing by the applicable RESTORE Grants Officer, all lower tier engagements shall be made in a manner to provide, to the maximum extent practicable, open and free competition in accordance with 2 C.F.R. §200.317-27, in addition to all other applicable federal, state, and local requirements. No expenditure of funds associated with this Agreement shall be made prior to full execution of a written, legally binding agreement extending to the approved subrecipient/contractor all applicable requirements associated with this Agreement. As to all lower tier awards and activities, Subrecipient agrees that it is responsible for ensuring compliance under all applicable federal, state, and local laws including, but not limited to, all requirements of 2 C.F.R 200, the Federal Award, and RESTORE Council specific Special Award Conditions.

25. MINORITY/WOMEN BUSINESSES: As applicable, when contracting, Subrecipient must take all necessary affirmative steps, as set forth in 2 C.F.R. § 200.321(b), to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. This provision applies to all lower-tier transactions.

26. LOWER TIER SUBAWARD/CONTRACT NOTICE: In the event ADCNR approves Subrecipient engaging a lower tier subrecipient and/or contractor pursuant to Paragraph 24, Subrecipient shall include the following notice in each request for applications or bids for a subaward, contract, or subcontract, as applicable:

"Applicants or bidders for a lower tier covered transaction (except procurement contracts for goods and services under $25,000 not requiring the consent of a RESTORE *official) are subject to 2 C.F.R. Part 180, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Non-procurement)." In addition, applicants or bidders for a lower tier covered transaction for a subaward, contract, or subcontract greater than $100,000 of Federal funds at any tier are subject to relevant statutes, including among others, the provisions of 31 U.S.C. 1352, as well as the common rule, "New Restrictions on Lobbying," published at 55 FR 6736 (February 26, 1990), including definitions, and the Office of Management and Budget "Governmentwide Guidance for New Restrictions on Lobbying," and notices published at 54 FR 52306 (December 20, 1989), 55 FR 24540 (June 15, 1990), 57 FR 1772 (January 15, 1992), and 61 FR 1412 (January 19, 1996)."*

27. LOWER TIER AGREEMENT PROVISIONS: In the event ADCNR approves Subrecipient engaging a lower tier subrecipient and/or contractor pursuant to Paragraph 24, all resulting subawards and contracts made by the Subrecipient must contain, as applicable, provisions required pursuant to 2 C.F.R. Appendix II to part 200, "Contract Provisions for Non-Federal Entity Contracts Under Federal Awards," the Federal Award, the RESTORE Council specific Special Award Conditions, and all other federal, state, or local laws.

28. DRUG FREE WORKPLACE: Subrecipient shall comply with all provisions of the Drug-Free Workplace Act of 1988 (Public Law 100-690, Title V, Sec. 5153, as amended by Public Law 105-85, Div. A, Title VIII, Sec. 809, as codified at 41 U.S § 8102), and RESTORE implementing regulations at 31 C.F.R. Part 20, which require that the recipient take steps to provide a drug-free workplace.

29. PROPERTY RIGHTS AND STANDARDS: The provisions of Section 200.310-200.316, OMB Uniform Guidance (2 CFR 200) apply to Federal property rights and the acquisition of real property, equipment, supplies and intangible property to the extent authorized by this Agreement.

30. PRESS/EVENTS: Subrecipient shall notify ADCNR of the location, date, and time of any press conferences, press releases, media events, etc., related to this Project at least five (5) working days prior to the scheduled event or release.

31. PUBLICATIONS/VIDEOS/SIGNAGE/ACKNOWLEDGMENT: Subrecipient agrees to the following:

   a. Subrecipient shall submit copies of all publication materials including, but not limited to, print, recorded, or Internet materials to ADCNR.

b. When releasing information related to the Project, Subrecipient shall include a statement that the project or effort undertaken has been sponsored by the "The Gulf Coast Ecosystem Restoration Council in cooperation with the State of Alabama Department of Conservation and Natural Resources."
c. Any signage to be produced pursuant to this Agreement must have prior written approval of ADCNR and shall contain language required by the RESTORE Council specific Special Award Conditions and ADCNR.
d. Unless otherwise approved by ADCNR in writing, every publication of material based on, developed under, or otherwise produced pursuant to this Agreement (except scientific articles or papers appearing in scientific, technical, or professional journals) shall contain the following disclaimer: "This project was paid for [in part] with federal funding from the Gulf Coast Ecosystem Restoration Council under the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act)." Publications (except scientific articles or papers appearing in scientific, technical, or professional journals) produced with funds from this Award must display the following additional language: "The statements, findings, conclusions, and recommendations are those of the author(s) and do not necessarily reflect the views of the Gulf Coast Ecosystem Restoration Council or ADCNR."

32. INDEMNIFICATION:

a. To the extent legally enforceable, the Subrecipient (hereinafter at times referenced in this paragraph as "the Indemnitor") agrees to protect, defend, indemnify, save, and hold harmless the State of Alabama, all State Agencies, Boards and Commissions, along with the respective officers, agents, servants employees, and volunteers of each (hereinafter at times referenced in this paragraph collectively as "the Indemnitees"), from and against any and all claims, demands, expense and liability arising out of injury or death to any person, or the damage, loss or destruction of any property, which may occur or in any way grow out of, any act or omission of the Indemnitees, the Subrecipient, and the Subrecipient's agents, servants, employees, and subcontractors. Indemnitor's obligation and duty to protect, defend, indemnify, save and hold harmless the Indemnitees shall include and extend to any and all costs, expenses, attorney fees, judgements, awards, and settlements incurred by Indemnitees and/or Indemnitor as a result of any claims, demands, and/or causes of action arising out of the performance of the obligations or objectives set forth herein. Indemnitor agrees to investigate, handle, respond to, provide defense for and defend any such claims, demand, or suit at its sole expense and agrees to bear all other costs and expenses related thereto, even if the claims are groundless, false or fraudulent.
b. Subrecipient further agrees it releases from liability and waives its right to sue Indemnitees regarding any and all claims resulting in any physical injury, economic loss, or other damage or loss as a result of or related in any way to the Agreement.
c. The provisions of this Paragraph 32 shall survive the Agreement Term and remain a continuing obligation of Subrecipient.

33. TERMINATION OF AGREEMENT: This Agreement may be terminated as follows:

a. If, in the determination of ADCNR, Subrecipient fails to fulfill in timely and proper manner its obligations under this Agreement or violates any of the covenants, agreements, or stipulations of this Agreement, ADCNR, in addition to all other available remedies, shall thereupon have the right to terminate this Agreement by giving written notice, sent certified mail (return receipt requested), or overnight courier (signature required), to Subrecipient of such termination and specifying the effective date thereof, at least fifteen (15) days before the effective date of termination. In that event, at the option of ADCNR, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, and reports or other material prepared by Subrecipient under this Agreement shall become the property of ADCNR.

b. ADCNR may terminate this Agreement at any time without cause by giving written notice to Subgrantee by certified mail (return receipt requested) or overnight courier (signature required) of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date. In that event, at the option of ADCNR, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, and reports or other material prepared by Subrecipient under this Agreement shall become the property of ADCNR.
c. If the Agreement is terminated by ADCNR, as provided herein, Subrecipient shall promptly submit a statement detailing the actual services performed and associated Allowable Costs to date of termination. The Subrecipient shall immediately return any remaining funds to ADCNR in such manner as specified by ADCNR.

34. NOTICE: Contact information of Parties for purposes of providing notice pursuant to the terms of this Agreement are set forth below. In the event the designation of new contact information is necessary, such shall not require a formal amendment to this Agreement.

Dr. Rita Peachey
Deepwater Horizon Restoration Coordinator
Alabama Department of Conservation and Natural Resources
31115 Five Rivers Boulevard
Spanish Fort, AL 36527
Email: rita.peachey@dcnr.alabama.gov

To Subrecipient:

City of Orange Beach
Attn: Tony Kennon, Mayor
4099 Orange Beach Blvd.
Orange Beach, Alabama 36561
Email for contact: tkennon@orangebeachal.gov

35. NONDISCRIMINATION: Subrecipient shall not discriminate on the basis of race, color, religion, age, gender, pregnancy, national origin, genetic information, veteran status, or disability in its hiring or employment practices nor in relation to admission to, access to, or operations of its programs, services, or activities. Further, Subrecipient shall comply with all RESTORE regulations and policies prohibiting discrimination as well as all other applicable federal, state, and local nondiscrimination laws including, but not limited to, the following: Title VI of the Civil Rights Act of 1964; Title IX of the Education Amendments of 1972; Americans with Disabilities Act of 1900; Section 504 of the Rehabilitation Act of 1973; Revised ADA Standards for Accessible Design for Construction Awards; and Age Discrimination Act of 1975; Public Health Service Act of 1912 and the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970; and any other applicable non-discrimination law(s).

36. PROTECTIONS FOR WHISTLEBLOWERS: In accordance with 41 U.S.C. § 4712, neither the Subrecipient or any of its contractors (vendors), or subcontractors may discharge, demote, or otherwise discriminate against an employee as a reprisal for disclosing information to a person or

entity listed below that the employee reasonably believes is evidence of gross mismanagement of a federal contract or grant, a gross waste of federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant:

a. A Member of Congress or a representative of a committee of Congress;
b. An Inspector General;
c. The Government Accountability Office;
d. A RESTORE Council employee responsible for contract or grant oversight or management;
e. An authorized official of the Department of Justice or other law enforcement agency;
f. A court or grand jury; and/or
g. A management official or other employee of the recipient, subrecipient, vendor, contractor (vendor), or subcontractor who has the responsibility to investigate, discover, or address misconduct.

37. ASSIGNABILITY: Subrecipient shall not assign or otherwise transfer any interest in this Agreement without the prior written consent of ADCNR.

38. AMENDMENT: Any amendment to this Agreement must be in writing and approved by all signatory/authorities prior to becoming effective. The Parties agree to renegotiate this Agreement if Federal, State and/or local revisions of any applicable laws or regulations make changes in the Agreement necessary.

39. SUCCESSORS AND ASSIGNS: This Agreement shall be binding upon the successors and assigns of the respective parties hereto.

40. ENFORCEMENT OF RIGHTS AND OBLIGATIONS: Failure of ADCNR to strictly or promptly enforce the rights and obligations herein shall not operate as a waiver thereof.

41. NO AGENCY RELATIONSHIP: By entering into this Agreement, Grantee understands and agrees it is not an agent of the state, its officers, employees, agents or assigns. The Grantee is an independent entity from the State and nothing in this Agreement creates an agency relationship between the parties.

42. ALTERNATIVE DISPUTE RESOLUTION: In the event of any dispute between the parties, senior officials of both parties shall meet and engage in a good faith attempt to resolve the dispute. Should that effort fail, and the dispute involves the payment of money, a party's sole remedy is the filing of a claim with the Board of Adjustment of the State of Alabama. For any and all other disputes arising under the terms of this contract which are not resolved by negotiation, the parties agree to utilize appropriate forms of non-binding alternative dispute resolution including, but not limited to, mediation. Such dispute resolution shall occur in Montgomery, Alabama, utilizing where appropriate, mediators selected from the roster of mediators maintained by the Center For Dispute Resolution of the Alabama State Bar.

43. NOT A DEBT OF THE STATE: It is agreed that the terms and commitments contained herein shall not be constituted as a debt of the State of Alabama in violation of Article 11, Section 213 of the Constitution of Alabama, 1901, as amended by Amendment Number 26. It is further agreed

that if any provision of this contract shall contravene any statute or constitutional provision or amendment, either now in effect or which may, during the course of this Contract, be enacted, then that conflicting provision in the Contract shall be deemed null and void.

44. NOT ENTITLED TO MERIT SYSTEM: The subrecipient understands and agrees that neither it nor any employees or agents thereof are entitled to any benefits of the Alabama State Merit System.

45. BOYCOTT: In compliance with Act 2016-312, Permittee hereby certifies that it is not currently engaged in, and will not engage in, the boycott of a person or an entity based in or doing business with a jurisdiction with which the State can enjoy open trade.

    In compliance with Ala. Act No. 2023-409, by signing this contract, Contractor provides written verification that Contractor, without violating controlling law or regulation, does not and will not, during the term of the contract engage in economic boycotts as the term "economic boycott" is defined in Section 1 of the Act.

46. PRORATION: In the event of the proration of the fund from which payment under this contract is to be made, the contract will be subject to termination.

47. CLAIMS FOR LIENS: Subrecipient shall be solely liable for and shall hold the State of Alabama, all State Agencies, Boards and Commissions, along with the respective officers, agents, servants, employees, and volunteers of each, harmless from any and all claims or liens for labor, services or material furnished to Subrecipient in connection with the performance of its obligations under this Agreement.

48. TAX RESPONSIBILITY: Subrecipient hereby agrees that the responsibility for payment of any taxes from the funds received under this Agreement shall be the Subrecipient's obligation and shall be identified under the appropriate Tax Identification Number. In the event any tax refund is received by Subrecipient, it shall immediately notify ADCNR in writing and comply with all RESTORE Council requirements associated therewith.

49. VENUE: Subgrantee agrees that the laws of the State of Alabama shall govern and be controlling and binding over the provisions of the rights herein granted, and that, notwithstanding any provision to the contrary, the venue of any legal action brought in connection herewith shall be the circuit court of Montgomery County, Alabama.

50. SEVERABILITY: In the event any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision and this Agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been contained in it.

51. IMMIGRATION COMPLIANCE: By signing this Agreement, Subrecipient affirms, for the duration of the Agreement, that it will not violate federal immigration law or knowingly employ, hire for employment, or continue to employ an unauthorized alien within the state of Alabama. Furthermore, if found to be in violation of this provision, Subrecipient shall be deemed in breach of the Agreement and shall be responsible for all damages resulting therefrom.

52. PARTIES REPRESENT THAT THIS AGREEMENT SUPERSEDES ALL PROPOSALS, ORAL AND WRITTEN, ALL PREVIOUS CONTRACTS, AGREEMENTS, NEGOTIATIONS AND

ALL OTHER COMMUNICATIONS BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF.

53. DOCUMENTS: The documents which comprise this Agreement between ADCNR and the Subrecipient are:

a. This Subaward Agreement; and
b. Federal Award, including any RESTORE Council Special Award Conditions incorporated within the Federal Award.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date entered below.

STATE OF ALABAMA
DEPARTMENT OF CONSERVATION
AND NATURAL RESOURCES

______________________________ ________________________
Christopher M. Blankenship, Commissioner Date

CITY OF ORANGE BEACH

______________________________ ________________________
Recipient Name, Title Date

AL-03/13/2024
Subrecipient Name: City of Orange Beach, **UEI#: JKREAZH2DMF6**
Title of Grant Project: ***ORANGE BEACH STORMWATER MASTER PLAN***

Attachment 1
Federal Award Identification

The entity identified in this agreement is a subrecipient of a subaward, in accordance with 2 CFR 200.332. Be advised, the following information describes the Federal award and subaward:

(1) Federal Award Identification		
i.	Subrecipient name	City of Orange Beach
ii.	Subrecipient's unique entity identifier	UEI#: JKREAZH2DMF6
iii.	Federal Award Identification Number (FAIN);	GT3CP24AL0010
iv.	Federal Award Date (see §200.1 Federal award date) of award to the recipient by the Federal agency;	03/13/2024
v.	Subaward Period of Performance Start and End Date;	The subaward period of performance shall commence when the Agreement is executed by both Parties and end on September 30, 2024.
vi.	Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;	$250,000.00
vii.	Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation;	$250,000.00
viii.	Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;	$250,000.00
ix.	Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);	The purpose of this project is to fund the development of a drainage basin study in the Bear Point Area of the city that will map existing stormwater conveyance infrastructure, model current and future storm scenarios to identify areas of flooding concern and develop best management practices.
x.	Name of Federal awarding agency, Name of pass-through entity, and contact information for awarding official of the pass-through entity;	Gulf Coast Ecosystem Restoration Council Alabama Department of Conservation and Natural Resources, Christopher M. Blankenship Chris.blankenship@dcnr.alabama.gov
xi.	CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;	CFDA #: 87.051 "Council-Selected Restoration Component" - total Federal Award issued to ADCNR, which is registered in SAM with the UEI: WLNMNKHKF5T1, is $16,130,748.66.
xii.	Identification of whether the award is R&D; and	This is not a R&D award.
xiii.	Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs).	The indirect cost rate for the Federal award is - 27.19%.

1. DATE ISSUED *MM/DD/YYYY* 03/13/2024	**1a. SUPERSEDES AWARD NOTICE dated** except that any additions or restrictions previously imposed remain in effect unless specifically rescinded
2. CFDA NO. 87.051 - Council-Selected Restoration Component	
3. ASSISTANCE TYPE Project Grant	
4. GRANT NO. GT3CP24AL0010-01-00 **Formerly**	**5. TYPE OF AWARD** Other
4a. FAIN GT3CP24AL0010	**5a. ACTION TYPE** New
6. PROJECT PERIOD *MM/DD/YYYY* **From** 03/12/2024	*MM/DD/YYYY* **Through** 12/31/2028
7. BUDGET PERIOD *MM/DD/YYYY* **From** 03/12/2024	*MM/DD/YYYY* **Through** 12/31/2028

The Gulf Coast Ecosystem Restoration Council
RESTORE Council
Gulf Coast Ecosystem Restoration Council

500 Poydras Street
Suite 1117
New Orleans, LA 70130

NOTICE OF AWARD

AUTHORIZATION (Legislation/Regulations)
RESTORE Act, 33 U.S.C. 1321(t)(2) - Council Selected Restoration Component

8. TITLE OF PROJECT (OR PROGRAM)
Coastal Alabama Regional Water Quality Program

9a. GRANTEE NAME AND ADDRESS
ALABAMA DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
64 N Union St RM 458
Montgomery, AL 36130-3020

9b. GRANTEE PROJECT DIRECTOR
Amy Hunter
64 N Union St Rm 458
Montgomery, AL 36130-3020
Phone: 251-621-1216

10a. GRANTEE AUTHORIZING OFFICIAL
Mr. Chris Blankenship
118 N. Royal Street
Suite 603
Mobile, AL 36602

10b. FEDERAL PROJECT OFFICER
Ms. Kathleen Baxter
500 Poydras St STE 1117
New Orleans, LA 70130-7305
Phone: 504-940-7709

ALL AMOUNTS ARE SHOWN IN USD

11. APPROVED BUDGET (Excludes Direct Assistance)
I Financial Assistance from the Federal Awarding Agency Only
II Total project costs including grant funds and all other financial participation **II**

a.	Salaries and Wages	100,622.30
b.	Fringe Benefits	41,070.79
c.	Total Personnel Costs	141,693.09
d.	Equipment	0.00
e.	Supplies	0.00
f.	Travel	3,930.00
g.	Construction	0.00
h.	Other	15,979,327.00
i.	Contractual	187,148.00
j.	TOTAL DIRECT COSTS	16,312,098.09
k.	INDIRECT COSTS	90,480.57
l.	**TOTAL APPROVED BUDGET**	16,402,578.66
m.	Federal Share	16,130,748.66
n.	Non-Federal Share	271,830.00

12. AWARD COMPUTATION

a. Amount of Federal Financial Assistance (from item 11m)	16,130,748.66
b. Less Unobligated Balance From Prior Budget Periods	0.00
c. Less Cumulative Prior Award(s) This Budget Period	0.00
d. **AMOUNT OF FINANCIAL ASSISTANCE THIS ACTION**	16,130,748.66
13. Total Federal Funds Awarded to Date for Project Period	16,130,748.66

14. RECOMMENDED FUTURE SUPPORT
(Subject to the availability of funds and satisfactory progress of the project):

YEAR	TOTAL DIRECT COSTS	YEAR	TOTAL DIRECT COSTS
a. 2		d. 5	
b. 3		e. 6	
c. 4		f. 7	

15. PROGRAM INCOME SHALL BE USED IN ACCORD WITH ONE OF THE FOLLOWING ALTERNATIVES:
a. DEDUCTION
b. ADDITIONAL COSTS
c. MATCHING
d. OTHER RESEARCH (Add / Deduct Option)
e. OTHER *(See REMARKS)*

a

16. THIS AWARD IS BASED ON AN APPLICATION SUBMITTED TO, AND AS APPROVED BY, THE FEDERAL AWARDING AGENCY ON THE ABOVE TITLED PROJECT AND IS SUBJECT TO THE TERMS AND CONDITIONS INCORPORATED EITHER DIRECTLY OR BY REFERENCE IN THE FOLLOWING:
a. The grant program legislation
b. The grant program regulations.
c. This award notice including terms and conditions, if any, noted below under REMARKS.
d. Federal administrative requirements, cost principles and audit requirements applicable to this grant.

In the event there are conflicting or otherwise inconsistent policies applicable to the grant, the above order of precedence shall prevail. Acceptance of the grant terms and conditions is acknowledged by the grantee when funds are drawn or otherwise obtained from the grant payment system.

REMARKS (Other Terms and Conditions Attached - ◉ Yes ○ No)

This grant award is for $16,130,748.66 in federal funds and $271,830.00 in non-federal funds for a total award of $16,402,578.66 to implement water quality improvement projects throughout Coastal Alabama.

AUTHORIZING OFFICIAL:

17.OBJ CLASS 41.0006	**18a. VENDOR CODE** 929933406	**18b. EIN** 636000619	**19a. UEI** WLNMNKHKF5T1	**19b. DUNS** 929933406	**20. CONG. DIST.** 02
FY-ACCOUNT NO.	**DOCUMENT NO.**	**ADMINISTRATIVE CODE**	**AMT ACTION FIN ASST**		**APPROPRIATION**
21. a. CP-FPL3b	b. GT3000010A	c. 6012 FPL3B	d.	$16,130,748.66	e.
22. a.	b.	c.	d.		e.
23. a.	b.	c.	d.		e.

Special Award Conditions

1. Non-Duplicative Use of RESTORE Act Funds

Overall Project

The Recipient will not seek any compensation for the approved project from any other funding source, including without limitation the Oil Spill Liability Trust Fund. Should such funding be received, the recipient will immediately notify the Grants Officer in writing. If the Recipient is authorized to make subawards, the Recipient will not use RESTORE Act funds to make subawards to fund any activities for which claims were filed with the Oil Spill Liability Trust Fund after July 6, 2012.

2. Grant Project Performance and Financial Reporting

Overall Project

The Recipient must submit project performance reports through the Council's Program Information Platform for Ecological Restoration (PIPER) or any successor system on an annual basis during the period of performance. Financial reports must be submitted through GrantSolutions or any successor system also on an annual basis. Performance and financial reports covering the annual reporting period will be due 60 calendar days after the end of the annual reporting period specified in the Award. Final performance and financial reports that summarize the activities and findings of the Award are due 120 calendar days after the end of the period of performance. This special award condition (SAC) supersedes section C.01.a of the RESTORE Council Financial Assistance Standard Terms and Conditions dated August 2015, which states that financial reports are due on a semi-annual basis. Please see the Reporting Schedule located on a following page for the reporting period and due dates of performance and financial reports to be submitted as part of this Award.

3. Observational Data Management and Delivery

Overall Project

A. *Data Sharing:*

All data compiled, collected, or created under this Award must be reported to the Council on a yearly basis and be publicly visible and accessible in a timely manner, free of charge or at minimal cost to the user that is no more than the actual cost of distribution to the user, except where limited by law, regulation, policy, or national security requirements. Data are to be made available in a form that would permit further analysis or reuse, i.e., data must be encoded in a machine-readable format, using existing open format standards; and data must be sufficiently documented, using open metadata standards, to enable users to independently read and understand the data (for example, a PDF version of observational data is not a valid data delivery format). The public-facing, anonymously accessible data location (internet URL address) of the data should support a service-oriented architecture to maximize sharing and reuse of structured data and be included in the Performance Report. Data should undergo quality control (QC) and a description of the QC process and results should be referenced in the metadata. Publicly available ISO-compliant metadata record(s) of the project data must be provided and approved prior to closeout of the Award.

B. *Timeliness:*

Data must be provided to the Council on a yearly basis, and the public must be given access to data no later than two years after the data are first collected and verified, or no later than six months after the end date of the period of performance set out in the Award, whichever first occurs.

C. *Author statement:*

Data produced under this Award and made available to the public must be accompanied by the following statement: "The [report, presentation, video, etc.] and all associated data and related items of information were prepared by [recipient name] under Award No. [number] from the Gulf Coast Ecosystem Restoration Council (RESTORE Council). The data, statements, findings, conclusions, and recommendations are those of the author[s] and do not necessarily reflect any determinations, views, or policies of the RESTORE Council."

D. *Failure to Share Data:*

Failing or delaying to make data accessible in accordance with the submitted data management information and the terms hereof may lead to enforcement actions and be considered by the Council when making future award decisions. Funding recipients are responsible for ensuring that these conditions are also met by subrecipients and subcontractors.

E. *Data Citation:*

Publications based on data, and new products derived from source data, must cite the data used according to the conventions of the Publisher and use Digital Object Identifiers (DOIs), if available. All data and derived products that are used to support the conclusions of a publication must be made available in a form that permits verification and reproducibility of the results.

F. *Final Project Geographic Information System (GIS) files:*

As appropriate to project deliverables, final updated project boundaries, footprints, and features must be provided to the Grants Office no later than the submission of the final Performance Outcome Report. Where more detailed project features are developed (for example, during the engineering and design phase if additional features are identified within the project boundary), or project boundaries change during project planning or implementation, these updated boundaries and the appropriate feature attributes must be provided. These files must be geospatial in nature (acceptable formats are SHP, GDB, or DGN) and contain projection information and complete ISO-compliant metadata.

4. Updates to the Observational Data Plan

Overall Project

The Recipient will update the Observational Data Plan to include any plan details listed as “Not available (N/A)” or “To be determined (TBD)”, or that are in other ways left unspecified in the current version of the Observational Data Plan. Updated plan details will include specific start and end dates that accurately reflect the period of observational data collection and will address Council Staff reviewer comments provided within the most recent version of the Observational Data Plan (available for download in PIPER), if any. For all plan details provided via updated Observational Data Plans, the recipient will make any corresponding updates to metrics details in PIPER. The recipient must deliver updated plans to the Council at least annually until all comments are addressed and all “N/A,” “TBD” and unspecified items are provided, and must correct any inaccuracies until all information is final. The first updated plan will include time-frames for providing any missing information. Updated plans provided to the Council will conform to the structure of the template provided on the Council website. A completed Observational Data Closeout Report will be submitted and approved prior to closeout of the award.

5. Submission of Project Workplans as part of a Program Award

Overall Project

In order for specific projects to be funded within this program Award, a project workplan for each specific project must be submitted to and approved by Council staff. Federal funds for implementation of specific projects will not be released until such approval. $6,677,568.28 in funds will be restricted and released upon submission of work plans and corresponding budgets.

A. *In general:*

Each project workplan must discuss and demonstrate the following:

1) Consistency with the program;

2) Support of primary goals and objectives of the program;

3) Contribution to program metrics.

B. *Specifically:*

Each project work plan must include the following:

1) Project Narrative, including but not limited to:

a) scope of work;

b) participating organizations (subrecipients, contractors, etc.);

c) project location;

d) performance measurement.

2) Project schedule, primary milestones and estimated useful life of project and project property;

3) Budget Narrative by object class categories with supporting documentation, including detailed descriptions of any co-funding, contractual and/or subrecipient expenses;

4) Other information to include:

a. Updates to the Program Observational Data Plan (eODP) to capture updated monitoring and data collection activities for project performance measurement;

b. Updates to the Program GIS files to include project location(s); and

c. Environmental compliance and best available science justification, as applicable. Please see the “Best Available Science” SAC for additional details about the required best available science justification.

Once a project workplan has been approved by Council staff, the program Award will be amended to include the approved project and any additional special award conditions or supplemental terms, and the appropriate funding for that project will be released.

6. Non-Federal Subrecipient Share Requirement

Town of Dauphin Island Stormwater Master Plan and Drainage Improvements

The budget under this Award includes project-related costs committed by the non-federal recipient, referred to as the non-federal share, which are described in the attached budget narrative. The non-federal share is not a statutory requirement of the RESTORE Act (33 U.S.C. 1321(t) and note), but it is required to complete the project and has been voluntarily committed by the recipient under this award and therefore meets the definition of cost share or matching in 2 CFR §200.1. Under §200.1, non-federal share funding must meet the criteria of §200.306(b). Non-federal share funding will be used for [insert any relevant details of how the non-federal share will be used, e.g., to pay a portion of land acquisition costs, a contract or portion of a contract, etc.]. The non-federal share must be paid out proportionally under the subrecipient agreement using a predetermined percentage. The predetermined percentage is the amount of the non-federal share provided under the subrecipient agreement $46,830 divided by the subrecipient's total project cost $468,300, or 10%. In addition, the Recipient will report on non-federal share expenditures throughout the period of performance.

City of Fairhope Stormwater Infrastructure Inventory

The budget under this Award includes project-related costs committed by the non-federal recipient, referred to as the non-federal share, which are described in the attached budget narrative. The non-federal share is not a statutory requirement of the RESTORE Act (33 U.S.C. 1321(t) and note), but it is required to complete the project and has been voluntarily committed by the recipient under this award and therefore meets the definition of cost share or matching in 2 CFR §200.1. Under §200.1, non-federal share funding must meet the criteria of §200.306(b). Non-federal share funding will be used for [insert any relevant details of how the non-federal share will be used, e.g., to pay a portion of land acquisition costs, a contract or portion of a contract, etc.]. The non-federal share must be paid out proportionally under the subrecipient agreement using a predetermined percentage. The predetermined percentage is the amount of the non-federal share provided under the subrecipient agreement $162,500 divided by the subrecipient's total project cost $650,000, or 25%. In addition, the Recipient will report on non-federal share expenditures throughout the period of performance.

City of Orange Beach Stormwater Master Plan

The budget under this Award includes project-related costs committed by the non-federal recipient, referred to as the non-federal share, which are described in the attached budget narrative. The non-federal share is not a statutory requirement of the RESTORE Act (33 U.S.C. 1321(t) and note), but it is required to complete the project and has been voluntarily committed by the recipient under this award and therefore meets the definition of cost share or matching in 2 CFR §200.1. Under §200.1, non-federal share funding must meet the criteria of §200.306(b). Non-federal share funding will be used for [insert any relevant details of how the non-federal share will be used, e.g., to pay a portion of land acquisition costs, a contract or portion of a contract, etc.]. The non-federal share must be paid out proportionally under the subrecipient agreement using a predetermined percentage. The predetermined percentage is the amount of the non-federal share provided under the subrecipient agreement $62,500 divided by the subrecipient's total project cost $312,500, or 20%. In addition, the Recipient will report on non-federal share expenditures throughout the period of performance.

7. Reporting on Equipment

City of Fairhope SSO Mitigation

A. The Recipient or subrecipient must complete a physical inventory of equipment purchased under the award at least every two years in accordance with 2 CFR 200.313. The Recipient will submit a copy of the said inventory to the Council Grants Office per the attached reporting schedule.

B. At the end of the period of performance, the Recipient must complete and submit form SF-428-C or any equivalent or successor form to the Grants Office with the final performance and financial report for all equipment for which the value exceeds $5,000.

8. Recording Council's Federal Interest in Equipment

City of Fairhope SSO Mitigation

A. In accordance with 2 CFR 200.316, for any individual piece of equipment for which the acquisition price exceeds the Simplified Acquisition Threshold (SAT), the Recipient will execute and record a statement of the Council's interest on the Financing Statement (Form UCC-1) or other appropriate form of public notice acceptable in form and substance to the Council for any piece of equipment for which the acquisition price exceeds the SAT, which statement must be placed in public records in accordance with State and local law, with continuances re-filed as appropriate throughout the estimated useful life.

B. The Recipient will provide the Grants Office with a written statement from a licensed attorney in the jurisdiction where the property is located certifying that the federal interest has been protected, as required under the award and in accordance with local law, along with a copy of the instrument reflecting the recordation of the federal interest.

9. **Engineering and Design Plans**

<u>Fish River Watershed Sediment and Stormwater Improvements</u>

<u>Town of Dauphin Island Stormwater Master Plan and Drainage Improvements</u>

<u>City of Bayou La Batre North System Sewer Improvements</u>

<u>Grand Bay Sewer Service</u>

<u>Dauphin Island Sewer Collection Improvements – Phase 1</u>

<u>Three Mile Creek Improvements Project – USA Campus</u>

The Recipient must provide to the Council Grants Office the cover sheet and such pages as necessary to demonstrate that 100% design and engineering plans and specifications for all construcion activities funded under this award have been stamped/signed by a professional engineer currently licensed in accordance with State requirements.

a. For ecosystem restoration projects, or as otherwise directed by the Council Program Office, the recipient must provide a full and complete set of plans and specifications.

b. For projects activities not directly involving restoration of ecological systems (e.g., traditional "brick and mortar" construction, wastewater treatment system renovation), the recipient must provide to the Council Grants Office, at a minimum the cover sheet and such pages as necessary demonstrating that 100% plans and specifications for all construction activities funded under the award are complete and stamped/signed by a qualified, registered professional engineer.

10. **Supplemental Construction And Improvements To Real Property Terms**

<u>City of Loxley Corn Creek Tributary Restoration Project</u>

A. Estimated Useful Life and Federal Interest in Project Property

Property that is acquired or improved, in whole or in part, with federal assistance is held in trust by the recipient or subrecipient, as specified in the award, for the purpose(s) for which the award was made for the estimated useful life. See 2 CFR § 200.316. The estimated useful life of the program or individual project or activity is defined as the period of years that constitutes the expected useful lifespan of the program, project or activity, as estimated by the recipient and agreed to by the Council, during which the Council anticipates obtaining the benefits pursuant to award purposes authorized by the RESTORE Act. If the estimated useful life is provided in the recipient's application, the Grants Office's issuance of the award represents its concurrence with the recipient's proposed estimated useful life.

The recipient's obligation to the Council continues for the estimated useful life. At its discretion, the Council Grants Office may waive the requirements to establish an estimated useful life for an ecosystem restoration project.

The recipient or subrecipient shall not engage in any of the following “Unauthorized Transactions” without the prior written approval of the Council’s Grants Officer:

1) Sell, lease, transfer, assign, convey, hypothecate, mortgage, dispose of, or otherwise convey or encumber any interest in the property;

2) Use project property for purposes other than award purposes; or

3) Fail to comply with the terms and conditions of this award or any of the federal laws and regulations, Council policies, Executive Orders, or OMB Circulars that are incorporated into the terms and conditions of this Award.

Throughout the estimated useful life, the Council retains an undivided equitable interest in the property, sometimes referred to as the “federal interest.” See 2 CFR § 200.1. If the Council determines that an Unauthorized Transaction has occurred, the Council shall have the right, exercisable at any time by written notice to the recipient, to issue disposition instructions in accordance with 2 CFR § 200.311(c), which may include requiring the recipient repay to the Council the full cash value of the federal interest in the property, computed as the percentage of the fair market value of the property attributable to the Council’s funding of the project; such percentage calculated at the time of the funding and such cash value calculated at the time of the Council’s exercise of this right (see 2 CFR § 200.1). The Council may also take any other action or remedy that may be legally available. The Council’s forbearance in exercising any right or remedy in connection with the federal interest does not constitute a waiver thereof.

When the estimated useful life of the project has ended, the Federal interest will thereupon be extinguished and the Federal Government will have no further interest in the property.

B. Reporting on Real Property Acquired or Improved

In accordance with 2 CFR 200.330, the recipient must complete and submit to the Council a report on the status of all properties acquired or improved, using Form SF-429 “Real Property Status Report” or any equivalent or successor form. All reports must be for the period ending December 31, or any portion thereof, and are due no later than 60 days following the end of the reporting period. The recipient must continue to submit these reports to the Council or a successor agency:

1) Until acquired property is disposed of in accordance with 2 CFR § 200.311(c); or

2) Throughout the estimated useful life of the project and associated improvements.

Reports will be submitted according to the following schedule, unless otherwise indicated in a special award condition:

1) For real property in which the Council retains an interest for 14 years or less, reports must be submitted annually for the first three years beginning in the year the first property is acquired or improved under the award and thereafter every three years.

2) For real property in which the Council retains an interest for 15 years or more, reports must be submitted annually for the first three years beginning in the year the first property is acquired or improved under the award and every five years thereafter.

At the end of the period of performance, the recipient must complete and submit Form SF-429 or any equivalent or successor form to the Grants Office with the final performance and financial reports.

C. Authorized Award Purpose

Recipient will, or will cause subrecipient to, hold and maintain the property/properties or easement(s) as pursuant to Authorized Award Purposes for the duration of the federal interest (as defined at 2 CFR § 200.1) in the property/properties. The Authorized

Award Purposes are defined in the approved scope of work for the award stored within the electronic Grants Management System.

Before commencing any constructions other improvements not approved in the award, recipient will, or will cause subrecipient to, ensure that any alterations to or development on the property/properties are consistent with and will advance the Authorized Award Purposes. Existing structures on any property tract may be removed to achieve the Authorized Award Purposes. In all cases, any development on the property/properties, including removal of existing structures, must conform to federal, state, and local ordinances and standards, and shall remain subject to the requirements of any special award conditions.

D. Pre-Construction Requirements

Federal funds for construction costs for any project will not be released by the Council until the following information and documentation is received from the Recipient and accepted in writing by the Grants Office. If construction is commenced prior to the Council's acceptance, the Recipient and any Subrecipient proceeds at its own risk.

1) *Title to real property improved under this award*. In accordance with 2 CFR § 200.311, title to real property improved under this award will vest with the recipient or subrecipient, as specified in the application, and must be used only for authorized award purposes.

a. Before solicitation of bids for construction of a given project, the recipient will furnish the legal description of each tract of project real property, the type of ownership, including but not limited to fee-simple, long-term leasehold, easements and rights-of-way, needed for completion and maintenance of the project and an indication of what project element is to be built thereon.

b. When the project involves linear construction or improvements, such as installation of water or wastewater main lines, road improvements, or other less common types of construction requiring access across multiple tracts, recipients should contact the Council Grants Office for guidance on the types of evidence of title required.

The recipient shall certify that the recipient and/or subrecipient, if applicable, holds clear title to or otherwise has, as applicable, control of and/or access to all project real property and are not aware of any material restrictions or encumbrances that could interfere with any award purpose. In all cases, the recipient and subrecipient if applicable must disclose any ongoing litigation concerning the project property prior to requesting the release of federal funds for construction.

2) *Engineering and design plans*. The Recipient must provide to the Council Grants Office the cover sheet and such pages as necessary to demonstrate that 100% design and engineering plans and specifications for all construcion activities funded under this award have been stamped/signed by a professional engineer currently licensed in accordance with State requirements.

a. For ecosystem restoration projects, or as otherwise directed by the Council Program Office, the recipient must provide a full and complete set of plans and specifications.

b. For projects activities not directly involving restoration of ecological systems (e.g., traditional "brick and mortar" construction, wastewater treatment system renovation), the recipient must provide to the Council Grants Office, at a minimum the cover sheet and such pages as necessary demonstrating that 100% plans and specifications for all construction activities funded under the award are complete and stamped/signed by a qualified, registered professional engineer.

The Council's review is to ensure compliance with the terms and conditions of the award; the Council will not be responsible for the accuracy or completeness of design, dimensions, details, proper selection of materials, or compliance with required codes or ordinances. As between the Council and the recipient, these responsibilities rest solely with the recipient. For clarity, nothing in the foregoing is intended to limit or otherwise affect any of the recipient's rights or remedies in connection with any third party, including any of the recipient's subrecipients or contractors.

3) *Notice of Federal Interest*. Throughout the estimated useful life of a property acquired or improved under an award, the Council retains an undivided equitable interest in the property, sometimes referred to as the "federal interest." See 2 CFR §§ 200.1 and 200.316. The recipient and subrecipient acknowledge the federal interest when accepting the award or subaward. When a notice of federal interest is required, the recipient must provide written confirmation that a notice of federal interest or covenant of purpose and use has been filed in the relevant real property records prior to the commencement of construction. In submitting this information, the recipient and subrecipient represent and certify to the Council that neither are aware of any material restrictions or encumbrances that could interfere with any award purpose. The Council has relied upon and will continue to rely upon the Recipient's due diligence in protecting title to property needed for award purposes.

a. To document the federal interest for all properties or property interests acquired under an award, the Council's federal interest will be recorded through a restriction in the property deed and the filing of a notice of federal interest or covenant of purpose and use, unless otherwise specified in a special award condition. See Terms and Conditions for Land Acquisition.

b. To document the federal interest for properties improved under an award for which acquisition is not required, the recipient will, or as appropriate will cause subrecipient to, execute and record a notice of federal interest or covenant of purpose and use acceptable in form and substance to the Council, which must be perfected and placed of record in accordance with local law, with continuances re-filed as appropriate. A notice of federal interest or covenant is not required to be recorded when the following conditions apply, unless specified in a special award condition:

i. The costs of improvements to a single property are less than the Simplified Acquisition Threshold;

ii. The project is comprised of linear construction or improvements, such as installation of water or wastewater main lines or road improvements, requiring access across numerous properties; or

iii. The property is owned by a third party, such as a private landowner, and improved under an agreement between the third party and the recipient or subrecipient as applicable. When a third party is involved, the landowner's acknowledgement of the federal investment and responsibility to either maintain or, at a minimum not intentionally interfere with, the authorized purpose identified in the award must be included in the agreement between the parties under which the improvements will be conducted.

c. At a minimum, the Notice of Federal Interest will include the following items:

i. A statement that the award was made by the RESTORE Council to the specific recipient, including the Federal Award Identification Number, award title, and date of award;

ii. The location of the Project, including physical address;

iii. A reference to any agreement between the recipient, subrecipient and property owner, as applicable.

iv. A minimum length of time the Project will be in operation (which time must equal or exceed the estimated useful life); and

v. Language equivalent to the following:

"The Notice of Award for this grant includes conditions on use of the aforementioned Project Property and provides for a continuing Federal Interest in Project Property. Specifically, Project Property may not be used for any purpose inconsistent with the Award, RESTORE Act, and any program regulations governing the Award. In addition, the Property owner may not:

v.1. Enter into any mortgage, lien, assignment or any other similar legal or equitable instrument in connection to Project Property or any right therein;

v.2. Otherwise encumber Property or any right therein;

v.3. Sell, transfer, assign, donate, or otherwise dispose of Project Property or any right therein; or

v.4. Take any action that would prevent or hinder Project Property from being used for Award purposes for 30 consecutive calendar days without the prior written approval of the Executive Director, Gulf Coast Ecosystem Restoration Council (or any successor agency).

In addition, Project Property may not be used in violation of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d, the Americans with Disabilities Act (42 U.S.C. 12204), and with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), which laws prohibit discrimination on the basis of race, religion, national origin, or disability. These conditions are in accordance with the statutory provisions set forth in the Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) (33 U.S.C. § 1321(t), Pub. L. No. 112-141), 2 CFR § 200 as applicable, the Notice of Funding Availability for Spill Impact Component Project Grants published by the Gulf Coast Ecosystem Restoration Council, and other terms and conditions of the grant award.

These grant conditions and requirements cannot be nullified or voided through a transfer of ownership. Therefore, any proposed change in usage or ownership must be approved in writing by the Executive Director, Gulf Coast Ecosystem Restoration Council."

The recipient will also provide the Grants Office with a written statement from a licensed attorney in the jurisdiction where the property is located certifying that the federal interest has been protected, as required under the award and in accordance with local law. Such a statement is required unless a waiver is provided in writing by the Grants Officer.

4) *Environmental compliance requirements.* The recipient must provide documentation demonstrating that the applicable environmental laws have been addressed prior to the release of construction funding.Accordingly, the recipient must furnish evidence, satisfactory to the Council, that the recipient or subrecipient has received all federal, state, and local permits and other documentation of compliance with applicable environmental requirements necessary for construction, completion and operation of the Project. In cases where a permit may be addressed under the construction contract, construction funds may be released with the condition that the recipient provides a copy of that permit to the Council prior to initiation of construction activities subject to that permit.

5) *Floodplain requirements*. If the property is located within the 100-year floodplain or other flooding risks have been identified by the recipient or the Council, the recipient must furnish evidence, satisfactory to the Council Grants Office, that all applicable floodplain requirements have been met. As appropriate to the project, this may include the following:

a. Floodplain Notice. That the 30-day period established for receipt of comments from the public in response to public notice published regarding the potential for project impact on the values and functions of a designated 100-year floodplain has expired and that identified concerns (if any) have been addressed to the Council's satisfaction. This notice may be satisfied through an environmental assessment or permitting process used as the vehicle for public notice, involvement and explanation per 44 CFR 9.8(b)(2).

b. Floodplain Protection. Certification by the project engineer or architect that the project facility will be adequately protected from damage by flood, or written confirmation from the State/local Floodplain Manager that the proposed project and any associated design and engineering plans are in accordance with all applicable floodplain ordinances/regulations.

c. Flood Insurance. In accordance with the Flood Disaster Protection Act (42 U.S.C. § 4002 et seq), that the community is participating in the National Flood Insurance Program, and that as required, the recipient has or will purchase and maintain, or as appropriate, will cause the subrecipient to have or purchase and maintain, flood insurance.

6) *Americans with Disabilities Act (ADA) Compliance*. For any projects where funding will be used to provide, create or facilitate public access to project property, the recipient must furnish evidence satisfactory to the Council Grants Office, that the recipient or subrecipient will be in compliance with ADA requirements related to improvements to be constructed or operated under the project.

7) *Contingency*. If contingency funds are included in the approved award budget in accordance with 2 CFR 200.433, such funds will be described in the Budget Narrative for expenditures related to construction activities. Contingency funds may not be

utilized for project scope changes, unforeseen risks or extraordinary events. Federal funds equal to the amount of contingency funds approved will not be released until documentation verifying that proposed contingency expenditures comply with 2 CFR 200.300 and 200.403, are necessary and reasonable for accomplishment of the award scope, and will be verifiable from the recipient's or subrecipient's financial records is submitted by the recipient and accepted in writing by the Grants Office.

8) *Updated construction schedules and cost estimates*. The Recipient must furnish the most recent construction schedules and cost estimates based upon the completed engineering and design plans and/or other information that has become available since the last update.

E. Administration, Operation and Maintenance

The recipient agrees to, or to cause the subrecipient to, administer, operate and maintain any property improved with federal funds for the project's estimated useful life in the same manner in which it operates and maintains similar facilities and equipment owned by it, and in accordance with state and local standards, laws and regulations. The recipient must not be in breach of its obligations under this award except to the extent the failure to fulfill any obligation is due to an Uncontrollable Force. "Uncontrollable Force" means an event beyond the reasonable control of, and without the fault or negligence of, the party claiming the Uncontrollable Force that prevents the recipient from honoring its contractual obligations under this Agreement and which, by exercise of the recipient's reasonable care, diligence and foresight, such recipient was unable to avoid. Uncontrollable Forces include, but are not limited to:

1) Strikes or work stoppage;

2) Floods, earthquakes, or other natural disasters;

3) Terrorist acts; and

4) Final orders or injunctions issued by a court or regulatory body having competent subject matter jurisdiction which the recipient, claiming the Uncontrollable Force, after diligent efforts, was unable to have stayed, suspended, or set aside pending review by a court of competent subject matter jurisdiction.

Neither the unavailability of funds or financing, nor conditions of national or local economies or markets must be considered an Uncontrollable Force.

The recipient will provide documentation of the Administration, Operation and Maintenance Plan.

F. Acquisition of Real Property

Unless specifically described in an award scope of work, the acquisition of real property is not an allowable expense. In the event that acquisition of real property or an interest in real property is identified as necessary to achieve the objectives of an award, the recipient shall contact the Council Grants Office for instructions prior to expending any funds related to the acquisition of real property.

If any property used under the award is acquired during the period of performance, regardless of the source of funding, the Recipient will be required to provide documentation (such as an option agreement, purchase agreement, or letter of intent) between the seller and the Recipient that indicates agreement to the sale (or intent to agree if terms of a contract can be reached), and the price to be paid for the property. If such documentation is not obtainable, e.g., property heirs cannot be located after demonstrated due diligence, the Recipient may request a modification of this requirement from the Grants Officer.

G. Bonding

For construction or facility improvement contracts or subcontracts exceeding the simplified acquisition threshold, the minimum bonding requirements are as follows:

1) A bid guarantee from each bidder equivalent to five percent (5%) of the bid price. The "bid guarantee" must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual instruments as may be required within the time specified.

2) A performance bond on the part of the contractor for one hundred percent (100%) of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

3) A payment bond on the part of the contractor for one hundred percent (100%) of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

H. Goals for Women and Minorities in Construction

Department of Labor regulations set forth in 41 CFR § 60-4 establish goals and timetables for participation of minorities and women in the construction industry. These regulations apply to all federally assisted construction contracts in excess of $10,000. The Recipient and Subrecipient, as applicable, must comply with these regulations and must obtain compliance with 41 CFR § 60-4 from contractors and subcontractors employed in the completion of the project by including such notices, clauses and provisions in the Solicitations for Offers or Bids as required by 41 CFR § 60-4. The goal for participation of women in each trade area must be as follows:

1) From April 1, 1981, until further notice: 6.9 percent;

2) All changes to this goal, as published in the Federal Register in accordance with the Office of Federal Contract Compliance Programs regulations at 41 CFR § 60-4.6, or any successor regulations, must hereafter be incorporated by reference into these Specific Award Conditions;

3) Goals for minority participation must be as prescribed by Appendix B-80, 45 FR 65984 (October 3, 1980), or subsequent publications. The Recipient must include the "Standard Federal Equal Employment Opportunity Construction Contract Specifications" (or cause them to be included, if appropriate) in all federally assisted contracts and subcontracts. The goals and timetables for minority and female participation may not be less than those published pursuant to 41 CFR 60-6.

I. Davis-Bacon Act and Related Acts

As applicable, the recipient and subrecipient must comply with the provisions of the Davis-Bacon Act (40 U.S.C. § 3141-3144, and 3146-3148); the Copeland "Anti-Kickback" Act (18 U.S.C. § 874 and 40 U.S.C. § 3145); and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 3701-3708), regarding labor standards for federally assisted construction sub-agreements (wage guarantees).

1) Davis-Bacon Act-related provisions are applicable if a project is classified as a "treatment works" as defined in 33 U.S.C § 1292; or for a construction project regardless of its classification if that project is receiving Federal assistance from another Federal agency operating under an authority that requires the enforcement of Davis-Bacon Act-related provisions. When required, prime construction contracts in excess of $2,000 must include a provision for compliance with the Davis-Bacon Act as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specific in a wage determination made by the Secretary of Labor. In addition, contracts must be required to pay wages not less than once a week. A copy of the current prevailing wage determination issued by the Department of Labor must be included in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The recipient or subrecipient, as applicable, must report all suspected or reported violations to the Council.

2) The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act, as supplemented by Department of Labor regulations (29 CFR part 3, "Contracts and Subcontractors on Public Building or Public Work Financed in

Whole or in Part by Loans or Grants from the United States"). This Act provides that the recipient, subrecipient, contractor, or subcontractor must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation or which he or she is otherwise entitled. The recipient or subrecipient, as applicable, must report all suspected or reported violations to the Council.

3) Finally, the Contract Work Hours and Safety Standards Act provides work hour standards for every laborer and mechanic employed by any contractor or subcontractor in the performance of a Federal public works project. All contracts awarded in excess of $100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. §§ 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR part 5). Under 40 U.S.C. § 3702, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. § 3704 are applicable to construction work and provide that no laborer or mechanic be required to work in surroundings or under working conditions that are unsanitary, hazardous, or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

J. Inspection and As-Built Drawings

The final five percent (5%) of the contract amount for construction costs will not be drawn down by the recipient or subrecipient until final approval of construction associated with that contract. The recipient or subrecipient will schedule a final inspection when all construction has been completed, the architect/engineer has conducted their inspection, and any deficiencies have been corrected. Representatives of the recipient or subrecipient, if applicable, the architect/engineer, the contractor(s), and the Council, if they so desire, will make the final inspection. The Council Program Officer must be given ten (10) business days advance notice of the final inspection so that their representative may participate.

The recipient must provide the Notice of Final Acceptance signed by the recipient or subrecipient ,as applicable, and stamped/signed as-built drawings from the project engineer and Council staff must advise of their acceptance prior to the drawdown of the final five percent (5%) of construction contract funds. If required in a special award condition, the Electronic copy of the "Notice of Federal Interest" filed in the relevant real property records must also be provided prior to drawdown of these funds.

AWARD ATTACHMENTS

ALABAMA DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES | GT3CP24AL0010-01-00

1. GT3CP24AL0010 Award Notes

AWARD NOTES

The following documents are incorporated in this award by reference:

☒ GULF COAST ECOSYSTEM RESTORATION COUNCIL FINANCIAL ASSISTANCE STANDARD TERMS AND CONDITIONS (AUGUST 2015), available at www.restorethegulf.gov
☒ 2 CFR PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS, AS ADOPTED PURSUANT TO 2 CFR § 5900.101 (2021), AND TECHNICAL CORRECTIONS AT 86 FR 10439 (FEBRUARY 22, 2021)

This award incorporates by reference and gives effect to the most recent data available in the GrantSolutions system for the following item:

☒ BUDGET NARRATIVE

This award incorporates by reference and gives effect to the most recent data available in the PIPER system for the following items:

☒ PROJECT NARRATIVE
☒ OBSERVATIONAL DATA PLAN
☒ MILESTONES
☒ METRICS
☐ OTHER

GCERC Internal Financial Codes:
FY24 - CatB 6012 - Cost Pool GCCSTAL000

CAM1 GCCGCOMRESIL
CAM2 GCCGULFWIDEX
CAM3 GCCALLOBJECT

FUNDING AUTHORIZATION

Amount of Financial Assistance	Amount of Funding Restriction	Amount of Funding Added to Award	Amount Authorized for ASAP Account	Notes
16,130,748.66	$8,800,568.28	N/A	$7,330,180.38	$6,677,568.28 for subrecipient costs will be released when SAC #5 is cleared. $2,123,000 for construction and construction monitoring will be released when SAC #10 is cleared.

COMPLIANCE REQUIREMENT SUBMISSIONS FOR SPECIAL AWARD CONDITIONS

The following requirements are described in detail in the Special Award Conditions section of the award. Where indicated, the recipient must submit documentation or evidence to the Council to lift any applicable restrictions. In the event of any perceived inconsistency between this list and the Special Award Conditions, the Special Award Conditions are controlling.

Overall Project

Non-Duplicative Use of RESTORE Act Funds	Required if other compensation from another funding source is received
Grant Project Performance and Financial Reporting	See Reporting Schedule in Award Notes.
Observational Data Management and Delivery	ISO-compliant metadata records for all data which must document how each data type and derived work product are available to the public. Final Project Geographic Information System (GIS) files.
Updates to the Observational Data Plan	Updated Observational Data Plan (ODP) Observational Data Closeout Report
Submission of Project Workplans as part of a Program Award	Work plans and corresponding budgets

01-City of Fairhope SSO Mitigation

SPECIAL AWARD CONDITION	SUBMISSION REQUIREMENT
Reporting on Equipment	SF-428
Recording Council's Federal Interest in Equipment	Financing Statement (Form UCC-1) or an equivalent form of public notice

02-Fish River Watershed Sediment and Stormwater Improvements

SPECIAL AWARD CONDITION	SUBMISSION REQUIREMENT
Engineering and Design Plans	E&D plans stamped by a professional engineer

03-Town of Dauphin Island Stormwater Master Plan and Drainage Improvements

SPECIAL AWARD CONDITION	SUBMISSION REQUIREMENT
Non-Federal Subrecipient Share Requirement	The non-federal share must be paid out proportionally under the subrecipient agreement using a predetermined percentage. The predetermined percentage is the amount of the non-federal share provided under the subrecipient agreement $46,830 divided by the subrecipient’s total project cost $468,300, or 10%. In addition, the Recipient will report on non-federal share expenditures throughout the period of performance.
Engineering and Design Plans	E&D plans stamped by a professional engineer

04 – City of Fairhope Stormwater Infrastructure Inventory

SPECIAL AWARD CONDITION	SUBMISSION REQUIREMENT
Non-Federal Subrecipient Share Requirement	The non-federal share must be paid out proportionally under the subrecipient agreement using a predetermined percentage. The predetermined percentage is the amount of the non-federal share provided under the subrecipient agreement $162,500 divided by the subrecipient’s total project cost $650,000, or 25%. In addition, the Recipient will report on non-federal share expenditures throughout the period of performance.

05 – City of Orange Beach Stormwater Master Plan

SPECIAL AWARD CONDITION	SUBMISSION REQUIREMENT
Non-Federal Subrecipient Share Requirement	The non-federal share must be paid out proportionally under the subrecipient agreement using a predetermined percentage. The predetermined percentage is the amount of the non-federal share provided under the subrecipient agreement $62,500 divided by the subrecipient's total project cost $312,500, or 20%. In addition, the Recipient will report on non-federal share expenditures throughout the period of performance.

06 – Coastal Alabama Water Quality and Sediment Baseline Monitoring

SPECIAL AWARD CONDITION **SUBMISSION REQUIREMENT**

No additional submissions

07 – City of Bayou La Batre North System Sewer Improvements

SPECIAL AWARD CONDITION	SUBMISSION REQUIREMENT
Engineering and Design Plans	Cover sheet of E&D plans that are stamped by a professional engineer

08 – Grand Bay Sewer Service

SPECIAL AWARD CONDITION	SUBMISSION REQUIREMENT
Engineering and Design Plans	Cover sheet of E&D plans that are stamped by a professional engineer

09 – Dauphin Island Sewer Collection Improvements – Phase 1

SPECIAL AWARD CONDITION	SUBMISSION REQUIREMENT
Engineering and Design Plans	Cover sheet of E&D plans that are stamped by a professional engineer

10 – Three Mile Creek Improvements Project – USA Campus

SPECIAL AWARD CONDITION	SUBMISSION REQUIREMENT
Engineering and Design Plans	E&D plans stamped by a professional engineer

11 – City of Loxley Corn Creek Tributary Restoration Project

SPECIAL AWARD CONDITION	SUBMISSION REQUIREMENT
Estimated Useful Life and Federal Interest in Project Property	Recorded Notice of Federal Interest or Recorded Covenant of Purpose
Reporting on Real Property Acquired or Improved	Form SF-429
Authorized Award Purpose	Agreement between the parties [landowner(s)] and subrecipient and/or recipient. See SAC for agreement language
Pre-Construction Requirements	
Title to real property improved under this award.	Title and legal description of each tract. Real Property Certification
Project involves linear construction or improvements	Title and legal description of each tract. Real Property Certification
Notice of Federal Interest	
NOFI for acquired property	Verification of recordation of NOFI and/or Covenant of Purpose

NOFI when acquisition is not required	Verification of recordation of NOFI and/or Covenant of Purpose
Engineering and Design Plans	E&D plans stamped by a professional engineer
Environmental compliance requirements	Documentation of compliance with all environmental laws and regulations applicable to construction, completion and operation of project (e.g. applicable issued permits, ESA consultation documentation)
Americans with Disabilities Act (ADA) Compliance	Evidence that the recipient or subrecipient will be in compliance with ADA requirements related to improvements to be constructed or operated under the project
Updated construction schedules and cost estimates	Construction schedule and estimates based on completed E&D plans
Administration, Operation and Maintenance	Documentation of Administration, Operation and Maintenance Plan
Inspection and As-built drawings	10-Day Advanced Notice of Final Inspection Signed Notice of Final Acceptance Stamped and signed as-built drawings

REVISED REPORTING SCHEDULE

Reporting Task	Reporting Period	Task Due Date
Financial and Performance Reports	03/12/24 to 06/30/24	08/29/24
Financial and Performance Reports	07/01/24 to 06/30/25	08/29/25
Financial and Performance Reports	07/01/25 to 06/30/26	08/29/26
Financial and Performance Reports	07/01/26 to 06/30/27	08/29/27
Financial and Performance Reports	07/01/27 to 06/30/28	08/29/28
Final Financial and Performance Reports	07/01/28 to 12/31/28	04/30/29

RESOLUTION NO. 24-

RESOLUTION AUTHORIZING THE EXECUTION OF A SUBAWARD GRANT AGREEMENT WITH THE ALABAMA DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES FOR THE RESTORE ACT-COUNCIL SELECTED RESTORATION COMPONENT FUNDED ORANGE BEACH STORMWATER MASTER PLAN

FINDINGS:

1. The purpose of this Agreement is for Alabama Department of Conservation and Natural Resources (ADCNR) to provide funding under the Resources and Ecosystem Sustainability, Tourism Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act) as part of the Coastal Alabama Regional Waer Quality Program to the City of Orange Beach for a Stormwater Maser Plan.
2. The purpose of the project is to produce a stormwater masterplan of the Bear Point area that will ultimately result in improved stormwater treatment and management enhancing resiliency of the community and improving downstream water quality in the surrounding coastal waters.
3. ADCNR will disperse $250,000 to the City to offset the cost of the project.
4. The city will contribute $62,500 towards the project and ADCNR will disperse the remaining funds to the City to carry out the scope of the project in an amount not to exceed a total of $312,500.
5. After having reviewed the letter, the City Council has determined that the provisions are in the best interest of the City of Orange Beach, Alabama.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ORANGE BEACH, ALABAMA, AS FOLLOWS:

1. That the Council authorized the Mayor and City Clerk to execute and attest, respectively, the letter between the City of Orange Beach and the Alabama Department of Conservation and Natural Resources as an act for and behalf of the City of Orange Beach, subject to final approval by the City Attorney; and
2. That this Resolution shall become effective upon its adoption.

ADOPTED THIS 7th DAY OF MAY, 2024.

____
Renee Eberly
City Clerk

C E R T I F I C A T E

I, Renee Eberly, City Clerk of the City of Orange Beach, Alabama, do hereby certify that the foregoing is a true and correct copy of Resolution No. 24,-XXX which was duly and legally adopted at a regular meeting of the City Council on May 7, 2024.

____
City Clerk

ITEM 4.

REGULAR COMMITTEE OF THE WHOLE MEETING
APRIL 16, 2024

Departments: City Clerk

Description of Topic: Resolution appropriating $25,000 to the Coastal Alabama Business Chamber for the purpose of funding the Gateway Initiative. (RE)

Background/Description:

Action Options/Recommendation:

Source of Funding (if applicable):

ATTACHMENTS:

1. 05-07-24 24-xxx Appropriate Funds Gateway Initiative Gulf Coast Chamber of Commerce

RESOLUTION NO. 24-xxx

A RESOLUTION APPROPRIATING $25,000 TO THE COASTAL ALABAMA BUSINESS CHAMBER FOR THE PURPOSE OF FUNDING THE GATEWAY INITIATIVE

FINDINGS:

1. The City of Orange Beach is a coastal resort community located in Baldwin County, Alabama that desires to maintain a strong and growing economy while continuing to develop strategic efforts to manage growth, expand tourism, diversify the economy and improve transportation and education.
2. The City relies upon the support, networking, marketing and other efforts of the Coastal Alabama Business Chamber for various economic development initiatives.
3. The Coastal Alabama Business Chamber and South Baldwin Chamber of Commerce have partnered to create the "Gateway Initiative Accountability Plan 2024," which seeks to enhance (1) workforce development and recruitment, (2) business engagement and incubation, (3) business-driven needs assessment and solutioning, (4) pro-business advocacy, and (5) governance and administration.
4. City Council has determined that investing in economic development programs is beneficial to the City of Orange Beach and serves a public purpose.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ORANGE BEACH, ALABAMA, AS FOLLOWS:

1. That Council hereby appropriates the sum of Twenty Five Thousand Dollars ($25,000.00) to be specifically utilized to fund the Gateway Initiative for the 2024 calendar year;
2. That the Gateway Initiative leadership shall provide semi-annual updates to the elected body in public meetings to maintain transparency and identify progress of program goals; and
3. That the City shall monitor benchmarks and economic indicators along with Gateway Initiative leadership and develop strategic initiatives and programs that support overall economic development and established strategies throughout the year.

ADOPTED THIS 7th DAY OF MAY, 2024.

____
Renee Eberly
City Clerk

C E R T I F I C A T E

I, Renee Eberly, City Clerk of the City of Orange Beach, Alabama, do hereby certify that the foregoing is a true and correct copy of Resolution No. 24-xxx, which was duly and legally adopted at a regular meeting of the City Council on May 7, 2024.

____
City Clerk

ITEM 5.

REGULAR COMMITTEE OF THE WHOLE MEETING
APRIL 16, 2024

Departments: Coastal Resources

Description of Topic: Resolution authorizing execution of a professional services agreement with Nick Rich, dba Wilde Design, for design and consultation services. (MV)

Background/Description:

Action Options/Recommendation:

Source of Funding (if applicable):

ATTACHMENTS:

1. 05-07-24 24-xxx Authorize Professional Services Agreement Coastal Resources Wilde Design
2. 2024.04.12 Professional Services Agreement Coastal Resources Wildlife Center Nick Rich Wilde Design

RESOLUTION NO. 24-xxx

A RESOLUTION AUTHORIZING EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH NICK RICH (DBA WILDE DESIGN) FOR DESIGN SERVICES

FINDINGS:

1. The City of Orange Beach has reached an agreement (attached Exhibit A) with Nick Rich, doing business as Wilde Design, whereby Wilde Design will provide design services for the Coastal Resources Department.
2. After having reviewed the agreement, the City Council has determined that the provisions are in the best interest of the City of Orange Beach, Alabama.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ORANGE BEACH, ALABAMA, AS FOLLOWS:

1. That the Council authorizes the Mayor and City Clerk to execute and attest, respectively, the agreement in substantially the form and of substantially the content now before the Council between the City of Orange Beach and Nick Rich, doing business as Wilde Design, as an act for and on behalf of the City of Orange Beach subject to final approval by the City Attorney; and
2. That this Resolution shall become effective upon its adoption.

ADOPTED THIS 7th DAY OF MAY, 2024.

____
Renee Eberly
City Clerk

C E R T I F I C A T E

I, Renee Eberly, City Clerk of the City of Orange Beach, Alabama, do hereby certify that the foregoing is a true and correct copy of Resolution No. 24-xxx, which was duly and legally adopted at a regular meeting of the City Council on May 7, 2024.

____
City Clerk

PROFESSIONAL SERVICES CONTRACT

THIS PROFESSIONAL SERVICES CONTRACT (hereinafter "Agreement") is made and entered into by and between the City of Orange Beach, an Alabama Municipal Corporation (hereinafter "City"), and Nick Rich, doing business as Wilde Design (hereinafter "Contractor"), as follows:

WHEREAS, Contractor is engaged in the business of providing design and consultation services;

WHEREAS, City desires to engage Contractor to provide said services upon the following terms and conditions;

NOW THEREFORE,

WITNESSETH:

City and Contractor, for and in consideration of the mutual covenants and agreements hereinafter set forth to be kept and performed by the other, and other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, do hereby covenant and agree as follows:

I. SERVICES TO BE PERFORMED

Contractor agrees to perform surveying, engineering design, and environmental services, and to represent the City as requested as their Consultant on a variety of assigned project. Each project will be assigned to Contractor in the form of a written Task Order describing the scope of work. A copy of this Agreement shall be attached to each Task Order.

Contractor agrees to perform services that may include, but not be limited to, design and consultation services as required by the City, and other services as requested.

II. COMPENSATION

Fees for work completed and reimbursable expenses will be invoiced to the City on a monthly basis, based on the following hourly rate schedule. It is anticipated that hourly fees will apply to conceptual and programming work in order to establish definitive scope of work for a specific project (Task Order). Once a project scope is identified, it is anticipated that a lump-sum fee will be established based on a percentage of the estimated cost of construction (see Alabama Building Commission Fee Schedule):

Design Work $90.00 PER HOUR

III. TERM OF AGREEMENT

Unless terminated earlier in accordance with the termination provisions of this Agreement, the term of this Agreement shall commence upon its adoption by the Orange Beach City Council and shall continue thereafter for twelve months.

IV. GENERAL PROVISIONS

A. Contractor agrees to permit at all reasonable times and places an audit of its books and records by City's duly authorized representatives.

B. Notwithstanding any of the provisions of this Agreement, it is agreed that City has no financial interest in the business of Contractor and shall not be liable for any debts or obligations incurred by Contractor, nor shall City be deemed or construed to be a partner, joint venture or otherwise interested in the assets of Contractor, or in the sums earned or derived by Contractor, nor shall Contractor at any time or times use the name or credit of City in purchasing or attempting to purchase any car, equipment, supplies or other thing or things whatsoever.

C. Contractor shall act as a representative of the City, under the direct supervision of the City. Contractor shall have no authority to obligate the City in any way whatsoever. In the performance of his duties, the Contractor shall be deemed an independent contractor.

D. Contractor acknowledges that its identity and peculiar capacity to provide the services described hereinabove constitute a material consideration for City's having entered into this Agreement. Therefore, Contractor shall not transfer or assign this Agreement or any of the rights or privileges granted herein without the prior written consent of City; which such consent shall be granted or denied solely at City's discretion.

E. Contractor hereby agrees to comply strictly with all ordinances of the City of Orange Beach, Alabama, and the laws of the State of Alabama and of the United States while performing its obligations under the terms of this Agreement.

F. Contractor agrees that upon the violation of any of the covenants and agreements herein contained, on account of any act or omission or commission of Contractor, City may, at its option, terminate and cancel this Agreement.

G. Contractor agrees that it will comply with Title 6 of the Civil Rights Act of 1964 which provides that no person will be excluded from participation in, or be denied benefits of, or otherwise be subjected to discrimination on the grounds of race, sex, color, national origin, or disability, in connection with federally funded programs.

H. City may terminate this Agreement with or without cause at any time by giving written notice to Contractor of such termination (herein called a "Notice of Termination"), specifying the effective date thereof not less than thirty (30) calendar days before the effective date of the termination. Contractor shall have the right to terminate this Agreement by giving City written notice and remaining in service for a sufficient time to allow City to seek a suitable replacement. Should Contractor be terminated pursuant to the terms of this subpart, then this Agreement shall terminate on the last day of Contractor's current month of employment and City shall not be liable for any compensation beyond that date.

I. Contractor agrees to indemnify and hold the City, its elected officials, officers, agents, and employees whole and harmless from all costs, liabilities and claims for damages of any kind arising in any way out of the negligent acts, errors or omissions of the contractor in performance of this Agreement and/or the activities of the Contractor, its principals, directors, agents, servants and employees in the performance of this Agreement, for which the City is alleged to be liable. In the event the City, through no fault of its own, is made a party to any lawsuit or legal proceeding arising from Contractor's activities under this Agreement, Contractor agrees to indemnify and hold the City harmless from all costs, including attorneys' fees and expenses, associated with same. This indemnification extends only to third party claims and actions filed against the City as a result of any negligent actions by the Contractor under this Agreement. This duty shall survive the termination of this contract.

J. All notices of cancellation, requests, demands, or other communications shall be in writing and duly delivered to the following address for City at:

   Renee Eberly, City Clerk
   P.O. Box 458
   Orange Beach, Alabama 36561

   Copy to: City Attorney

And to Contractor at:

Wilde Design
113 Buffalo Road
Clarksville, Virginia 23927

K. This Agreement is the final expression of the agreement between the parties, and the complete and exclusive statement of the terms agreed upon, and shall supersede all prior negotiations, understandings, or agreements. There are no representations, warranties, or stipulations, either oral or written, not contained herein.

L. Any alterations, variations, modifications, or waivers of the provisions of this Agreement shall only be valid when they have been reduced to writing and signed by authorized representatives of the party against whom enforcement is sought.

M. The provisions of this Agreement shall be deemed severable. If any part of this Agreement is rendered void, invalid or unenforceable, such rending shall not affect the enforceability of the remainder of this Agreement unless the part or parts which are void, invalid or otherwise unenforceable shall substantially impair the value of the entire agreement with respect to any party.

N. This Agreement shall be governed by the laws of the State of Alabama, and the appropriate venue for any actions arising out of this Agreement shall be Baldwin County, Alabama.

O. Contractor shall obtain, at its own expense, all necessary licenses, permits, insurance, authorization and assurances necessary in order to abide by the terms of this Agreement.

V. INSURANCE

For the term of this Agreement, the Contractor shall acquire and maintain in full force and effect the following liability and comprehensive insurance issued by a company licensed and qualified to do business in the State of Alabama, which such insurance shall name the City of Orange Beach as an additional insured, and shall attach to this contract, as proof thereof, a certificate of insurance issued by an agent licensed and qualified to do business in the State of Alabama:

Worker's Compensation – as required by State of Alabama law

General Liability Insurance – public liability including premises, products, complete operations and automobile comprehensive and liability, including owned, non-owned, and hired vehicles.

Either:

(1) Bodily injury liability
$250,000 each person
$500,000 each occurrence
Property damage liability
$100,000 each occurrence

Or,

(2) Bodily injury and property damage combined
$500,000 per occurrence

Professional Errors and Omissions – coverage limits of $3,000,000 each claim and policy aggregate, an extended discovery period to apply for at least two (2) years after work is accepted by the City of Orange Beach, and a deductible not to exceed $10,000 for which the Contractor will remain solely responsible.

If the certificate of insurance referenced in this Agreement does not evidence insurance of owned vehicles, said certificate and this sentence shall evidence the Contractor's covenant that it does not own any vehicles and that it will not purchase or obtain any vehicles during the term of this Agreement.

Said certificate shall require that said insurance will not be altered or terminated unless City shall be given written notice of such alteration or termination delivered to City not less than thirty (30) days before the effective date of such alteration or termination.

VI. CONFIDENTIALITY

Contractor (including its employees, agents, subcontractors) acknowledges that all confidential business and personal information ("Protected Information") that it may obtain while performing services for the City, is deemed confidential and proprietary to the City. During Contractor's tenure with the City, Contractor agrees to use Protected Information only and strictly as required to perform its services on behalf of the City. Contractor will not disclose Protected Information to any person or entity without the prior written consent of the City and the written agreement of any third party. Contractor agrees to refer any request for public information or records to the City Clerk, who is the custodian of records for the City and is responsible for the disclosure of public records in accordance with the public records laws of the state. Contractor agrees that it will not duplicate or incorporate Protected Information into its own records or databases and that after the conclusion of its services to the City all Protected Information in the Contractor's possession will be turned over to the City. Contractor agrees not to disclose, use, transfer, or transmit the information to any person or entity for any purpose whatsoever. This includes records, passwords, access codes, manuals, statistics, software, audio/video recordings, or storage disks of any kind containing Protected Information.

IN WITNESS WHEREOF, we have hereunto set our hands and seals on this the ______ day of _______________, 20_____.

CITY OF ORANGE BEACH, A Municipal Corporation

By: ____
Mayor Tony Kennon

ATTEST:

____
City Clerk

CONTRACTOR:

Wilde Design

By: ____
Nick Rich

Its: Owner

ITEM 6.

REGULAR COMMITTEE OF THE WHOLE MEETING
APRIL 16, 2024

Departments: Coastal Resources

Description of Topic: Resolution authorizing the execution of a task order with Nick Rich, dab Wilde Design, to provide design and project consultation services for the wildlife center outdoor enclosures in an amount not to exceed $9,000. (MV)

Background/Description: Wilde designs specializes in exotics and wildlife habitats. They will provide plans, enclosure designs, building recommendations based on species and permit requirements, and guidance throughout the entire building process. This is important for the wildlife center, so we can insure the animals are in a safe and secure habitat for years to come. Previous enclosures that we have built without professional consultation have not withstood the test of time and are not safe for both the animals or the people caring for them.

Action Options/Recommendation:

Source of Funding (if applicable): Funding is budgeted within Coastal Resources professional fees.

ATTACHMENTS:

1. 05-07-24 24-xxx Authorize Task Order Nick Rich Wilde Design Wildlife Center Outdoor Enclosure
2. 2024.04.12 Task Order Nick Rich Wilde Design Wildlife Center Outdoor Enclosure

RESOLUTION NO. 24-xxx

A RESOLUTION AUTHORIZING THE EXECUTION OF A TASK ORDER WITH NICK RICH (DBA WILDE DESIGN) TO PROVIDE DESIGN AND CONSTRUCTION CONSULTATION SERVICES FOR OUTDOOR ENCLOSURES AT THE WILDLIFE CENTER IN AN AMOUNT NOT TO EXCEED $9,000

FINDINGS:

1. The Orange Beach City Council, by Resolution No. 24-xxx adopted May 7, 2024, approved a contract with Nick Rich, doing business as Wilde Design, to perform certain design and consultation services ("the Contract").
2. The Contract authorized work to be assigned by one or more task orders approved from time to time by the City Council.
3. The Wildlife Center Manager has submitted a task order (attached Exhibit A) for Council approval.
4. The proposed Task Order requires Wilde Design to provide design and construction services for outdoor enclosures at the Wildlife Center.
5. The scope of work described in the Task Order is authorized by the Contract and furthers public health, safety, and welfare.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ORANGE BEACH, ALABAMA, AS FOLLOWS:

1. That the Mayor is hereby authorized to execute the Task Order as presented to Council between the City of Orange Beach and Nick Rich, doing business as Wilde Design, on behalf of the City of Orange Beach subject to final approval by the City Attorney;
2. That the City Council authorizes payment in an amount not to exceed $9,000.00 to Nick Rich, doing business as Wilde Design, to complete the Task Order as presented; and
3. That this Resolution shall become effective immediately upon its adoption.

ADOPTED THIS 7th DAY OF MAY, 2024.

____
Renee Eberly
City Clerk

C E R T I F I C A T E

I, Renee Eberly, City Clerk of the City of Orange Beach, Alabama, do hereby certify that the foregoing is a true and correct copy of Resolution No. 24-xxx, which was duly and legally adopted at a regular meeting of the City Council on May 7, 2024.

____
City Clerk

WILDESIGN

March 3, 2024

Melissa Vinson
Coastal Programs Coordinator
City of Orange Beach
4697 Walker Avenue
Orange Beach, AL 36561

Dear Melissa:

Wilde Design is happy to be a part of Orange Beach Wildlife Center's new project. As discussed, we will be able to provide design and construction consultation throughout the project as detailed below.

Project Consultation **LUMP SUM $4,200.00**

- Assist with construction management and design direction from an off-site role for 3 months
- On-call availability for project and construction needs at all times
- Extra assistance will incur $1,000 fee per additional month, not to exceed $3,000.00

Design Work **$90.00 PER HOUR**

- Needed changes to current design, added features, additional diagrams not to exceed 20 hours totaling $1,800.00

Total of all work plus additional needs is not to exceed $9,000.00, if you have any questions, please contact me anytime at (503) 807-0740. Thank you for this opportunity to assist.

Sincerely,

Nick Rich
Owner, Wilde Design

ITEM 7.

REGULAR COMMITTEE OF THE WHOLE MEETING
APRIL 16, 2024

Departments: City Clerk

Description of Topic: Resolution authorizing the City of Orange Beach to join the State of Alabama and other local governments as a participant in opioid settlements. (JL)

Background/Description:

Action Options/Recommendation:

Source of Funding (if applicable):

ATTACHMENTS:

1. 05-07-24 24-xxx Authorize Participation Opioid Settlements Cardinal Cencora
2. 2024.04.12 Settlement Agreement Cardinal Cencora Opioid
3. 2024.04.12 Allocation Agreement Cardinal Cencora Opioid

RESOLUTION NO. 24-xxx

A RESOLUTION AUTHORIZING THE CITY OF ORANGE BEACH TO JOIN THE STATE OF ALABAMA AND OTHER LOCAL GOVERNMENTS AS A PARTICIPANT IN OPIOID SETTLEMENTS

FINDINGS:

1. The opioid epidemic continues to impact communities in the United States, the State of Alabama, and the City of Orange Beach, Alabama.
2. The City of Orange Beach has suffered harm and will continue to suffer harm as a result of the opioid epidemic.
3. The State of Alabama and some Alabama local governments have filed lawsuits against opioid manufacturers, distributors, and retailers ("Opioid Litigation").
4. The State of Alabama has entered into Settlement Agreements with Cardinal Health ("Cardinal") and Cencora f/k/a AmerisourceBergen Drug Company ("Cencora"), which include the claims for the State of Alabama's local governments.
5. Orange Beach finds the terms of the Cardinal and Cencora Settlement Agreements acceptable and in the best interest of the community.
6. The State of Alabama has prepared and presented Settlement Sign-On Agreements to the local governments and Orange Beach finds the terms of the Sign-On Agreements acceptable and in the best interest of the community.
7. The current Settlement Agreements and Sign-On Agreements will detail the allocation of Settlement Funds, which Orange Beach finds acceptable and in the best interest of the community.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ORANGE BEACH, ALABAMA, AS FOLLOWS:

1. That Orange Beach finds that participation in the Cardinal and Cencora Opioid Settlements is in the best interest of Orange Beach and its citizens;
2. That Orange Beach hereby expresses its support for the Settlement of Opioid claims against Cardinal and Cencora and the allocation and use of Settlement Funds as generally described in the Settlement Agreement and Sign-On Agreement because such a plan would ensure an effective structure for the commitment of Settlement Funds to abate and seek to resolve the opioid epidemic;
3. That the Mayor is expressly authorized to execute the Cardinal and Cencora Settlement Sign-On Agreements and to execute any formal agreements necessary to implement the Settlements and plan for the allocation and use of Settlement Funds;
4. That the Mayor is hereby expressly authorized to execute any formal agreement and related documents evidencing Orange Beach's agreement to the settlement of its Cardinal and Cencora claims and litigation related to the Opioid Epidemic;
5. That the Mayor is authorized to take such other action as necessary and appropriate to effectuate Orange Beach's participation in the Cardinal and Cencora Settlements related to the Opioid Epidemic; and
6. That this Resolution shall become effective immediately upon its adoption.

ADOPTED THIS 7th DAY OF MAY, 2024.

____
Renee Eberly
City Clerk

C E R T I F I C A T E

I, Renee Eberly, City Clerk of the City of Orange Beach, Alabama, do hereby certify that the foregoing is a true and correct copy of Resolution No. 24-xxx, which was duly and legally adopted at a regular meeting of the City Council on May 7, 2024.

City Clerk

<u>CARDINAL AND CENCORA ALABAMA SETTLEMENT AGREEMENT</u>

This Cardinal and Cencora Alabama Settlement Agreement ("*Agreement*") sets forth the terms and conditions of a settlement agreement between and among the State of Alabama ("*State*"), all Participating Subdivisions (as that term is defined herein), Cardinal Health, Inc. ("*Cardinal*"), and Cencora, Inc. ("*Cencora*") to resolve opioid-related Claims against Cardinal and/or Cencora (each, a "*Settling Distributor*" and collectively, "*Settling Distributors*"). This Settlement is intended by the Parties to fully, finally, and forever resolve, discharge, and settle the Released Claims (as that term is defined herein) of the State of Alabama, as well as its Participating Subdivisions, upon and subject to the terms and conditions hereof.

The Settling Distributors have agreed to the below terms for the sole purpose of settlement, and nothing herein, including in any exhibit to this Agreement, may be taken as or construed to be an admission or concession of any violation of law, rule, or regulation, or of any other matter of fact or law, or of any liability or wrongdoing, or any misfeasance, nonfeasance, or malfeasance, all of which the Settling Distributors expressly deny. No part of this Agreement, including its statements and commitments, and its exhibits, shall constitute or be used as evidence of any liability, fault, or wrongdoing by the Settling Distributors. Unless the contrary is expressly stated, this Agreement is not intended for use by any third party for any purpose, including submission to any court for any purpose.

In recognition of and reliance on the foregoing and the terms and conditions set forth below, IT IS HEREBY AGREED by, among, and between the Parties, by and through their respective counsel, as follows:

I. Definitions

As used in this Agreement the following capitalized terms have the meanings specified below.

A. "*Actions*." The Alabama AG Action and all Other Alabama Opioid Actions.

B. "*Agreement*." This Cardinal and Cencora Alabama Settlement Agreement, inclusive of all exhibits attached hereto.

C. "*Alabama AG Action*." *State of Alabama v. Endo Health Solutions, Inc., et al.*, Case No. CV-2019-901174 (Ala. Cir. Ct. Montgomery County).

D. "*Alabama Consent Judgment*." A consent judgment in a form to be agreed upon by the State of Alabama and the Settling Distributors that, among other things, (1) approves this Agreement and (2) provides for the release set forth in <u>Section VI</u>, including the dismissal with prejudice of the Alabama AG Action. The Alabama Consent Judgment is attached as <u>Exhibit I</u>.

E. "*Alleged Harms*." The alleged past, present, and future financial, societal, and public nuisance harms and related expenditures arising out of the alleged misuse and abuse of Products (as defined below), non-exclusive examples of which are described in the documents listed on <u>Exhibit A</u>, all of which were filed in connection with the case captioned *In re National Prescription Opiate Litigation*, No. 1-17-md-02804 (N.D. Ohio) ("*MDL*"), that have allegedly arisen as a result of the physical and bodily injuries sustained by individuals suffering from opioid-related addiction, abuse, death, and other related diseases and disorders, and that have allegedly been caused by the Settling Distributors and other pharmaceutical distributors.

F. "*Appropriate Official*." As defined in Section X.G.3.

G. "*Claim*." Any past, present or future cause of action, claim for relief, cross-claim or counterclaim, theory of liability, demand, derivative claim, request, assessment, charge, covenant, damage, debt, lien, loss, penalty, judgment, right, obligation, dispute, suit, contract, controversy, agreement, *parens patriae* claim, promise, performance, warranty, omission, or grievance of any nature whatsoever, whether legal, equitable, statutory, regulatory or administrative, whether arising under federal, state or local common law, statute, regulation, guidance, ordinance or principles of equity, whether filed or unfiled, whether asserted or unasserted, whether known or unknown, whether accrued or unaccrued, whether foreseen, unforeseen or unforeseeable, whether discovered or undiscovered, whether suspected or unsuspected, whether fixed or contingent, and whether existing or hereafter arising, in all such cases, including, but not limited to, any request for declaratory, injunctive, or equitable relief, compensatory, punitive, or statutory damages, absolute liability, strict liability, restitution, abatement, subrogation, contribution, indemnity, apportionment, disgorgement, reimbursement, attorney fees, expert fees, consultant fees, fines, penalties, expenses, costs, or any other legal, equitable, civil, administrative, or regulatory remedy whatsoever; *provided*, *however*, that "Claims" shall not include claims by individuals for damages for personal injury arising out of their own use of any Opioid Product.

H. "*Claim-Over*." A Claim asserted by a non-Released Entity against a Released Entity on the basis of contribution, indemnity, or other claim-over on any theory relating to a Non-Party Covered Conduct Claim asserted by a Releasor.

I. "*Compensatory Restitution Amount*." The amount of the Settlement Payment less any amounts paid as attorneys' fees and costs pursuant to Sections VII.A and VII.B.

J. "*Court*." The Circuit Court for Montgomery County, State of Alabama, to which the Agreement and the Alabama Consent Judgment will be presented for approval and/or entry.

K. "*Covered Conduct*." Any actual or alleged act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, misstatement, misleading statement, or other activity of any kind whatsoever from the beginning of time through the Effective Date (and any past, present, or future consequence of any such act, failure to act, negligence, statement, error, omission, breach of duty, conduct, event, transaction, agreement, misstatement, misleading statement, or other activity) relating in any way to (1) the discovery, development, manufacture, packaging, repackaging, marketing, promotion, advertising, labeling, recall, withdrawal, distribution, delivery, monitoring, reporting, supply, sale, prescribing, dispensing, physical security, warehousing, use or abuse of, or operating procedures relating to, any Product, or any system, plan, policy, or advocacy relating to any Product or class of Products, including, but not limited to, any unbranded promotion, marketing, programs, or campaigns relating to any Product or class of Products; (2) the characteristics, properties, risks, or benefits of any Product; (3) the reporting, disclosure, non-reporting or non-disclosure to federal, state or other regulators of orders placed with any Released Entity; or (4) diversion control programs or suspicious order monitoring; *provided*, *however*, that as to any Claim that a Releasor has brought or could bring, Covered Conduct does not include non-compliance with statutory or administrative supply security standards concerning cleanliness of facilities or stopping counterfeit products. For the avoidance of doubt, Covered Conduct does not include any future act, failure to act, negligence, statement, error, omission, breach of any duty, conduct, event, transaction, agreement, misstatement, misleading statement, or other activity of any kind occurring after the Effective Date.

L. "*Effective Date*." The date of entry of the Alabama Consent Judgment, which shall be filed not later than thirty (30) calendar days after the condition in Section II.A is satisfied.

M. "*Execution Date*." The date on which this Agreement is executed by the last party to do so.

N. "*Later Litigating Subdivision*." A Subdivision (or Subdivision official asserting the right of or for the Subdivision to recover for Alleged Harms to the Subdivision and/or the people thereof) that: (1) first files a lawsuit bringing a Released Claim against a Released Entity after the Execution Date; or (2) adds a Released Claim against a Released Entity after the Execution Date to a lawsuit brought before the Execution Date that, prior to the Execution Date, did not include any Released Claims against a Released Entity.

O. "*Litigating Subdivision*." A Subdivision (or Subdivision official) that brought any Released Claim against any Released Entity prior to the Execution Date.

P. "*Non-Litigating Subdivision*." Any Subdivision that is neither a Litigating Subdivision nor a Later Litigating Subdivision.

Q. "*Non-Party Settlement*." A settlement by any Releasor that settles any Non-Party Covered Conduct Claim and includes a release of any Non-Released Entity.

R. "*Non-Released Entity*." An entity that is not a Released Entity.

S. "*Opioid Remediation*." Care, treatment, and other programs and expenditures (including, reimbursement for past such programs or expenditures) designed to: (1) address the misuse and abuse of opioid products; (2) treat or mitigate opioid use or related disorders; or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic. Exhibit B provides a non-exhaustive list of expenditures that qualify as being paid for Opioid Remediation. Qualifying expenditures may include reasonable related administrative expenses.

T. "*Other Alabama Opioid Actions*." Any and all lawsuits by Releasors asserting any Released Claims against any Released Entities, aside from the Alabama AG Action.

U. "*Participating Subdivision*." For Non-Litigating Subdivisions, as set forth in Section III.B. For Litigating Subdivisions, as set forth in Section III.A. Exhibit C is a list of

Subdivisions that must become Participating Subdivisions as a condition to effectiveness of this agreement.

V. "*Parties*." Cardinal, Cencora, and the State of Alabama, with each being a "*Party*."

W. "*Product*." Any chemical substance, whether used for medicinal or non-medicinal purposes, and whether natural, synthetic, or semi-synthetic, or any finished pharmaceutical product made from or with such substance, that is: (1) an opioid or opiate, as well as any product containing any such substance; (2) benzodiazepine, carisoprodol, or gabapentin; or (3) a combination or "cocktail" of chemical substances prescribed, sold, bought, or dispensed to be used together that includes opioids or opiates. "Product" shall include, but is not limited to, any substance consisting of or containing buprenorphine, codeine, fentanyl, hydrocodone, hydromorphone, meperidine, methadone, morphine, oxycodone, oxymorphone, tapentadol, tramadol, opium, heroin, carfentanil, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triozolam, temazepam, midazolam, carisoprodol, gabapentin, or any variant of these substances or any similar substance. Notwithstanding the foregoing, nothing in this section prohibits the State from taking administrative or regulatory action related to benzodiazepine (including, but not limited to, diazepam, estazolam, quazepam, alprazolam, clonazepam, oxazepam, flurazepam, triozolam, temazepam, and midazolam), carisoprodol, or gabapentin that is wholly independent from the use of such drugs in combination with opioids, provided such action does not seek money (including abatement and/or remediation) for conduct prior to the Effective Date.

X. "*Released Claims*." Any and all Claims that directly or indirectly are based on, arise out of, or in any way relate to or concern the Covered Conduct occurring prior to the Effective Date. Without limiting the foregoing, Released Claims include any Claims that have been asserted against a Released Entity by the State of Alabama or any Subdivision in any federal, state, or local action or proceeding (whether judicial, arbitral, or administrative) based on, arising out of, or relating to, in whole or in part, the Covered Conduct, or any such Claims that could be or could have been asserted now or in the future in those actions or in any comparable action or proceeding brought by the State of Alabama, any Subdivision, or any Releasor (whether or not the State of Alabama, any Subdivision, or any Releasor has brought such action or proceeding). Released Claims also include all Claims asserted in any proceeding to be dismissed pursuant to this Agreement, whether or not such claims relate to Covered Conduct. The Parties intend that this term, "Released Claims," be interpreted broadly.

Y. "*Released Entities*." With respect to Released Claims, the Settling Distributors and (1) all of its past and present subsidiaries, divisions, predecessors, successors, and assigns (in each case, whether direct or indirect) of each Settling Distributor; (2) all past and present subsidiaries and divisions (in each case, whether direct or indirect) of any entity described in clause (1); (3) the respective past and present officers, directors, members, trustees, and employees of any of the foregoing (each for actions that occurred during and related to their work for, or employment with, any of the Settling Distributors or the foregoing entities); (4) all past and present joint ventures (whether direct or indirect) of each Settling Distributor or its subsidiaries, including in any Settling Distributor's or subsidiary's capacity as a participating member in such joint venture; (5) all direct or indirect parents and shareholders of the Settling

Distributors (solely in their capacity as parents or shareholders of the applicable Settling Distributor with respect to Covered Conduct); and (6) any insurer of any Settling Distributor or any person or entity otherwise described in clauses (1)-(5) (solely in its role as insurer of such person or entity and subject to the last sentence of Section VI.B.2). Any person or entity described in clauses (3)-(6) shall be a Released Entity solely in the capacity described in such clause and shall not be a Released Entity with respect to its conduct in any other capacity. Lists of Settling Distributors' subsidiaries, joint ventures, and predecessor entities are appended to this Agreement as Exhibit D. With respect to joint ventures (including predecessor entities), only entities listed on Exhibit D are Released Entities. With respect to wholly-owned subsidiaries (including predecessor entities), Exhibit D represents a good-faith effort by the Settling Distributors to list all such entities, but any and all wholly-owned subsidiaries (including predecessor entities) of any Settling Distributor are Released Entities, whether or not they are listed on Exhibit D.

Z. "*Releasors*." With respect to Released Claims, (1) the State of Alabama and all Participating Subdivisions, and all of their past, present, and future agencies, authorities, boards (including the State Board of Health and all county boards of health), commissions, councils, departments, districts, divisions, subdivisions, offices, entities, public instrumentalities, public educational institutions, predecessors, successors, assigns, officials (elected or unelected), employees, attorneys, agents, representatives, and any other persons or entities within the control of any of the foregoing or through which any of the foregoing may take action and (2) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign capacity seeking relief on behalf of or generally applicable to the general public with respect to the State of Alabama or any Participating Subdivision, whether or not any of them participate in this Agreement. The State of Alabama's Attorney General represents that he or she has or has obtained (or will obtain no later than the Execution Date) the authority to provide the Releases set forth in Section VI. In addition to being a Releasor as provided herein, each Participating Subdivision shall also provide to the State of Alabama a Subdivision Settlement Participation Form pursuant to Sections III.A-B.

AA. "*Settlement Payment*." The total amount to be paid by Settling Distributors pursuant to this Agreement, which is $245,000,000, inclusive of the Compensatory Restitution Amount and all fees and costs of any kind, including, if any, any common benefit assessment owed pursuant to the Ongoing Common Benefit Order in MDL Case No. 1:17-md-2804.

BB. "*Subdivision*." Any (1) General Purpose Government (including, but not limited to, a municipality, county, county subdivision, city, town, township, parish, village, borough, gore, or any other entities that provide municipal-type government), School District, or Special Districts that are Health Districts or Hospital Districts within the State of Alabama, and (2) any other subdivision or subdivision official or sub-entity of or located within the State of Alabama (whether political, geographical or otherwise, whether functioning or non-functioning, regardless of population overlap, and including, but not limited to, Nonfunctioning Governmental Units and public institutions) that has filed a lawsuit that includes a Released Claim against a Released Entity in a direct, *parens patriae*, or any other capacity. "General Purpose Government," "School District," and "Special District" shall correspond to the "five basic types of local governments" recognized by the U.S. Census Bureau and match the 2017 list of Governmental

Units.[1] The three (3) General Purpose Governments are county, municipal, and township governments; the two (2) special purpose governments are School Districts and Special Districts. "Fire Districts," "Health Districts," and "Hospital Districts" shall correspond to categories of Special Districts recognized by the U.S. Census Bureau.[2] References to the State of Alabama's Subdivisions or to a Subdivision "in," "of," or "within" the State of Alabama includes Subdivisions located within the State even if they are not formally or legally a sub-entity of the State; *provided*, *however*, that a "Health District" that includes any of the following words or phrases in its name shall not be considered a Subdivision: mosquito, pest, insect, spray, vector, animal, air quality, air pollution, clean air, coastal water, tuberculosis, and sanitary.

CC. "*Subdivision Settlement Participation Form*." The form attached as Exhibit E that Participating Subdivisions must execute and return to the Settling Distributors, and which shall include: (1) the Subdivision's acceptance of the terms and conditions of this Agreement, including its express agreement to be bound by the irrevocable releases set forth in Section VI; (2) the Subdivision's agreement to implement an immediate cessation of any and all litigation activities relating to such Subdivision's Claims as to all Released Entities; and (3) the Subdivision's agreement to file, prior to the Effective Date, a notice or stipulation of voluntary dismissal with prejudice of any and all Claims asserted by the Subdivision against the Released Entities, with each party to bear its own costs.

DD. "*Threshold Motion*." A motion to dismiss or equivalent dispositive motion made at the outset of litigation under applicable procedure. A Threshold Motion must include as potential grounds for dismissal the relevant release by the State of Alabama or Participating Subdivision provided under this Agreement and, where appropriate under applicable law, any applicable limitations defense.

II. Conditions to Effectiveness

A. *Condition Precedent for Settlement*. It is a condition of this Agreement that all Subdivisions listed in Exhibit C become Participating Subdivisions within 60 days of the execution of this Agreement. This date may be extended by mutual agreement of the Parties.

B. *Filing of Consent Judgment*. Provided that the condition in Section II.A has been satisfied, the State of Alabama shall file the Alabama Consent Judgment attached hereto as Exhibit I with the Court not later than thirty (30) calendar days after the condition in Section II.A is satisfied. In the event that the Court declines to enter the Alabama Consent Judgment, each Settling Distributor shall be entitled to terminate the Agreement as to itself and shall be excused from all obligations under the Agreement, and if a Settling Distributor terminates the Agreement as to itself, all releases and other commitments or obligations contained herein with respect to

[1] https://www.census.gov/data/datasets/2017/econ/gus/public-use-files.html

[2] A list of 2017 Government Units provided by the Census Bureau identifies 38,542 Special Districts and categorizes them by "FUNCTION_NAME." "Govt_Units_2017_Final" spreadsheet, "Special District" sheet, included in "Independent Governments - list of governments with reference information," https://www.census.gov/data/datasets/2017/econ/gus/public-use-files.html. As used herein, "Fire District" corresponds to Special District function name "24 – Local Fire Protection," "Health District" corresponds to Special District function name "32 – Health," and "Hospital District" corresponds to Special District function name "40 – Hospitals." See id. "Library District" corresponds to Special District function name "52 – Libraries" (see id.) The State has represented that there are no Library Districts in Alabama.

that Settling Distributor will be null and void. The date of the entry of the Alabama Consent Judgment shall be the effective date of this Agreement ("*Effective Date*").

III. Participation by Subdivisions

A. *Requirements for Becoming a Participating Subdivision—Litigating Subdivisions/Later Litigating Subdivisions*. A Litigating Subdivision or Later Litigating Subdivision may become a Participating Subdivision by either executing a Subdivision Settlement Participation Form and upon prompt dismissal of its legal action or by having its claims extinguished by operation of law or released by the State of Alabama.

B. *Requirements for Becoming a Participating Subdivision—Non-Litigating Subdivisions*. A Non-Litigating Subdivision may become a Participating Subdivision by either executing a Subdivision Settlement Participation Form specifying (1) that the Subdivision agrees to the terms of this Agreement pertaining to Subdivisions, (2) that the Subdivision releases all Released Claims against all Released Entities, and (3) that the Subdivision submits to the jurisdiction of the court where the Alabama Consent Judgment is filed for purposes limited to that court's role under the Agreement or by having their claims extinguished by operation of law or release by the State of Alabama.

IV. Settlement Payments

A. *Annual Payments*. The Settling Distributors shall make ten (10) annual payments as follows and as set forth in Exhibit F:

1. Within fourteen (14) business days of the Effective Date, the Settling Distributors shall pay to the State of Alabama the Year 1 payment of $22 million.

2. Within fourteen (14) business days of the Effective Date, the Settling Distributors shall pay to the State of Alabama the fees and costs amount of $25 million identified in Section VII.A.

3. Subsequent annual payments of $22 million shall be made consistent with the schedule set forth in Exhibit F on July 15 of each subsequent year (*e.g.*, the Year 2 payment shall be made on July 15 of the year following the Year 1 payment).

B. *Procedure for Annual Payment*. The Settling Distributors shall pay each annual Settlement Payment as directed by the Attorney General of the State of Alabama; *provided, however*, that the Settling Distributors shall not be required to direct payments to more than two payees for any given annual Settlement Payment. The Attorney General of the State of Alabama shall provide payment instructions to the Settling Distributors no later than fourteen (14) business days before each payment is due. The State of Alabama shall be solely responsible for distributing any payments owed to Participating Subdivisions as may be agreed upon among them.

C. *Jury Verdict Form*. The State of Alabama agrees that none of the Released Entities will be included on the jury verdict form in any trial related to Covered Conduct in any future opioid-related action.

V. Allocation and Use of Settlement Payments

A. *Allocation of Payments Among Settling Distributors*. Payments due from the Settling Distributors under this Agreement will be allocated among the Settling Distributors as follows: Cardinal – 49.92%; Cencora – 50.08%. A Settling Distributor's sole responsibility for payments under this Agreement shall be to make its share of each payment. The obligations of the Settling Distributors in this Agreement are several and not joint. No Settling Distributor shall be responsible for any portion of another Settling Distributor's share.

B. *Allocation of Payments Received*. The Settlement Payment may be further apportioned among the State of Alabama and the Participating Subdivisions on Exhibit C at the sole discretion of the State of Alabama and such Participating Subdivisions as may be agreed upon among them, and the Settling Distributors shall have no duty, liability, or influence of any kind with respect to that further apportionment. The State of Alabama specifically represents, however, that any such apportionment and use shall be made in accordance with all applicable laws and consistent with Section V.C.

C. *Use of Settlement Payments*. The Compensatory Restitution Amount shall be used solely for Opioid Remediation. The remainder of the Settlement Payment may, pursuant to Sections VII.A and VII.B, be used for payment of reasonable attorney's fees and costs.

D. *Nature of Payment*. Each of the Parties and each of the Participating Subdivisions acknowledges and agrees that notwithstanding anything to the contrary in this Agreement, including, but not limited to, the scope of the Released Claims, and any agreement between the State of Alabama and one or more Subdivisions:

1. It has entered into this Agreement to avoid the delay, expense, inconvenience, and uncertainty of further litigation;

2. (a) the State of Alabama and the Participating Subdivisions sought compensatory restitution (within the meaning of 26 U.S.C. § 162(f)(2)(A)) as damages for the Alleged Harms allegedly suffered by the State of Alabama and the Participating Subdivisions; and (b) the Compensatory Restitution Amount is no greater than the amount, in the aggregate, of the Alleged Harms allegedly suffered by the State of Alabama and the Participating Subdivisions;

3. The payment of the Compensatory Restitution Amount by the Settling Distributors constitutes, and is paid for, compensatory restitution (within the meaning of 26 U.S.C. § 162(f)(2)(A)) for alleged damage or harm (as compensation for alleged damage or harm arising out of alleged bodily injury) allegedly caused by the Settling Distributors;

4. The Compensatory Restitution Amount is being paid as compensatory restitution (within the meaning of 26 U.S.C. § 162(f)(2)(A)) in order to restore, in whole or in part, the State of Alabama and the Subdivisions to the same position or condition that they would be in had the State of Alabama and the Subdivisions not suffered the Alleged Harms; and

5. For the avoidance of doubt: (a) no portion of the Compensatory Restitution Amount represents reimbursement to the State of Alabama, the Subdivisions, or other person or entity for the costs of any investigation or litigation, (b) the entire Compensatory Restitution Amount is properly characterized as described in Section V.D, and (c) no portion of the Compensatory Restitution Amount constitutes disgorgement or is properly characterized as the payment of statutory or other fines, penalties, punitive damages, or other punitive assessments.

VI. Release of Claims

A. *Scope*. As of the Effective Date, Releasors shall be deemed to have fully, finally, and forever released all Released Entities from all Released Claims. Releasors hereby absolutely, unconditionally, and irrevocably covenant not to bring, file, or claim, or to cause, assist, or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims of any type in any forum whatsoever against any Released Entity in any forum whatsoever. For the avoidance of doubt, Releasors agree that this Agreement and the releases contained herein shall fully and completely resolve any past, present, or future liability that any Released Entity may have arising from, relating to, or based on the Covered Conduct. The releases provided for in this Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any and all Released Claims and extend to the full extent of the power of the State of Alabama and its Attorney General to release claims. This Agreement is, will constitute, and may be pleaded as a complete bar to any Released Claim asserted against Released Entities.

B. *Claim-Over and Non-Party Settlement*. In the event the State of Alabama and/or its Subdivisions file suit against any non-party to this Agreement and that non-party seeks through contribution, indemnification, or other means, a claim against the Settling Distributors, the State of Alabama shall use best efforts to seek to have such claim or cause of action by any other defendant arising out of, related to, or involving the conduct made the basis of the Alabama AG Action dismissed with prejudice.

1. It is the intent of the Parties that:

a. Released Entities should not seek contribution or indemnification (other than pursuant to an insurance contract), from other parties for their payment obligations under this Agreement;

b. The payments made under this Agreement shall be the sole payments made by the Released Entities to the Releasors involving, arising out of, or related to Covered Conduct (or conduct that would be Covered Conduct if engaged in by a Released Entity);

c. Claims by Releasors against non-Parties should not result in additional payments by any Released Entity, whether through contribution, indemnification, or any other means; and

d. The Agreement meets the requirements of the Uniform Contribution Among Joint Tortfeasors Act and any similar state law or doctrine that reduces or discharges a released party's liability to any other parties.

The provisions of this Section VI.B are intended to be implemented consistent with these principles. This Agreement and the releases and dismissals provided for herein are made in good faith.

2. No Released Entity shall seek to recover for amounts paid under this Agreement based on indemnification, contribution, or any other theory from a manufacturer, pharmacy, hospital, pharmacy benefit manager, health insurer, third-party vendor, trade association, distributor, or health care practitioner; *provided* that a Released Entity shall be relieved of this prohibition with respect to any entity that asserts a Claim-Over against it. For the avoidance of doubt, nothing herein shall prohibit a Released Entity from recovering amounts owed pursuant to insurance contracts.

3. To the extent that, on or after the Effective Date, any Releasor enters into a non-Party Settlement, including in any bankruptcy case or through any plan of reorganization (whether individually or as a class of creditors), the Releasor will include (or in the case of a non-Party Settlement made in connection with a bankruptcy case, will cause the debtor to include), unless prohibited from doing so under applicable law, in the non-Party Settlement a prohibition on contribution or indemnity of any kind substantially equivalent to that required from the Settling Distributors in Section VI.B.2, or a release from such non-Released Entity in favor of the Released Entities (in a form equivalent to the releases contained in this Agreement) of any Claim-Over. The obligation to obtain the prohibition and/or release required by this subsection is a material term of this Agreement.

4. In the event that any Releasor obtains a judgment with respect to non-Party Covered Conduct against a non-Released Entity that does not contain a prohibition like that described in Section VI.B.3, or any Releasor files a non-Party Covered Conduct Claim against a non-Released Entity in bankruptcy or a Releasor is prevented for any reason from obtaining a prohibition/release in a non-Party Settlement as provided in Section VI.B.3, and such non-Released Entity asserts a Claim-Over against a Released Entity, the Released Entity shall be relieved of the prohibition in Section VI.B.2 with respect to that non-Released Entity and that Releasor and the Settling Distributors shall take the following actions to ensure that the Released Entities do not pay more with respect to Covered Conduct to Releasors or to Non-Released Entities than the amounts owed under this Settlement Agreement by the Settling Distributors:

a. Settling Distributors shall notify that Releasor of the Claim-Over within sixty (60) calendar days of the assertion of the Claim-Over or sixty (60) calendar days of the Effective Date of this Settlement Agreement, whichever is later;

b. Settling Distributors and that Releasor shall meet and confer concerning the means to hold Released Entities harmless and ensure that they are not required to pay more with respect to Covered Conduct than the amounts owed by Settling Distributors under this Agreement;

c. That Releasor and Settling Distributors shall take steps sufficient and permissible under the law of the State of Alabama to hold Released Entities harmless from the Claim-Over and ensure Released Entities are not required to pay more with respect to Covered Conduct than the amounts owed by Settling Distributors under this Agreement. Such steps may include, where permissible:

(i) Filing of motions to dismiss or such other appropriate motion by Settling Distributors or Released Entities, and supported by Releasors, in response to any claim filed in litigation or arbitration;

(ii) Reduction of that Releasors' Claim and any judgment it has obtained or may obtain against such non-Released Entity by whatever amount or percentage is necessary to extinguish such Claim-Over under applicable law, up to the amount that Releasor has obtained, may obtain, or has authority to control from such non-Released Entity;

(iii) Placement into escrow of funds paid by the non-Released Entities such that those funds are available to satisfy the Claim-Over;

(iv) Such other actions as the State of Alabama and Settling Distributors may devise to hold Settling Distributors harmless from the Claim-Over.

d. The actions of the State of Alabama and Settling Distributors taken pursuant to paragraph (c) must, in combination, ensure Settling Distributors are not required to pay more with respect to Covered Conduct than the amounts owed by Settling Distributors under this Agreement.

5. To the extent that the Claim-Over is based on a contractual indemnity, the obligations under Section VI.B.4 shall extend solely to a non-Party Covered Conduct Claim against a pharmacy, clinic, hospital or other purchaser or dispenser of Products, a manufacturer that sold Products, a consultant, and/or a pharmacy benefit manager or other third-party payor. Each Settling Distributor shall notify the State of Alabama, to the extent permitted by applicable law, in the event that any of these types of non-Released Entity asserts a Claim-Over arising out of contractual indemnity against it.

C. *General Release*. In connection with the releases provided for in this Agreement, the State of Alabama and each Subdivision (for itself and its Releasors) expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any State or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

> **General Release; extent**. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and

> that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which he, she, or it knows or believes to be true with respect to the Released Claims, but the State of Alabama, on behalf of itself and all other Releasors, hereby expressly waives and fully, finally, and forever settles, releases, and discharges, upon the Effective Date of the Release, any and all Released Claims against the Released Entities which may exist as of this date but which they do not know or suspect to exist, whether through ignorance, oversight, error, or negligence, and which, if known, would materially affect their decision to enter into this Agreement.

D. *Assigned Interest Waiver*. To the extent that the State of Alabama or any Subdivision has any direct or indirect interest in any rights of a third party that is a debtor under the Bankruptcy Code as a result of a claim arising out of Covered Conduct by way of assignment or otherwise, including as a result of being the beneficiary of a trust or other distribution entity, to assert claims against a Settling Distributor (whether derivatively or otherwise), under any legal or equitable theory, including for indemnification, contribution, or subrogation, such Settling State waives the right to assert any such claim, or to receive a distribution or any benefit on account of such claim and such claim, distribution, or benefit shall be deemed assigned to such Settling Distributor.

E. *Res Judicata*. Nothing in this Agreement shall be deemed to reduce the scope of the res judicata or claim preclusive effect that the settlement memorialized in this Agreement, and/or any Consent Judgment or other judgment entered on this Agreement, gives rise to under applicable law.

F. *Representation and Warranty*. The signatories hereto on behalf of the State of Alabama expressly represent and warrant that they have (or have obtained or will obtain no later than the Execution Date) the authority to settle and release, to the maximum extent of the State of Alabama's power, all Released Claims of (1) the State of Alabama, (2) all past and present executive departments, state agencies, divisions, boards, commissions, and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts, and (3) any of the State of Alabama's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license; and (4) any Subdivision.

G. *Effectiveness*. The releases set forth in this Agreement shall not be impacted in any way by any dispute that exists, has existed, or may later exist between or among the Releasors. Nor shall such releases be impacted in any way by any current or future law, regulation, ordinance, or court or agency order limiting, seizing, or controlling the distribution or use of the Settlement Payment or any portion thereof, or by the enactment of future laws, or by any seizure of the Settlement Payment or any portion thereof.

H. *Cooperation*. Releasors (1) will not encourage any person or entity to bring or maintain any Released Claim against any Released Entity and (2) will reasonably cooperate with and not oppose any effort by Settling Distributors to secure the prompt dismissal of any and all Released Claims.

> 1. For the avoidance of doubt, notwithstanding Section VI.H above, this is a pro tanto release of the Released Entities. It is not intended to be a release for defendants other than the Released Entities. Releasors reserve the right to proceed against other defendants, liable parties, and/or joint tortfeasors. It is the intention of the Parties to effect a good-faith pro tanto settlement.
>
> 2. Notwithstanding the foregoing Section VI.H.1, it is the intention of the Parties in executing this Agreement to release the Released Entities from any and all potential Claims, to the extent permitted by law.

I. *Non-Released Claims*. Notwithstanding the foregoing or anything in the definition of Released Claims, this Agreement does not waive, release or limit any criminal liability, Claims for liability under tax law, Claims under securities law by a State Releasor as investor, Claims against parties who are not Released Entities, Claims by private individuals, and any claims arising under this Agreement for enforcement of this Agreement.

VII. Attorneys' Fees and Costs

A. *State Fees and Costs*. If the conditions set forth in Section II.A are met and this Agreement comes into effect, the Settling Distributors shall pay, consistent with the schedule set forth in Exhibit F, $25,000,000, in full satisfaction of all attorneys' fees and costs incurred by the State of Alabama.

B. *Subdivision Fees and Costs*. If the conditions set forth in Section II.A are met and this Agreement comes into effect, up to $25,000,000 of the Settlement Payment may be apportioned by the court-appointed Special Master, subject to the consent of the State of Alabama, for local governments and litigating public health care authorities towards attorneys' fees for counsel for litigating political subdivisions and litigating public health care authorities. The Special Master shall make the apportionment pursuant to this paragraph within thirty (30) calendar days of the Effective Date of this Agreement and the State shall promptly report the total amount of such apportionment to Cardinal Health and Cencora, along with the amount of each Annual Payment to be used for this apportionment. The Settling Distributors shall have no duty, liability, or influence of any kind with respect to that apportionment.

C. *Rejection of Global Settlement Amounts*. The State of Alabama and the Subdivisions (as well as their respective counsel) recognize that funds were set aside for the State of Alabama and its Subdivisions in the Global Settlement announced on July 21, 2021.

> 1. The State and the Subdivisions affirm that they are not participating in the Global Settlement and refuse all funds allocated to Alabama, including funds that would otherwise have been allocated for the State of Alabama's fees and costs from the State Fee Fund and the State Cost Fund and that would have been allocated for Subdivision fees and costs from the Subdivision Fee Funds and the Litigating Subdivision Cost Fund. Such funds should be returned to the Settling Distributors or disposed of consistent with the Global Settlement.

D. *Condition to Receipt of Fees and Costs*. An Attorney may not receive any payment for attorney fees unless the Attorney represents that he or she has no present intent to represent or participate in the representation of any Later Litigating Subdivision or Special District or any Releasor with respect to Released Claims against Released Entities.

VIII. Later Litigating Subdivisions

A. *Released Claims against Released Entities*. The following shall apply in the event a Later Litigating Subdivision maintains a lawsuit for a Released Claim against a Released Entity after the Execution Date:

1. The Released Entity shall take ordinary and reasonable measures to defend the action, including filing a Threshold Motion with respect to the Released Claim. The Released Entity shall further notify the State of Alabama immediately upon notice of a Later Litigating Subdivision bringing a lawsuit for a Released Claim, and shall not oppose the State's submission in support of the Threshold Motion.

2. The State of Alabama represents and warrants that it will use best efforts to ensure that no additional Other Alabama Opioid Actions are filed against any Released Entities or, if such an Other Alabama Opioid Action is filed, to seek prompt dismissal of such Action, including by cooperating with the defendant Released Entity in its defense of the Action. Such cooperation may include the filing of amicus briefs, statements of support, and/or affidavits as requested by the defendant Released Entity and/or by the relevant Court; *provided*, *however*, that the State of Alabama will not be required under this paragraph to intervene as a party in an Other Alabama Opioid Action.

IX. Enforcement

A. *Enforceability*. The terms of the Agreement and the Alabama Consent Judgment will be enforceable solely by the State of Alabama and the Settling Distributors. Participating Subdivisions shall not have enforcement rights against the Settling Distributors with respect to the Agreement or the Alabama Consent Judgment; *provided*, *however*, that the State of Alabama shall establish a process for Participating Subdivisions to notify it of any perceived violations of the Agreement or the Alabama Consent Judgment.

B. *Jurisdiction*. The Settling Distributors consent to the jurisdiction of the Court for the limited purpose of enforcing this Agreement and the Alabama Consent Judgment.

C. *Dispute Resolution*. If either the State of Alabama or a Settling Distributor ("*Noticing Party*") believes any other Party is not in compliance with any term of this Agreement, then the Noticing Party shall (i) provide written notice to the Party it believes not to be in compliance specifying the reason(s) for that belief; and (ii) allow the allegedly non-compliant Party at least thirty (30) calendar days to attempt to cure the alleged non-compliance. If after that time the Noticing Party believes that the other Party remains non-compliant, the matter will be submitted to binding arbitration.

1. The arbitration shall be conducted by James Pratt. In the event James Pratt cannot serve as arbitrator, the parties will appoint a mutually agreed upon arbitrator.

In the event the parties cannot agree upon an arbitrator, Judge J.R. Gaines, or his successor, shall appoint an arbitrator.

2. The arbitrator shall make reasonable best efforts to decide all matters within

3. The arbitrator shall conduct all proceedings in a reasonably streamlined process consistent with an opportunity for the Parties to be heard. Issues shall be resolved without the need for live witnesses where feasible, and with a presumption in favor of remote participation to minimize the burdens on the Parties.

4. The decisions of the arbitrator shall be binding on the Parties.

5. Each arbitrating Party shall bear its own costs in any arbitration or court proceeding arising under this Section IX.C. The costs for the arbitrator shall be divided and paid fifty percent (50%) by the Noticing Party or Noticing Parties and fifty percent (50%) by the allegedly non-compliant Party or Parties.

X. Miscellaneous Provisions

A. *No Admission of Liability*. The Parties intend the Agreement as described herein to be a final and complete resolution of all disputes between the Settling Distributors and the State of Alabama and between the Settling Distributors and all Subdivisions. The Settling Distributors are entering into this Agreement solely for the purposes of settlement, to resolve the Alabama AG Action, the Other Alabama Opioid Actions, and Subdivision Claims identified herein and thereby avoid significant expense, inconvenience, and uncertainty. The Settling Distributors deny the allegations in the Alabama AG Action and the Other Alabama Opioid Actions and deny any civil or criminal liability in the Alabama AG Action and the Other Alabama Opioid Actions. Nothing contained herein may be taken as evidence of or deemed to be an admission or concession by the Settling Distributors of: (i) any violation of any law, regulation, or ordinance; (ii) any fault, liability, wrongdoing, misfeasance, nonfeasance, or malfeasance; (iii) the strength or weakness of any claim or defense or allegation made in the Alabama AG Action, in any Other Alabama Opioid Action, or in any other past, present, or future proceeding relating to any Covered Conduct or any Opioid Product; or (iv) any other matter of fact or law. Nothing in this Agreement shall be construed or used to prohibit any Released Entity from engaging in the manufacture, marketing, licensing, distribution, or sale of branded or generic opioid medications in accordance with applicable laws and regulations. Unless the contrary is expressly stated, this Agreement is not intended for use by any third party for any purpose, including submission to any court for any purpose.

B. *Use of Agreement as Evidence*. Neither this Agreement nor any act performed or document executed pursuant to or in furtherance of this Agreement: (i) is or may be deemed to be, or may be used as an admission of, or evidence of, the Covered Conduct alleged in the Alabama AG Action or the Other Alabama Opioid Actions, of any allegation made in those cases, or of any wrongdoing or liability of any Released Entities; or (ii) is or may be deemed to be, or may be used as an admission of, or evidence of, any liability, fault or omission of Released Entities in any civil, criminal or administrative proceeding in any court, administrative agency, or other tribunal. Neither this Agreement nor any act performed or document executed pursuant to or in furtherance of this Agreement shall be admissible in any proceeding for any purpose, except to enforce the terms of the Settlement, and except that Released Entities may file this Agreement in any action for any purpose, including, but not limited to, in order to support a defense or counterclaim based on principles of res judicata, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim or to support a claim for contribution and/or indemnification.

C. *Voluntary Settlement*. This Agreement was negotiated in good faith and at arm's-length, and the payment of the Settlement Amount for the releases set forth herein is agreed to represent appropriate and fair consideration.

D. *Authorization to Enter Agreement*. Each party specifically represents and warrants that this Agreement constitutes a legal, valid, and binding obligation of such Party. Each signatory to this Agreement on behalf of a Party specifically represents and warrants that he or she has full authority to enter into this Agreement on behalf of such Party. The State of Alabama specifically represents and warrants that it has concluded that the terms of this Agreement are fair, reasonable, adequate, and in the public interest, and that it has satisfied all conditions and taken all actions required by law in order to validly enter into this Agreement. The State of Alabama specifically represents and warrants that, other than the claims asserted in the Alabama AG Action and the Other Alabama Opioid Actions, it has no interest (financial or otherwise) in any other claim against any Released Entity related to the Covered Conduct.

E. *No Third-Party Beneficiaries*. Except as to Released Entities, nothing in this Agreement is intended to or shall confer upon any third party any legal or equitable right, benefit, or remedy of any nature whatsoever.

F. *Notices*. All notices under this Agreement shall be in writing and delivered to the persons specified in this paragraph ("*Notice Designees*") via: (i) e-mail and (ii) overnight delivery as specified directly below.

Notices to the State of Alabama shall be given to the following:

Clay Crenshaw
Chief Deputy Attorney General
Office of the Attorney General State of Alabama
501 Washington Avenue
PO Box 300152
Montgomery, Alabama 36130
clay.crenshaw@alabamaag.gov

and

Michael G. Dean
Assistant Attorney General
Consumer Interest Division
Office of the Attorney General State of Alabama

501 Washington Avenue Post Office Box 300152
Montgomery, Alabama 36130
michael.dean@alabamaag.gov

Notices to Cardinal shall be given to the following:

Copy to Cardinal Health, Inc.'s attorneys at:

Elaine Golin
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
epgolin@wlrk.com

Notices to Cencora shall be given to the following:

Copy to Cencora, Inc.'s attorneys at:

Michael T. Reynolds
Cravath, Swaine & Moore LLP
825 8th Avenue
New York, NY 10019
mreynolds@cravath.com

G. *Tax Cooperation and Reporting*.

1. Upon request by either of the Settling Distributors, the State of Alabama and the Subdivisions agree to perform such further acts and to execute and deliver such further documents as may be reasonably necessary for the Settling Distributors to establish the statements set forth in Section V.D and to the satisfaction of the Settling Distributor's tax advisors, its independent financial auditors, the Internal Revenue Service, or any other governmental authority, including as contemplated by Treasury Regulations Section 1.162-21(b)(3)(ii) and any subsequently proposed or finalized relevant regulations or administrative guidance.

2. Without limiting the generality of Section X.G.1, the State of Alabama and each Participating Subdivision shall cooperate in good faith with the Settling Distributors with respect to any tax claim, dispute, investigation, audit, examination, contest, litigation, or other proceeding relating to this Agreement.

3. The State of Alabama, on behalf of itself and all Subdivisions, shall designate one of its officers or employees to act as the "appropriate official" within the meaning of Treasury Regulations Section 1.6050X-1(f)(1)(ii)(B) ("*Appropriate Official*"). The State of Alabama shall direct and ensure that the Appropriate Official timely (a) files (i) at the time this Agreement becomes binding on the Parties, an IRS Form 1098-F in the forms attached as Exhibit G and Exhibit H with respect to each of the Settling Distributors and (ii) any legally required returns or amended returns with any applicable governmental authority, or any returns requested by either of the Settling

Distributors, and (b) provides to each of the Settling Distributors a copy of (i) any IRS Form 1098-F filed with respect to such Settling Distributor and (ii) any legally required written statement pursuant to any applicable law and any other document referred to in clause (a)(ii) above. Any such form, return, or statement shall be prepared and filed in a manner fully consistent with Section V.D.

4. The State of Alabama and the Participating Subdivisions agree that any return, amended return, or written statement filed or provided pursuant to Section X.G.3, and any similar document, shall be prepared and filed in a manner consistent with reporting the Compensatory Restitution Amount as "Restitution/remediation amount" in Box 3 of IRS Form 1098-F, the attorneys' fees and costs set forth in Section VII of this Agreement as "Amount to be paid for violation or potential violation" in Box 2 of IRS Form 1098-F, and the aggregate of those amounts as the "Total amount required to be paid" in Box 1 of IRS Form 1098-F, as reflected in Exhibit G and Exhibit H. If the Appropriate Official shall be required to file any return, amended return, or written statement contemplated by this Section X.G other than an IRS Form 1098-F in the forms attached as Exhibit G and Exhibit H, the State of Alabama shall direct and ensure that the Appropriate Official provides to each Settling Distributor a draft of such return, amended return, or written statement no later than sixty (60) calendar days prior to the due date thereof and shall accept and reflect any reasonable comments of such Settling Distributor on the return, amended return, or written statement in respect of such Settling Distributor.

5. For the avoidance of doubt, neither the Settling Distributors nor the State of Alabama and the Subdivisions make any warranty or representation to the State of Alabama, any Subdivision, or any Releasor as to the tax consequences of the payment of the Compensatory Restitution Amount (or any portion thereof).

6. Failure to Comply with the provisions of this Section X.G shall not serve as justification to delay any payments due in this Agreement.

H. *Binding Agreement*. This Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties hereto.

I. *Choice of Law*. Any dispute arising from or in connection with this Agreement shall be governed by Alabama law without regard to its choice of law provisions.

J. *No Conflict Intended*. The headings used in this Agreement are intended for the convenience of the reader only and shall not affect the meaning or interpretation of this Agreement. The definitions contained in this Agreement or any exhibit hereto are applicable to the singular as well as the plural forms of such terms.

K. *Amendment; Waiver*. This Agreement shall not be modified in any respect except by a writing executed by all the Parties hereto, and the waiver of any rights conferred hereunder shall be effective only if made by written instrument of the waiving Party. The waiver by any Party of any breach of this Agreement shall not be deemed or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous.

L. *Execution in Counterparts*. This Agreement may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument.

M. *Severability*. In the event any one or more provisions of this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement.

N. *Statements to the Press*. Any press release made by the Parties or other public statement made by the Parties concerning this Agreement will describe it positively and will not disparage any other Party. However, the State and Private Counsel for the State may discuss allegations in the complaint in such press release. No Party or attorney, agent, or representative of any Party shall publicly state or suggest that this Agreement may be used to predict the value of any Claim or any future settlement agreement in any action or proceeding.

O. *Integrated Agreement*. This Agreement and its exhibits constitute the entire agreement between the Parties and no representations, warranties or inducements have been made to any Party concerning this Agreement other than the representations, warranties, and covenants contained and memorialized herein.

XI. Injunctive Relief

A. *Entry of Injunctive Relief*. The Parties agree to include the Injunctive Relief terms set forth in Exhibit P to the Distributor Settlement Agreement dated July 21, 2021, and attached hereto as <u>Exhibit J,</u> as part of the Consent Judgment.

IN WITNESS WHEREOF, the Parties hereto, through their fully authorized representatives, have executed this Agreement as of the dates set forth below.

[*Signatures begin on next page*.]

Authorized and agreed to by:

____

Steve Marshall
Attorney General

State of Alabama
Office of the Attorney General
501 Washington Avenue
P.O. Box 300152
Montgomery, Alabama 36130-0152
(334) 242-7300

Dated: 2/27/24

Authorized and agreed to by:

Dated: Feb. 23, 2024

CARDINAL HEALTH, INC.

By: ______________________________

Name: Jessica L. Mayer

Title: Chief Legal and Compliance Officer

Authorized and agreed to by:

Dated:___02/28/2024___________

CENCORA, INC.

By:____________________________

Name: Elizabeth S Campbell

Title: Executive Vice President and Chief Legal Officer

EXHIBIT A

Alleged Harms

1. Expert report of Professor David Cutler, dated March 25, 2019.

2. Expert report of Dr. Jeffrey B. Liebman, dated March 25, 2019.

3. Expert report of Professor Thomas McGuire regarding damages to Bellwethers, dated March 25, 2019.

4. Report of Professor Thomas McGuire regarding public nuisance, dated March 25, 2019.

EXHIBIT B

List of Opioid Remediation Uses

The State shall choose from among the abatement strategies listed in Schedule B. However, priority shall be given to the following core abatement strategies ("*Core Strategies*").[3]

A. NALOXONE OR OTHER FDA-APPROVED DRUG TO REVERSE OPIOID OVERDOSES

1. Expand training for first responders, schools, community support groups and families; and

2. Increase distribution to individuals who are uninsured or whose insurance does not cover the needed service.

B. MEDICATION-ASSISTED TREATMENT ("*MAT*") DISTRIBUTION AND OTHER OPIOID-RELATED TREATMENT

1. Increase distribution of MAT to individuals who are uninsured or whose insurance does not cover the needed service;

2. Provide education to school-based and youth-focused programs that discourage or prevent misuse;

3. Provide MAT education and awareness training to healthcare providers, EMTs, law enforcement, and other first responders; and

4. Provide treatment and recovery support services such as residential and inpatient treatment, intensive outpatient treatment, outpatient therapy or counseling, and recovery housing that allow or integrate medication and with other support services.

C. PREGNANT & POSTPARTUM WOMEN

1. Expand Screening, Brief Intervention, and Referral to Treatment ("*SBIRT*") services to non-Medicaid eligible or uninsured pregnant women;

2. Expand comprehensive evidence-based treatment and recovery services, including MAT, for women with co-occurring Opioid Use Disorder ("*OUD*") and other Substance Use Disorder ("*SUD*")/Mental Health disorders for uninsured individuals for up to 12 months postpartum; and

3. Provide comprehensive wrap-around services to individuals with OUD, including housing, transportation, job placement/training, and childcare.

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[3] As used in this Schedule A, words like "expand," "fund," "provide" or the like shall not indicate a preference for new or existing programs.

D. EXPANDING TREATMENT FOR NEONATAL ABSTINENCE SYNDROME ("*NAS*")

1. Expand comprehensive evidence-based and recovery support for NAS babies;

2. Expand services for better continuum of care with infant-need dyad; and

3. Expand long-term treatment and services for medical monitoring of NAS babies and their families.

E. EXPANSION OF WARM HAND-OFF PROGRAMS AND RECOVERY SERVICES

1. Expand services such as navigators and on-call teams to begin MAT in hospital emergency departments;

2. Expand warm hand-off services to transition to recovery services;

3. Broaden scope of recovery services to include co-occurring SUD or mental health conditions;

4. Provide comprehensive wrap-around services to individuals in recovery, including housing, transportation, job placement/training, and childcare; and

5. Hire additional social workers or other behavioral health workers to facilitate expansions above.

F. TREATMENT FOR INCARCERATED POPULATION

1. Provide evidence-based treatment and recovery support, including MAT for persons with OUD and co-occurring SUD/MH disorders within and transitioning out of the criminal justice system; and

2. Increase funding for jails to provide treatment to inmates with OUD.

G. PREVENTION PROGRAMS

1. Funding for media campaigns to prevent opioid use (similar to the FDA's "Real Cost" campaign to prevent youth from misusing tobacco);

2. Funding for evidence-based prevention programs in schools;

3. Funding for medical provider education and outreach regarding best prescribing practices for opioids consistent with the 2016 CDC guidelines, including providers at hospitals (academic detailing);

4. Funding for community drug disposal programs; and

5. Funding and training for first responders to participate in pre-arrest diversion programs, post-overdose response teams, or similar strategies that connect at-risk individuals to behavioral health services and supports.

H. EXPANDING SYRINGE SERVICE PROGRAMS

1. Provide comprehensive syringe services programs with more wrap-around services, including linkage to OUD treatment, access to sterile syringes and linkage to care and treatment of infectious diseases

I. EVIDENCE-BASED DATA COLLECTION AND RESEARCH ANALYZING THE EFFECTIVENESS OF THE ABATEMENT STRATEGIES WITHIN THE STATE

Schedule B
Approved Uses

Support treatment of Opioid Use Disorder (OUD) and any co-occurring Substance Use Disorder or Mental Health (SUD/MH) conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

PART ONE: TREATMENT

A. TREAT OPIOID USE DISORDER (OUD)

Support treatment of Opioid Use Disorder ("*OUD*") and any co-occurring Substance Use Disorder or Mental Health ("*SUD/MH*") conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:[4]

1. Expand availability of treatment for OUD and any co-occurring SUD/MH conditions, including all forms of Medication-Assisted Treatment ("*MAT*") approved by the U.S. Food and Drug Administration.

2. Support and reimburse evidence-based services that adhere to the American Society of Addiction Medicine ("*ASAM*") continuum of care for OUD and any co-occurring SUD/MH conditions.

3. Expand telehealth to increase access to treatment for OUD and any co-occurring SUD/MH conditions, including MAT, as well as counseling, psychiatric support, and other treatment and recovery support services.

4. Improve oversight of Opioid Treatment Programs ("*OTPs*") to assure evidence-based or evidence-informed practices such as adequate methadone dosing and low threshold approaches to treatment.

5. Support mobile intervention, treatment, and recovery services, offered by qualified professionals and service providers, such as peer recovery coaches, for persons with OUD and any co-occurring SUD/MH conditions and for persons who have experienced an opioid overdose.

6. Provide treatment of trauma for individuals with OUD (*e.g.*, violence, sexual assault, human trafficking, or adverse childhood experiences) and family members (*e.g.*, surviving family members after an overdose or overdose fatality), and training of health care personnel to identify and address such trauma.

7. Support evidence-based withdrawal management services for people with OUD and any co-occurring mental health conditions.

[4] As used in this Schedule B, words like "expand," "fund," "provide" or the like shall not indicate a preference for new or existing programs.

8. Provide training on MAT for health care providers, first responders, students, or other supporting professionals, such as peer recovery coaches or recovery outreach specialists, including telementoring to assist community-based providers in rural or underserved areas.

9. Support workforce development for addiction professionals who work with persons with OUD and any co-occurring SUD/MH conditions.

10. Offer fellowships for addiction medicine specialists for direct patient care, instructors, and clinical research for treatments.

11. Offer scholarships and supports for behavioral health practitioners or workers involved in addressing OUD and any co-occurring SUD/MH or mental health conditions, including, but not limited to, training, scholarships, fellowships, loan repayment programs, or other incentives for providers to work in rural or underserved areas.

12. Provide funding and training for clinicians to obtain a waiver under the federal Drug Addiction Treatment Act of 2000 ("*DATA 2000*") to prescribe MAT for OUD, and provide technical assistance and professional support to clinicians who have obtained a DATA 2000 waiver.

13. Disseminate of web-based training curricula, such as the American Academy of Addiction Psychiatry's Provider Clinical Support Service–Opioids web-based training curriculum and motivational interviewing.

14. Develop and disseminate new curricula, such as the American Academy of Addiction Psychiatry's Provider Clinical Support Service for Medication-Assisted Treatment.

B. SUPPORT PEOPLE IN TREATMENT AND RECOVERY

Support people in recovery from OUD and any co-occurring SUD/MH conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the programs or strategies that:

1. Provide comprehensive wrap-around services to individuals with OUD and any co-occurring SUD/MH conditions, including housing, transportation, education, job placement, job training, or childcare.

2. Provide the full continuum of care of treatment and recovery services for OUD and any co-occurring SUD/MH conditions, including supportive housing, peer support services and counseling, community navigators, case management, and connections to community-based services.

3. Provide counseling, peer-support, recovery case management and residential treatment with access to medications for those who need it to persons with OUD and any co-occurring SUD/MH conditions.

4. Provide access to housing for people with OUD and any co-occurring SUD/MH conditions, including supportive housing, recovery housing, housing assistance programs, training for housing providers, or recovery housing programs that allow or integrate FDA-approved mediation with other support services.

5. Provide community support services, including social and legal services, to assist in deinstitutionalizing persons with OUD and any co-occurring SUD/MH conditions.

6. Support or expand peer-recovery centers, which may include support groups, social events, computer access, or other services for persons with OUD and any co-occurring SUD/MH conditions.

7. Provide or support transportation to treatment or recovery programs or services for persons with OUD and any co-occurring SUD/MH conditions.

8. Provide employment training or educational services for persons in treatment for or recovery from OUD and any co-occurring SUD/MH conditions.

9. Identify successful recovery programs such as physician, pilot, and college recovery programs, and provide support and technical assistance to increase the number and capacity of high-quality programs to help those in recovery.

10. Engage non-profits, faith-based communities, and community coalitions to support people in treatment and recovery and to support family members in their efforts to support the person with OUD in the family.

11. Provide training and development of procedures for government staff to appropriately interact and provide social and other services to individuals with or in recovery from OUD, including reducing stigma.

12. Support stigma reduction efforts regarding treatment and support for persons with OUD, including reducing the stigma on effective treatment.

13. Create or support culturally appropriate services and programs for persons with OUD and any co-occurring SUD/MH conditions, including new Americans.

14. Create and/or support recovery high schools.

15. Hire or train behavioral health workers to provide or expand any of the services or supports listed above.

C. CONNECT PEOPLE WHO NEED HELP TO THE HELP THEY NEED (CONNECTIONS TO CARE)

Provide connections to care for people who have—or are at risk of developing—OUD and any co-occurring SUD/MH conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Ensure that health care providers are screening for OUD and other risk factors and know how to appropriately counsel and treat (or refer if necessary) a patient for OUD treatment.

2. Fund SBIRT programs to reduce the transition from use to disorders, including SBIRT services to pregnant women who are uninsured or not eligible for Medicaid.

3. Provide training and long-term implementation of SBIRT in key systems (health, schools, colleges, criminal justice, and probation), with a focus on youth and young adults when transition from misuse to opioid disorder is common.

4. Purchase automated versions of SBIRT and support ongoing costs of the technology.

5. Expand services such as navigators and on-call teams to begin MAT in hospital emergency departments.

6. Provide training for emergency room personnel treating opioid overdose patients on post-discharge planning, including community referrals for MAT, recovery case management or support services.

7. Support hospital programs that transition persons with OUD and any co-occurring SUD/MH conditions, or persons who have experienced an opioid overdose, into clinically appropriate follow-up care through a bridge clinic or similar approach.

8. Support crisis stabilization centers that serve as an alternative to hospital emergency departments for persons with OUD and any co-occurring SUD/MH conditions or persons that have experienced an opioid overdose.

9. Support the work of Emergency Medical Systems, including peer support specialists, to connect individuals to treatment or other appropriate services following an opioid overdose or other opioid-related adverse event.

10. Provide funding for peer support specialists or recovery coaches in emergency departments, detox facilities, recovery centers, recovery housing, or similar settings; offer services, supports, or connections to care to persons with OUD and any co-occurring SUD/MH conditions or to persons who have experienced an opioid overdose.

11. Expand warm hand-off services to transition to recovery services.

12. Create or support school-based contacts that parents can engage with to seek immediate treatment services for their child; and support prevention, intervention, treatment, and recovery programs focused on young people.

13. Develop and support best practices on addressing OUD in the workplace.

14. Support assistance programs for health care providers with OUD.

15. Engage non-profits and the faith community as a system to support outreach for treatment.

16. Support centralized call centers that provide information and connections to appropriate services and supports for persons with OUD and any co-occurring SUD/MH conditions.

D. ADDRESS THE NEEDS OF CRIMINAL JUSTICE-INVOLVED PERSONS

Address the needs of persons with OUD and any co-occurring SUD/MH conditions who are involved in, are at risk of becoming involved in, or are transitioning out of the criminal justice system through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Support pre-arrest or pre-arraignment diversion and deflection strategies for persons with OUD and any co-occurring SUD/MH conditions, including established strategies such as:

    1. Self-referral strategies such as the Angel Programs or the Police Assisted Addiction Recovery Initiative ("*PAARI*");

    2. Active outreach strategies such as the Drug Abuse Response Team ("*DART*") model;

    3. "Naloxone Plus" strategies, which work to ensure that individuals who have received naloxone to reverse the effects of an overdose are then linked to treatment programs or other appropriate services;

    4. Officer prevention strategies, such as the Law Enforcement Assisted Diversion ("*LEAD*") model;

    5. Officer intervention strategies such as the Leon County, Florida Adult Civil Citation Network or the Chicago Westside Narcotics Diversion to Treatment Initiative; or

    6. Co-responder and/or alternative responder models to address OUD-related 911 calls with greater SUD expertise.

2. Support pre-trial services that connect individuals with OUD and any co-occurring SUD/MH conditions to evidence-informed treatment, including MAT, and related services.

3. Support treatment and recovery courts that provide evidence-based options for persons with OUD and any co-occurring SUD/MH conditions.

4. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions who are incarcerated in jail or prison.

5. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions who are leaving jail or prison or have recently left jail or prison, are on probation or parole, are under community corrections supervision, or are in re-entry programs or facilities

6. Support critical time interventions ("*CTI*"), particularly for individuals living with dual-diagnosis OUD/serious mental illness, and services for individuals who face immediate risks and service needs and risks upon release from correctional settings.

7. Provide training on best practices for addressing the needs of criminal justice-involved persons with OUD and any co-occurring SUD/MH conditions to law enforcement, correctional, or judicial personnel or to providers of treatment, recovery, harm reduction, case management, or other services offered in connection with any of the strategies described in this section.

E. ADDRESS THE NEEDS OF PREGNANT OR PARENTING WOMEN AND THEIR FAMILIES, INCLUDING BABIES WITH NEONATAL ABSTINENCE SYNDROME

Address the needs of pregnant or parenting women with OUD and any co-occurring SUD/MH conditions, and the needs of their families, including babies with neonatal abstinence syndrome ("*NAS*"), through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Support evidence-based or evidence-informed treatment, including MAT, recovery services and supports, and prevention services for pregnant women—or women who could become pregnant—who have OUD and any co-occurring SUD/MH conditions, and other measures to educate and provide support to families affected by Neonatal Abstinence Syndrome.

2. Expand comprehensive evidence-based treatment and recovery services, including MAT, for uninsured women with OUD and any co-occurring SUD/MH conditions for up to 12 months postpartum.

3. Provide training for obstetricians or other healthcare personnel who work with pregnant women and their families regarding treatment of OUD and any co-occurring SUD/MH conditions.

4. Expand comprehensive evidence-based treatment and recovery support for NAS babies; expand services for better continuum of care with infant-need dyad; and expand long-term treatment and services for medical monitoring of NAS babies and their families.

5. Provide training to health care providers who work with pregnant or parenting women on best practices for compliance with federal requirements that children born with NAS get referred to appropriate services and receive a plan of safe care.

6. Provide child and family supports for parenting women with OUD and any co-occurring SUD/MH conditions.

7. Provide enhanced family support and child care services for parents with OUD and any co-occurring SUD/MH conditions.

8. Provide enhanced support for children and family members suffering trauma as a result of addiction in the family; and offer trauma-informed behavioral health treatment for adverse childhood events.

9. Offer home-based wrap-around services to persons with OUD and any co-occurring SUD/MH conditions, including, but not limited to, parent skills training.

10. Provide support for Children's Services—Fund additional positions and services, including supportive housing and other residential services, relating to children being removed from the home and/or placed in foster care due to custodial opioid use.

PART TWO: PREVENTION

F. PREVENT OVER-PRESCRIBING AND ENSURE APPROPRIATE PRESCRIBING AND DISPENSING OF OPIOIDS

Support efforts to prevent over-prescribing and ensure appropriate prescribing and dispensing of opioids through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Funding medical provider education and outreach regarding best prescribing practices for opioids consistent with the Guidelines for Prescribing Opioids for Chronic Pain from the U.S. Centers for Disease Control and Prevention, including providers at hospitals (academic detailing).

2. Training for health care providers regarding safe and responsible opioid prescribing, dosing, and tapering patients off opioids.

3. Continuing Medical Education (CME) on appropriate prescribing of opioids.

4. Providing Support for non-opioid pain treatment alternatives, including training providers to offer or refer to multi-modal, evidence-informed treatment of pain.

5. Supporting enhancements or improvements to Prescription Drug Monitoring Programs ("*PDMPs*"), including, but not limited to, improvements that:

1. Increase the number of prescribers using PDMPs;

2. Improve point-of-care decision-making by increasing the quantity, quality, or format of data available to prescribers using PDMPs, by improving the interface that prescribers use to access PDMP data, or both; or

3. Enable states to use PDMP data in support of surveillance or intervention strategies, including MAT referrals and follow-up for individuals identified within PDMP data as likely to experience OUD in a manner that complies with all relevant privacy and security laws and rules.

6. Ensuring PDMPs incorporate available overdose/naloxone deployment data, including the United States Department of Transportation's Emergency Medical Technician overdose database in a manner that complies with all relevant privacy and security laws and rules.

7. Increasing electronic prescribing to prevent diversion or forgery.

8. Educating dispensers on appropriate opioid dispensing.

G. PREVENT MISUSE OF OPIOIDS

Support efforts to discourage or prevent misuse of opioids through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Funding media campaigns to prevent opioid misuse.

2. Corrective advertising or affirmative public education campaigns based on evidence.

3. Public education relating to drug disposal.

4. Drug take-back disposal or destruction programs.

5. Funding community anti-drug coalitions that engage in drug prevention efforts.

6. Supporting community coalitions in implementing evidence-informed prevention, such as reduced social access and physical access, stigma reduction—including staffing, educational campaigns, support for people in treatment or recovery, or training of coalitions in evidence-informed implementation, including the Strategic Prevention Framework developed by the U.S. Substance Abuse and Mental Health Services Administration ("*SAMHSA*").

7. Engaging non-profits and faith-based communities as systems to support prevention.

8. Funding evidence-based prevention programs in schools or evidence-informed school and community education programs and campaigns for students, families,

school employees, school athletic programs, parent-teacher and student associations, and others.

9. School-based or youth-focused programs or strategies that have demonstrated effectiveness in preventing drug misuse and seem likely to be effective in preventing the uptake and use of opioids.

10. Create or support community-based education or intervention services for families, youth, and adolescents at risk for OUD and any co-occurring SUD/MH conditions.

11. Support evidence-informed programs or curricula to address mental health needs of young people who may be at risk of misusing opioids or other drugs, including emotional modulation and resilience skills.

12. Support greater access to mental health services and supports for young people, including services and supports provided by school nurses, behavioral health workers or other school staff, to address mental health needs in young people that (when not properly addressed) increase the risk of opioid or another drug misuse.

H. PREVENT OVERDOSE DEATHS AND OTHER HARMS (HARM REDUCTION)

Support efforts to prevent or reduce overdose deaths or other opioid-related harms through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Increased availability and distribution of naloxone and other drugs that treat overdoses for first responders, overdose patients, individuals with OUD and their friends and family members, schools, community navigators and outreach workers, persons being released from jail or prison, or other members of the general public.

2. Public health entities providing free naloxone to anyone in the community.

3. Training and education regarding naloxone and other drugs that treat overdoses for first responders, overdose patients, patients taking opioids, families, schools, community support groups, and other members of the general public.

4. Enabling school nurses and other school staff to respond to opioid overdoses, and provide them with naloxone, training, and support.

5. Expanding, improving, or developing data tracking software and applications for overdoses/naloxone revivals.

6. Public education relating to emergency responses to overdoses.

7. Public education relating to immunity and Good Samaritan laws.

8. Educating first responders regarding the existence and operation of immunity and Good Samaritan laws.

9. Syringe service programs and other evidence-informed programs to reduce harms associated with intravenous drug use, including supplies, staffing, space, peer support services, referrals to treatment, fentanyl checking, connections to care, and the full range of harm reduction and treatment services provided by these programs.

10. Expanding access to testing and treatment for infectious diseases such as HIV and Hepatitis C resulting from intravenous opioid use.

11. Supporting mobile units that offer or provide referrals to harm reduction services, treatment, recovery supports, health care, or other appropriate services to persons that use opioids or persons with OUD and any co-occurring SUD/MH conditions.

12. Providing training in harm reduction strategies to health care providers, students, peer recovery coaches, recovery outreach specialists, or other professionals that provide care to persons who use opioids or persons with OUD and any co-occurring SUD/MH conditions.

13. Supporting screening for fentanyl in routine clinical toxicology testing.

PART THREE: OTHER STRATEGIES

I. FIRST RESPONDERS

In addition to items in section C, D and H relating to first responders, support the following:

1. Education of law enforcement or other first responders regarding appropriate practices and precautions when dealing with fentanyl or other drugs.

2. Provision of wellness and support services for first responders and others who experience secondary trauma associated with opioid-related emergency events.

J. LEADERSHIP, PLANNING AND COORDINATION

Support efforts to provide leadership, planning, coordination, facilitations, training and technical assistance to abate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, the following:

1. Statewide, regional, local or community regional planning to identify root causes of addiction and overdose, goals for reducing harms related to the opioid epidemic, and areas and populations with the greatest needs for treatment intervention services, and to support training and technical assistance and other strategies to abate the opioid epidemic described in this opioid abatement strategy list.

2. A dashboard to (a) share reports, recommendations, or plans to spend opioid settlement funds; (b) to show how opioid settlement funds have been spent; (c) to report program or strategy outcomes; or (d) to track, share or visualize key opioid- or health-related indicators and supports as identified through collaborative statewide, regional, local or community processes.

3. Invest in infrastructure or staffing at government or not-for-profit agencies to support collaborative, cross-system coordination with the purpose of preventing overprescribing, opioid misuse, or opioid overdoses, treating those with OUD and any co-occurring SUD/MH conditions, supporting them in treatment or recovery, connecting them to care, or implementing other strategies to abate the opioid epidemic described in this opioid abatement strategy list.

4. Provide resources to staff government oversight and management of opioid abatement programs.

K. TRAINING

In addition to the training referred to throughout this document, support training to abate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, those that:

1. Provide funding for staff training or networking programs and services to improve the capability of government, community, and not-for-profit entities to abate the opioid crisis.

2. Support infrastructure and staffing for collaborative cross-system coordination to prevent opioid misuse, prevent overdoses, and treat those with OUD and any co-occurring SUD/MH conditions, or implement other strategies to abate the opioid epidemic described in this opioid abatement strategy list (*e.g.*, health care, primary care, pharmacies, PDMPs, etc.).

L. RESEARCH

Support opioid abatement research that may include, but is not limited to, the following:

1. Monitoring, surveillance, data collection and evaluation of programs and strategies described in this opioid abatement strategy list.

2. Research non-opioid treatment of chronic pain.

3. Research on improved service delivery for modalities such as SBIRT that demonstrate promising but mixed results in populations vulnerable to opioid use disorders.

4. Research on novel harm reduction and prevention efforts such as the provision of fentanyl test strips.

5. Research on innovative supply-side enforcement efforts such as improved detection of mail-based delivery of synthetic opioids.

6. Expanded research on swift/certain/fair models to reduce and deter opioid misuse within criminal justice populations that build upon promising approaches used to address other substances (*e.g.*, Hawaii HOPE and Dakota 24/7).

7. Epidemiological surveillance of OUD-related behaviors in critical populations, including individuals entering the criminal justice system, including, but not limited to approaches modeled on the Arrestee Drug Abuse Monitoring ("*ADAM*") system.

8. Qualitative and quantitative research regarding public health risks and harm reduction opportunities within illicit drug markets, including surveys of market participants who sell or distribute illicit opioids.

9. Geospatial analysis of access barriers to MAT and their association with treatment engagement and treatment outcomes.

EXHIBIT C

Participating Subdivisions

Abbeville City
Alabaster City
Albertville City
Alexander City
Anniston City
Arab City
Argo Town
Ashland Town
Ashville City
Athens City
Attalla City
Attentus Mouton, LLC d/b/a Lawrence Medical Center
Auburn City
Autauga County
Baldwin County
Barbour County
Berry Town
Bessemer City
Bibb County
Bibb County Healthcare Authority
Birmingham City
Blount County
Boaz City
Brent City
Brewton (AL), City of
Bridgeport City
Brookwood Town
Brundidge City
Bullock County
Butler County
Butler Town
Calera City
Calhoun County
Camp Hill Town
Carbon Hill City
Cedar Bluff Town
Center Point City
Centre City
Centreville City
Chambers County

Chelsea City
Cherokee County
Cherokee Town
Chickasaw City
Chilton County
Choctaw County
City of Bay Minette (AL)
City of Childersburg (AL)
Clanton City
Clarke County
Clay County
Cleburne County
Cleveland Town
Coffee County
Colbert County
Colbert County Northwest AL Health Care Authority
Columbiana City
Conecuh County
Coosa County
Cordova City
Covington County
Crenshaw County
Cullman City
Cullman County
Cullman Regional Medical Center, Inc.
Dadeville City
Dale County
Dale County Healthcare Authority
Daleville City
Dallas County
Daphne City
Dauphin Island Town
DCH Health Care Authority
De Kalb County
Decatur City
Demopolis City
Dora City
Dothan City
Double Springs Town

Douglas Town
East Alabama Health Care Authority
East Brewton City
Elmore County
Enterprise City
Escambia County
Escambia County Alabama Community Hospitals, Inc. (AL)
Etowah County
Eufaula City
Evergreen City
Fairfield City
Fairhope City
Family Oriented Primary Health Care Clinic
Faunsdale Town
Fayette City
Fayette County
Florence City
Foley City
Fort Deposit Town
Fort Payne City
Franklin County
Fultondale City
Gadsden City
Gardendale City
Geneva City
Geneva County
Geneva County Health Care Authority
Georgiana Town
Geraldine Town
Gilbertown Town
Grant Town
Graysville City
Greene County
Greene County Hospital Board
Greensboro City
Greenville City
Guin City
Gulf Shores City
Guntersville City
Gurley Town
Hale County
Haleyville City
Hamilton City

Hammondville Town
Hartselle City
Headland City
Health Care Authority of Cullman County
Health Care Authority of Morgan County – Decatur City
Health Care Authority of the City of Huntsville d/b/a HH Health System
Health Care Authority of the City of Huntsville d/b/a Huntsville Hospital
Health Care Authority of the City of Huntsville d/b/a Huntsville Hospital for Women and Children
Health Care Authority of the City of Huntsville d/b/a Madison Hospital
Healthcare Authority for Baptist Health
Helena City
Henagar City
Henry County
HH Health System – Marshall, LLC
HH Health System-Athens Limestone, LLC d/b/a Athens Limestone Hospital
HH Health System-Morgan, LLC d/b/a Decatur Morgan Hospital-Decatur and Decatur Morgan Hospital-Parkway
HH Health System-Shoals, LLC d/b/a Helen Keller Hospital and Red Bay Hospital
Homewood City
Hoover City
Houston County
Houston County Health Care Authority
Hueytown City
Huntsville City
Irondale City
J. Paul Jones Hospital
Jackson County
Jackson County Health Care Authority
Jacksonville City
Jasper City
Jefferson County

Killen Town
Lakeland Community Hospital, Inc. (AL)
Lamar County
Lanett City
Lauderdale County
Lawrence County
Lawrence County Health Care Authority
Lee County
Leeds City
Leesburg Town
Leighton Town
Level Plains Town
Limestone County
Lincoln City
Linden City
Locust Fork Town
Louisville Town
Lowndes County
Luverne City
Macon County
Madison City
Madison County
Marengo County
Marion City
Marion County
Marshall County
Marshall County Health Care Authority
Mckenzie Town
Medical West Hospital Authority, an Affiliate of UAB Health System (AL)
Midfield City
Millbrook City
Mobile City
Mobile County
Mobile County Board of Health
Monroe County
Monroe County Health Care Authority d/b/a Monroe County Hospital
Monroe County Healthcare Authority
Monroeville City
Montgomery City
Montgomery County

Moody City
Morgan County
Moulton City
Mountain Brook City
Munford Town
Muscle Shoals City
Nauvoo Town
New Hope City
Northeast Alabama Regional Medical Center
Northport City
Oakman Town
Oneonta City
Opelika City
Opp City
Orange Beach City
Oxford City
Ozark City
Parrish Town
Pelham City
Pell City
Perry County
Phenix City
Pickens County
Piedmont City
Pike County
Pike Road Town
Pleasant Grove City
Powell Town
Prattville City
Priceville Town
Prichard City
Ragland Town
Rainbow City
Rainsville City
Randolph County
Red Bay City
Roanoke City
Robertsdale City
Rockford Town
Russell County
Russellville City
Saraland City
Satsuma City
Scottsboro City

Selma City
Semmes (AL), City of
Sheffield City
Shelby County
Sheriff of Etowah County
Sheriff of Fayette County
Sheriff of Jefferson County
Sheriff of Lamar County
Sipsey Town
Slocomb City
Spanish Fort City
Springville City
St. Clair County
Sumiton City
Sumter County
Sweet Water Town
Sylacauga City
Sylacauga Health Care Authority
Talladega City
Talladega County
Tallapoosa County
Tarrant City
The Health Care Authority of Athens and Limestone County
The Health Care Authority of Clarke County, Alabama (AL)

The State of Alabama
Thomasville City
Tombigbee Health Care Authority
Town of Loxley (AL)
Town of Summerdale (AL)
Troy City
Trussville City
Tuscaloosa City
Tuscaloosa County
Tuscumbia City
Tuskegee City
Union Springs City
Uniontown Town
Vance Town
Vernon City
Vestavia Hills City
Walker County
Washington County
Weaver City
West Blocton Town
Wetumpka (AL), City of
Wilcox County
Winfield City
Winston County (AL)
Woodville Town
Yellow Bluff Town

EXHIBIT D

Settling Distributors' Subsidiaries, Joint Ventures, and Predecessor Entities

Cardinal

1. A+ Secure Packaging, LLC
2. Abilene Nuclear, LLC
3. Access Closure, Inc.
4. Acuity GPO, LLC
5. Aero-Med, Ltd., now Aero-Med, LLC
6. Allegiance (BVI) Holding Co. Ltd.
7. Allegiance Corporation
8. Allegiance Healthcare (Labuan) Pte. Ltd.
9. Allegiance I, LLC
10. Allegiance Labuan Holdings Pte. Ltd.
11. API (Suppliers) Limited
12. AssuraMed Acquisition Corp.
13. AssuraMed Group, Inc.
14. AssuraMed Holding, Inc.
15. AssuraMed Intermediate Holding, Inc.
16. AssuraMed, Inc.
17. C. International, Inc.
18. Cardinal Distribution Holding Corporation - I
19. Cardinal Distribution Holding Corporation - II
20. Cardinal Health 100, Inc., now Cardinal Health 100, LLC.
21. Cardinal Health 104 LP
22. Cardinal Health 105, Inc., now Cardinal Health 105, LLC
23. Cardinal Health 107, LLC
24. Cardinal Health 108, LLC
25. Cardinal Health 110, LLC
26. Cardinal Health 112, LLC
27. Cardinal Health 113, LLC
28. Cardinal Health 114, Inc.
29. Cardinal Health 115, LLC
30. Cardinal Health 116, LLC
31. Cardinal Health 118, LLC
32. Cardinal Health 119, LLC
33. Cardinal Health 121, LLC
34. Cardinal Health 122, LLC
35. Cardinal Health 123, LLC
36. Cardinal Health 124, LLC
37. Cardinal Health 125, LLC
38. Cardinal Health 126, LLC
39. Cardinal Health 127, Inc.
40. Cardinal Health 128, LLC
41. Cardinal Health 130, LLC
42. Cardinal Health 131, LLC
43. Cardinal Health 132, LLC
44. Cardinal Health 133, Inc.
45. Cardinal Health 2, LLC
46. Cardinal Health 200, LLC
47. Cardinal Health 201 Canada L.P.
48. Cardinal Health 201, Inc., now Cardinal Health 201, LLC
49. Cardinal Health 215, LLC
50. Cardinal Health 222 (Thailand) Ltd.
51. Cardinal Health 242, LLC
52. Cardinal Health 246, Inc.
53. Cardinal Health 247, Inc.
54. Cardinal Health 249, LLC
55. Cardinal Health 250 Dutch C.V.
56. Cardinal Health 251, LLC
57. Cardinal Health 252, LLC
58. Cardinal Health 253, LP
59. Cardinal Health 3, LLC
60. Cardinal Health 414, LLC
61. Cardinal Health 418, Inc.
62. Cardinal Health 5, LLC
63. Cardinal Health 500, LLC
64. Cardinal Health 524, LLC
65. Cardinal Health 529, LLC
66. Cardinal Health 6, Inc.
67. Cardinal Health 7, LLC
68. Cardinal Health 8, LLC
69. Cardinal Health Australia 503 Pty Ltd.
70. Cardinal Health Austria 504 GmbH
71. Cardinal Health Belgium 505 BVBA
72. Cardinal Health Canada Holdings Cooperatie U.A.
73. Cardinal Health Canada Inc.
74. Cardinal Health Capital Corporation
75. Cardinal Health Cardiology Solutions, LLC
76. Cardinal Health Chile Limitada
77. Cardinal Health Colombia S.A.S.
78. Cardinal Health Commercial Technologies, LLC
79. Cardinal Health Corporate Solutions, LLC
80. Cardinal Health D.R. 203 II Ltd.
81. Cardinal Health Denmark ApS
82. Cardinal Health do Brasil Ltda.
83. Cardinal Health Finance
84. Cardinal Health Finland Oy
85. Cardinal Health Foundation
86. Cardinal Health France 506 SAS
87. Cardinal Health Funding, LLC
88. Cardinal Health Germany 507 GmbH

89. Cardinal Health Germany Manufacturing GmbH
90. Cardinal Health Holding International, Inc.
91. Cardinal Health International Philippines, Inc.
92. Cardinal Health IPS, LLC
93. Cardinal Health Ireland 419 Designated Activity Company
94. Cardinal Health Ireland 508 Limited
95. Cardinal Health Ireland Manufacturing Limited
96. Cardinal Health Ireland Unlimited Company
97. Cardinal Health Italy 509 S.r.l.
98. Cardinal Health Japan G.K.
99. Cardinal Health Korea Limited
100. Cardinal Health Luxembourg 420 S.a.r.l.
101. Cardinal Health Luxembourg 522 S.a.r.l.
102. Cardinal Health Malaysia 211 Sdn. Bhd.
103. Cardinal Health Malta 212 Limited
104. Cardinal Health Managed Care Services, LLC
105. Cardinal Health Medical Products India Private Limited
106. Cardinal Health Mexico 244 S. de R.L. de C.V.
107. Cardinal Health Mexico 514 S. de R.L. de C.V.
108. Cardinal Health Middle East FZ-LLC
109. Cardinal Health MPB, Inc.
110. Cardinal Health Napoleon Holding, LLC
111. Cardinal Health Netherlands 502 B.V.
112. Cardinal Health Netherlands 525 Cooperatie U.A.
113. Cardinal Health Netherlands 528 B.V.
114. Cardinal Health Norway AS
115. Cardinal Health P.R. 120, Inc.
116. Cardinal Health P.R. 218, Inc.
117. Cardinal Health P.R. 220, LLC
118. Cardinal Health P.R. 436, Inc.
119. Cardinal Health Panama, S. de R.L.
120. Cardinal Health Pharmaceutical Contracting, LLC
121. Cardinal Health Pharmacy Services, LLC
122. Cardinal Health Poland Spolka z ograniczona odpowiedzialnoscia
123. Cardinal Health Portugal 513, Unipessoal Lda.
124. Cardinal Health Russia
125. Cardinal Health Singapore 225 Pte. Ltd.
126. Cardinal Health Spain 511 S.L.
127. Cardinal Health Sweden 512 A.B.
128. Cardinal Health Switzerland 515, GmbH
129. Cardinal Health Systems, Inc.
130. Cardinal Health Technologies Switzerland GmbH
131. Cardinal Health Technologies, LLC
132. Cardinal Health U.K. 418 Limited
133. Cardinal Health U.K. 432 Limited
134. Cardinal Health U.K. Holding Limited
135. Cardinal Health U.K. International Holding LLP
136. Cardinal Health, Inc.
137. Cardinal MED Equipment Consulting (Shanghai) Co., Ltd.
138. Cirpro de Delicias S.A. de C.V.
139. Clinic Pharmacies III, LLC
140. Clinic Pharmacies, LLC
141. Community Pharmacy Enterprises, LLC
142. Convertors de Mexico S.A. de C.V.
143. Cordis (Shanghai) MED Devices Co., Ltd.
144. Cordis Cashel Unlimited Company
145. Cordis Corporation
146. Cornerstone Rheumatology LP
147. Covidien Manufacturing Solutions, S.A.
148. Dutch American Manufacturers II (D.A.M. II) B.V.
149. Ellipticare, LLC
150. EPIC Insurance Company
151. Especialidades Medicas Kenmex S.A. de C.V.
152. Experience East, LLC
153. Flexible Stenting Solutions, Inc., now Flexible Stenting Solutions, LLC
154. Frog Horned Capital, Inc.
155. Generic Drug Holdings, Inc., now Generic Drug Holdings, LLC
156. GetOutcomes, LLC
157. Griffin Capital, LLC
158. HDG Acquisition, Inc., now HDG Acquisitions, LLC
159. imgRx Healdsburg, Inc.
160. imgRx Salud, Inc.
161. imgRx SJ Valley, Inc.
162. imgRx SLO, Inc.
163. imgRx Sonoma, Inc.
164. InnerDyne Holdings, Inc.
165. Innovative Therapies, Inc., now Innovative Therapies, LLC
166. Instant Diagnostic Systems, Inc.
167. InteCardia-Tennessee East Catheterization, LLC

168. ITI Sales, LLC
169. Kendall-Gammatron Limited
170. Killilea Development Company, Ltd.
171. Kinray I, LLC
172. KPR Australia Pty. Ltd.
173. KPR Switzerland Sales GmbH
174. KPR U.S., LLC
175. Leader Drugstores, Inc.
176. Ludlow Technical Products Canada, Ltd.
177. Marin Apothecaries
178. Medicap Pharmacies Incorporated
179. Medicine Shoppe Capital Corporation
180. Medicine Shoppe International, Inc.
181. Medicine Shoppe Internet, Inc.
182. Mediquip Sdn. Bhd.
183. Mirixa Corporation
184. MosaicGPO, LLC
185. mscripts Holdings, LLC
186. mscripts Systems India Private Limited, now Cardinal Health International India Private Limited
187. mscripts, LLC
188. Nippon Covidien Ltd.
189. One Cloverleaf, LLC
190. Outcomes Incorporated
191. Owen Shared Services, Inc.
192. Pharmacy Operations Of New York, Inc.
193. Pharmacy Operations, Inc.
194. Physicians Purchasing, Inc.
195. Pinnacle Intellectual Property Services, Inc.
196. Pinnacle Intellectual Property Services-International, Inc.
197. Quiroproductos de Cuauhtemoc S. de R.L. de C.V.
198. RainTree Administrative Services, LLC
199. RainTree Care Management, LLC
200. RainTree GPO, LLC
201. Ransdell Surgical, Inc.
202. Red Oak Sourcing, LLC
203. Renal Purchasing Group, LLC
204. RGH Enterprises, Inc., now RGH Enterprises, LLC
205. RT Oncology Services Corporation
206. Rxealtime, Inc.
207. Sierra Radiopharmacy, L.L.C.
208. Sonexus Health Access & Patient Support, LLC
209. Sonexus Health Distribution Services, LLC
210. Sonexus Health Financial Solutions, LLC
211. Sonexus Health Pharmacy Services, LLC
212. Sonexus Health, LLC
213. TelePharm, LLC
214. The Harvard Drug Group, L.L.C.
215. Tianjin ITI Trading Company
216. Tradex International, Inc.
217. Traverse GPO, LLC
218. Wavemark Lebanon Offshore s.a.l.
219. Wavemark, Inc.
220. Red Oak Sourcing, LLC
221. API (Suppliers) Limited
222. Sierra Radiopharmacy, L.L.C.
223. Abilene Nuclear, LLC
224. InteCardia-Tennessee East Catheterization, LLC
225. Kendall-Gammatron Limited
226. Almus Pharmaceuticals USA LLC
227. Cardinal Health (H.K.) Co. Limited
228. Cardinal Health (Shanghai) Pharmaceutical Co., Ltd.
229. Cardinal Health (Sichuan) Pharmaceutical Co., Ltd.
230. Cardinal Health (Wuxi) Pharmaceutical Co., Ltd.
231. Cardinal Health Hedan (Shenzhen) Pharmaceutical Co., Ltd.
232. Dalian Zhongda Pharmaceutical Company Limited
233. NaviHealth Holdings, LLC
234. Parch, L.L.C.
235. 6464661 Canada Inc.
236. Academy Of Managed Care Medicine, L.L.C.
237. Alaris Medical 1 (Suisse) Sarl
238. Alaris Medical New Zealand Limited
239. Allegiance Healthcare International GmbH
240. Allegiance Pro Inc.
241. Allied Healthcare Services, Inc.
242. Almus Pharmaceuticals Singapore Pte. Ltd.
243. Almus Pharmaceuticals USA LLC
244. American Threshold Industries, Inc.
245. Anoka, LLC
246. ARCH Collection Corporation
247. ARCH, S.A.
248. Armand Scott, LLC
249. Aurum Pharmaceuticals Limited
250. Behrens Inc.
251. Beijing Baiji Advanced Specialty Company Limited
252. Bellwether Oncology Alliance, Inc.
253. Bentley Merger Sub, LLC
254. Bindley Western Funding Corporation

255. Bindley Western Industries II Of Maine, Inc.
256. Biosigna GmbH Institut für Biosignalverarbeitung und Systemanalyse
257. Bird Products (Japan) Ltd.
258. Bird Products Corporation
259. Blue Robin, LLC
260. Brighton Capital, Inc.
261. Buffalo Merger Corp.
262. BW Transportation Services, Inc.
263. Cardal II, LLC
264. Cardal, Inc.
265. Cardinal Florida, Inc.
266. Cardinal Health (Beijing) China Pharmaceutical Co., Ltd.
267. Cardinal Health (Beijing) Medical Trading Co., Ltd.
268. Cardinal Health (Beijing) Pharmacy Co., Ltd.
269. Cardinal Health (Chengdu) Pharmacy Co., Ltd.
270. Cardinal Health (China) Investment Co., Ltd.
271. Cardinal Health (Chongqing) Pharmaceutical Co., Ltd.
272. Cardinal Health (Chongqing) Pharmacy Co., Ltd.
273. Cardinal Health (H.K.) Co. Limited
274. Cardinal Health (Hubei) Pharmaceutical Co., Ltd.
275. Cardinal Health (L) Co., Ltd.
276. Cardinal Health (Liaoning) Pharmaceutical Co., Ltd.
277. Cardinal Health (P02296)
278. Cardinal Health (P04080)
279. Cardinal Health (Shanghai) Commercial and Trading Company Limited
280. Cardinal Health (Shanghai) Cosmetics Trading Co., Ltd.
281. Cardinal Health (Shanghai) Logistics Co., Ltd.
282. Cardinal Health (Shanghai) Pharmaceutical Co., Ltd.
283. Cardinal Health (Shanghai) Pharmacy Co., Ltd.
284. Cardinal Health (Shanxi) Pharmaceutical Co., Ltd.
285. Cardinal Health (Shenyang) Pharmacy Co., Ltd.
286. Cardinal Health (Sichuan) Pharmaceutical Co., Ltd.
287. Cardinal Health (Tianjin) Pharmaceutical Co., Ltd.
288. Cardinal Health (Wuxi) Pharmaceutical Co., Ltd.
289. Cardinal Health (WuXi) Pharmacy Co., Ltd.
290. Cardinal Health (Zhejiang) Pharmaceutical Co., Ltd.
291. Cardinal Health 101, Inc.
292. Cardinal Health 102, Inc.
293. Cardinal Health 103, Inc.
294. Cardinal Health 106, Inc.
295. Cardinal Health 109, Inc.
296. Cardinal Health 111, LLC
297. Cardinal Health 113, LLC
298. Cardinal Health 117, LLC
299. Cardinal Health 129, Inc.
300. Cardinal Health 134, LLC
301. Cardinal Health 135, LLC
302. Cardinal Health 23, LLC
303. Cardinal Health 23 Funding, LLC
304. Cardinal Health 208, Inc.
305. Cardinal Health 301, LLC
306. Cardinal Health 400, Inc.
307. Cardinal Health 401, Inc.
308. Cardinal Health 402, Inc.
309. Cardinal Health 403, Inc.
310. Cardinal Health 404, Inc.
311. Cardinal Health 405, Inc.
312. Cardinal Health 406, Inc.
313. Cardinal Health 406, LLC
314. Cardinal Health 407, Inc.
315. Cardinal Health 408, Inc.
316. Cardinal Health 409, Inc.
317. Cardinal Health 410, Inc.
318. Cardinal Health 411, Inc.
319. Cardinal Health 412, Inc.
320. Cardinal Health 413, Inc.
321. Cardinal Health 415, Inc.
322. Cardinal Health 416, Inc.
323. Cardinal Health 417, Inc.
324. Cardinal Health 419, LLC
325. Cardinal Health 420, LLC
326. Cardinal Health 421 Limited Partnership
327. Cardinal Health 421, Inc.
328. Cardinal Health 422, Inc.
329. Cardinal Health 501 Dutch C.V.
330. Cardinal Health Austria 201 GmbH
331. Cardinal Health Bermuda 224, Ltd.
332. Cardinal Health Brasil 423 Servicos Farmaceuticos Nucleares Ltda
333. Cardinal Health Canada 204, Inc.

334. Cardinal Health Canada 301, Inc.
335. Cardinal Health Canada 302, Inc.
336. Cardinal Health Canada 307, ULC
337. Cardinal Health Canada 403, Inc.
338. Cardinal Health Canada 437, Inc.
339. Cardinal Health Canada Inc.
340. Cardinal Health Canada LP
341. Cardinal Health Cayman Islands Holding Co. Ltd
342. Cardinal Health Cayman Islands Ltd.
343. Cardinal Health China Co., Ltd.
344. Cardinal Health D.R. 203 Limited
345. Cardinal Health Europe IT GmbH
346. Cardinal Health France 205 SAS
347. Cardinal Health France 309 SAS
348. Cardinal Health Germany 206 GmbH
349. Cardinal Health Germany 234 GmbH
350. Cardinal Health Germany 318 GmbH
351. Cardinal Health Hedan (Shenzhen) Pharmaceutical Co., Ltd.
352. Cardinal Health Holdings Hungary Kft.
353. Cardinal Health Hungary Finance K.F.T.
354. Cardinal Health Hong Kong Limited
355. Cardinal Health I, Inc.
356. Cardinal Health Imaging, LLC
357. Cardinal Health India Private Limited
358. Cardinal Health International Ventures, Ltd.
359. Cardinal Health Ireland 406 Ltd.
360. Cardinal Health Ireland 527 General Partnership
361. Cardinal Health Italy 208 S.r.l.
362. Cardinal Health Italy 312 S.p.A.
363. Cardinal Health Lease Funding 2002A, LLC
364. Cardinal Health Lease Funding 2002AQ, LLC
365. Cardinal Health Lease Funding 2003A, LLC
366. Cardinal Health Lease Funding 2003AQ, LLC
367. Cardinal Health Lease Funding 2003B, LLC
368. Cardinal Health Lease Funding 2003BQ, LLC
369. Cardinal Health Lease Funding 2004A, LLC
370. Cardinal Health Lease Funding 2004AQ, LLC
371. Cardinal Health Luxembourg 523 S.a.r.l.
372. Cardinal Health Mauritius Holding 226 Ltd.
373. Cardinal Health Mexico 213, S.A. de C.V.
374. Cardinal Health Netherlands 238 BV
375. Cardinal Health Netherlands 526 B.V.
376. Cardinal Health Netherlands Financing C.V.
377. Cardinal Health Netherlands Holding B.V.
378. Cardinal Health New Zealand 313 Limited
379. Cardinal Health Norway 315 A/S
380. Cardinal Health P.R. 227, Inc.
381. Cardinal Health P.R. 409 B.V.
382. Cardinal Health PTS, Inc.
383. Cardinal Health PTS, LLC
384. Cardinal Health S.A. 319 (Proprietary) Limited
385. Cardinal Health Singapore 304
386. Cardinal Health Singapore 423 Pte. Ltd.
387. Cardinal Health Spain 219 S.L.U.
388. Cardinal Health Spain 239 SA
389. Cardinal Health Specialty Pharmacy, LLC
390. Cardinal Health Sweden 220 AB
391. Cardinal Health Sweden 314 AB
392. Cardinal Health Switzerland 221 Sarl
393. Cardinal Health Switzerland 317 Sarl
394. Cardinal Health Trading (Shanghai) Co., Ltd.
395. Cardinal Health U.K. 100 Limited
396. Cardinal Health U.K. 101 Limited
397. Cardinal Health U.K. 102 Limited
398. Cardinal Health U.K. 103 Limited
399. Cardinal Health U.K. 104 Limited
400. Cardinal Health U.K. 105 Limited
401. Cardinal Health U.K. 106 Limited
402. Cardinal Health U.K. 223 Limited
403. Cardinal Health U.K. 232 Limited
404. Cardinal Health U.K. 235 Limited
405. Cardinal Health U.K. 236 Limited
406. Cardinal Health U.K. 240 Limited
407. Cardinal Health U.K. 305 Limited
408. Cardinal Health U.K. 306 Limited
409. Cardinal Health U.K. 433 Limited
410. Cardinal Health U.K. 434 Limited
411. Cardinal Syracuse, Inc.
412. Cardinal.Com Holdings, Inc.
413. Care Fusion Development Private Limited
414. Care Fusion Incorporated
415. CareFusion 202, Inc.
416. CareFusion 203, Inc.
417. CareFusion 205, Inc.
418. CareFusion 206, Inc.
419. CareFusion 207, Inc.
420. CareFusion 209, Inc.

421. CareFusion 210, Inc.
422. CareFusion 211, Inc.
423. CareFusion 212, LLC
424. CareFusion 213, LLC
425. CareFusion 214, LLC
426. CareFusion 2200, Inc.
427. CareFusion 2201, Inc.
428. CareFusion 302, LLC
429. CareFusion 303, Inc.
430. CareFusion 304, LLC
431. CareFusion Australia 200 Pty Ltd.
432. CareFusion Australia 316 Pty Limited
433. CareFusion Australia 500 Pty Ltd
434. CareFusion Belgium 202 BVBA
435. CareFusion Brasil 231 Servico e Comercia de Productos Medicos Ltda
436. CareFusion Corporation
437. CareFusion EIT, LLC
438. CareFusion Iberia 308 S.L.U.
439. CareFusion Italy 237 Srl
440. CareFusion Italy 311 Srl
441. CareFusion Japan 228 K.K.
442. CareFusion Japan 233, Inc.
443. CareFusion Luxembourg 501 Sarl
444. CareFusion Manufacturing Ireland 241 Limited
445. CareFusion Manufacturing, LLC
446. CareFusion Netherlands 214 B.V.
447. CareFusion Netherlands 238 BV
448. CareFusion Netherlands 310 B.V.
449. CareFusion Netherlands 503 B.V.
450. CareFusion New Zealand 217 Limited
451. CareFusion New Zealand 313 Limited
452. CareFusion Resources, LLC
453. CareFusion Singapore 243 Pte. Ltd.
454. CareFusion Solutions, LLC
455. CareFusion U.K. 284 Limited
456. CareFusion U.K. 286 Limited
457. CareFusion U.K. 287 Limited
458. CareFusion U.K. 288 Limited
459. Cascade Development, Inc.
460. CCB, Inc.
461. CDI Investments, Inc.
462. Centralia Pharmacy, Inc.
463. Centricity, LLC
464. Chapman Drug Company
465. Chengdu Baiji Advanced Specialty Pharmacy Company Limited
466. Cheshire Merger Sub, Inc.
467. CMI Net, Inc.
468. College Park Plaza Associates, Inc.
469. Comprehensive Medical Imaging-Anaheim Hills, Inc.
470. Comprehensive Medical Imaging-Apple Valley, Inc.
471. Comprehensive Medical Imaging-Boynton Beach, Inc.
472. Comprehensive Medical Imaging-Downey, Inc.
473. Comprehensive Medical Imaging-Encino, Inc.
474. Comprehensive Medical Imaging-Fort Lauderdale, Inc.
475. Comprehensive Medical Imaging-Fremont, Inc.
476. Comprehensive Medical Imaging-Hesperia, Inc.
477. Comprehensive Medical Imaging-Huntington Beach, Inc.
478. Comprehensive Medical Imaging-Palm Springs, Inc.
479. Comprehensive Medical Imaging-Rancho Cucamonga, Inc.
480. Comprehensive Medical Imaging-Rancho Mirage, Inc.
481. Comprehensive Medical Imaging-Salisbury, Inc.
482. Comprehensive Medical Imaging-Sherman Oaks, Inc.
483. Comprehensive Medical Imaging-Tempe, Inc.
484. Comprehensive Medical Imaging-Van Nuys, Inc.
485. Comprehensive Medical Imaging-Victorville, Inc.
486. Comprehensive Medical Imaging-Westlake Village, Inc.
487. Comprehensive Open MRI-Carmichael, Inc.
488. Comprehensive Open MRI-Folsom, Inc.
489. Comprehensive Open MRI-Fullerton, Inc.
490. Comprehensive Open MRI-Laguna Hills, Inc.
491. Comprehensive Open MRI-Sacramento, Inc.
492. Comprehensive Reimbursement Consultants, Inc.
493. Consumer2patient, LLC
494. CR Medicap, Inc.
495. Curaspan Health Group, Inc.
496. Cytokine Pharmasciences, Inc.

497. Dalian Zhongda Pharmaceutical Company Limited
498. Daniels Pharmaceuticals Limited
499. DC Merger Corp
500. Denver Biomedical, Inc.
501. Desert PET, LLC
502. Dik Drug Company, LLC
503. Dik Medical Supplies, LLC
504. Discor Limited
505. Dismed Inc.
506. Dohmen Distribution Partners Southeast, L.L.C.
507. Dover Communications, LLC
508. Duquoin Pharmacy, Inc.
509. Dutch American Manufacturers (D.A.M.) B.V.
510. East Iowa Pharmacies, Inc.
511. EGIS Holdings, Inc.
512. Eldon Laboratories Limited
513. Ellicott Drug Company
514. EME Medical, Inc.
515. Enturia Canada ULC
516. Enturia de Mexico S. de R.L. de C.V.
517. Enturia Limited
518. Enturican, Inc.
519. EON Media Inc.
520. Eureka Merger Sub, Inc.
521. European Pharmaceuticals Group Ltd.
522. First Choice, Inc. Of Maine
523. Flower Merger Corp.
524. Futuremed Health Care Products Limited Partnership
525. Futuremed Healthcare Products Corporation
526. Futuremed Holdings General Partner Inc.
527. Fuzhou Baiji Pharmacy Company Limited
528. Gala Design, Inc.
529. Gelatin Products International, Inc.
530. Geodax Technology, Inc.
531. Glacier Corporation
532. Grand Avenue Pharmacy, Inc.
533. Graphic Holdings, Inc.
534. Griffin Group Document Management Services, Inc.
535. Guangzhou Baiji Advanced Specialty Pharmaceutical Chain Stores Company Limited
536. Guangzhou Baiji Drug Store Company Limited
537. Guangzhou City Kangwei Information Technology Company Limited
538. Guangzhou Ruixun Pharmaceutical Company Limited
539. Guizhou Yibai Medical Co., Ltd.
540. Hangzhou Baiji Advanced Specialty Drug Store Company Limited
541. Heartland Diagnostic Services, Inc.
542. HLS Advantage, LLC
543. Homecare (North-West) Limited
544. Humiston-Keeling, Inc.
545. IMI Of Boca Raton, Inc.
546. IMI Of Miami, Inc.
547. IMI Of North Miami Beach, Inc.
548. Inland Empire Regional Pet Center, LLC
549. Innara Health, Inc.
550. InnerDyne, Inc.
551. Inpharm Nationwide Limited
552. InteCardia-Tennessee East Diagnostic, LLC
553. Intercare Holdings Limited
554. Intercare Investments Limited
555. Intercare Properties Plc
556. Iowa Falls Pharmacy, Inc.
557. IVAC Overseas Holdings LP
558. JakaMed AB AB
559. Jinan Baiji Drug Store Company Limited
560. JRG, Ltd.
561. Kendall Patient Recovery BVBA
562. Kinetic Surgical, LLC
563. Kinray, Inc.
564. Kinray, LLC
565. KPR Italia S.r.l.
566. KPR U.S., Inc.
567. Kunming Baiji Advanced Specialty Pharmacy Company Limited
568. Lake Charles Pharmaceutical Supply Company, LLC
569. Liaoning Longda Pharmaceutical Co., Ltd.
570. Liberty Communications Network, LLC
571. Ludlow Technical Products Corporation
572. Macarthy Group Trustees Limited
573. Macarthys Laboratories Limited
574. Macarthy's Limited
575. Marmac Distributors, Inc.
576. Martindale Pharma GmbH
577. Martindale Pharmaceuticals Limited
578. Medcon S.A.
579. MedEd Resources, LLC
580. Medesta Associates, LLC
581. Medical Concepts Development, Inc.
582. Medical Diagnostic Leasing, Inc
583. Medical Education Systems, LLC
584. Medical Media Communications, LLC

585. Medical Strategies, Inc.
586. MediQual Systems, Inc.
587. Meditrol Automation Systems, Inc.
588. Meditrol, Inc.
589. MedMined, Inc.
590. Mercury Merger Sub, LLC
591. Mesa Merger Corp.
592. MicroGas Limited
593. MicroMedical Deutschland GmbH
594. Microport Healthcare, LLC
595. Midland Pharmacies, Inc
596. Mississippi Medical Supply Cooperative, L.L.C.
597. Moonlight TargetCo, LLC
598. MRI Equipment Partners, Ltd.
599. Mudhen Merger Corp.
600. Multi-Medica S.A.
601. Multipharm Limited
602. Nanjing Baiji Advanced Specialty Drug Store Company Limited
603. Nanning Baiji Advanced Specialty Pharmacy Company Limited
604. Nationwide Ostomy Supplies Limited
605. Navigator Health, Inc.
606. NaviHealth Holdings, LLC
607. NaviHealth SM Holdings, Inc.
608. NaviHealth, Inc.
609. Navista Investments, LLC
610. Navista Network, LLC
611. Navista Network Holding, LLC
612. Nexus Healthcare, Inc.
613. Nitric Bio Therapeudics, Inc.
614. Northern Michigan Supply Alliance, L.L.C.
615. Ohio Valley-Clarksburg, Inc.
616. Oncology Holdings, Inc.
617. Onpointe Medical Communications, LLC
618. Oval (Shanghai) Technologies, Inc.
619. Oval Technologies (H.K.) Pty Limited
620. Owen Healthcare Building, Inc.
621. Pacific Surgical Innovations, Inc.
622. Panther Merger Sub II, Inc.
623. Panther Merger Sub, Inc.
624. Parch, L.L.C.
625. Parch, L.L.C. State File
626. ParMed Pharmaceuticals, LLC
627. PatientScribe Inc.
628. PCI Acquisition I, Inc.
629. PCI Acquisition II, Inc.
630. PCI Services Holdings, Inc.
631. PCI Services III, Inc.
632. PCI/Acquisition III, Inc.
633. PCI/All Pack Holdings, Inc.
634. PCI/Delvco, Inc. State File
635. PCI/Tri-Line (Usa), Inc.
636. Pharmaceutical & Diagnostic Services, LLC
637. Pharmacy Service Corporation
638. Phillipi Holdings, Inc.
639. PHR Staffing, Inc.
640. Post-Acute Care Center For Research, LLC
641. Practicome Solutions, LLC
642. Princeton Diagnostic Isotopes, Inc.
643. Priority Healthcare Services Corporation
644. Procedure-Based Instrument Services, L.L.C.
645. Productos Urologos de Mexico S.A. de C.V.
646. Professional Health-Care Resources, Inc.
647. Pyxis Capital Corporation
648. Pyxis Funding II, LLC
649. Pyxis Funding, LLC
650. R Cubed, Inc.
651. R. P. Scherer Hardcapsule (West)
652. R.P. Scherer Inc.
653. R.P. Scherer Technologies, Inc.
654. Radiopharmacy Of Boise, Inc.
655. Radiopharmacy Of Northern California, Inc.
656. Renlar Systems, Inc.
657. RightCare Solutions, Inc.
658. Royal Merger Sub, Inc.
659. Scalamed (US), Inc.
660. ScalaMed Pty Ltd
661. Scela, Inc.
662. Scriptline, Inc.
663. SensorMedics (Deutschland) GmbH
664. SensorMedics Corporation
665. Shanghai Baiwei Drug Store Company Limited
666. Shanghai Cardinal Baiwei Drug Store Co., Ltd.
667. Shanghai Jinyi Health Management Consultation Co., Ltd.
668. Shanghai Luoda Pharmaceutical Company Limited
669. Shenzhen Zhengdan Investment Company Limited
670. Simolo (GL) Limited
671. Sistemas Medicos ALARIS S.A. de C.V.
672. Snowden Pencer Holdings, Inc.
673. Snowden Pencer, Inc.
674. SOAR Network, LLC

675. Solomons Company
676. Source Medical Corporation
677. SRX, Inc.
678. Strategic Implications International, LLC
679. Supplyline Technologies Limited
680. Surgical Carepair, L.L.C.
681. Surgical Instrument Repair Service, L.L.C.
682. Syncor Belgium SPRL
683. Syncor Diagnostics Bakersfield, LLC
684. Syncor Diagnostics Dallas, LLC
685. Syncor Diagnostics Encino, LLC
686. Syncor Diagnostics Fullerton, LLC
687. Syncor Diagnostics Laguna Hills, LLC
688. Syncor Diagnostics Plano, LLC
689. Syncor Diagnostics Sacramento, LLC
690. Syncor Financing Corporation
691. Syncor Italy srl
692. The Enright Group, Inc.
693. The Heron Corporation
694. The LVC Corporation
695. Tianjin Cardinal Pharmacy Co., Ltd.
696. Toledo Pharmacy Company
697. Tropic Merger Sub, Inc.
698. UroMed, Inc.
699. Velocare, LLC
700. VIASYS Healthcare Ireland Limited
701. VIASYS Healthcare Island EHF
702. VIASYS Healthcare S.A.R.L.
703. VIASYS Holdings Inc.
704. VIASYS NeuroCare France SAS
705. VIASYS Polymer Products LLC
706. Virginia Imaging Center, LLC
707. Virginia Merger Corporation
708. Vistant Corporation
709. Vistant Holdings, Inc.
710. Vubiq Inc.
711. Wavemark Cyprus Pvt. Ltd.
712. Wenzhou Xinte Pharmaceutical Co., Ltd.
713. West Hudson, Inc.
714. West Texas Nuclear Pharmacy Partners
715. Wholesale (PI) Limited
716. Williams Drug Distributors, Inc.
717. Wolf Merger Corp.
718. Wrangler Acquisition Sub, Inc.
719. Wuhan Baiji New & Special Drug Store Company Limited
720. Xiamen Cardinal Baiwei Drug Store Co., Ltd.
721. Xi'an Baiji Advanced Specialty Pharmacy Company Limited
722. Yorkshire Pharmacy, Inc.

Cencora

1. 3P Solution SRLA
2. AA-Med NZ Limited
3. AA-Med Pty Limited
4. A.T. Pharma Consultancy FZC
5. AB Eurco Ltd
6. AB Financing, LLC
7. AB Finco Ltd
8. AB German Investments GmbH
9. AB Global Pharma Investments GmbH
10. AB Netherlands Pharma Investments B.V.
11. AB Nokco Ltd
12. AB Singapore Investments Pte. Ltd.
13. AB Specialty Solutions, LLC
14. ABBP International Company
15. ABSG Canada Holdings, Inc.
16. Access M.D. Inc.
17. AERO LINK Courier GmbH
18. Agri-Laboratories, LTD
19. Agstrata, LLC
20. AH Luxco (f/k/a WBA Acquisitions Luxco 9 S.à r.l.)
21. AH Schweiz GmbH
22. AH UK Holdco 1 Limited (f/k/a WBA UK Holdco 1 Limited)
23. Alcura France
24. Alcura Health España, S.A.
25. Alcura UK Limited
26. Alliance Apotheek Nederland BV (f/k/a Boots Nederland B.V.)
27. Alliance Health Services, Inc.
28. Alliance Healthcare (Distribution) Limited
29. Alliance Healthcare Acores (f/k/a Proconfar, S.A.)
30. Alliance Healthcare Ecza Deposu Anonim Şirketi
31. Alliance Healthcare España Holdings, S.L.
32. Alliance Healthcare España S.A.
33. Alliance Healthcare France SA
34. Alliance Healthcare Group France SA
35. Alliance Healthcare Management Services (Nederland) B.V.
36. Alliance Healthcare Management Services Limited
37. Alliance Healthcare Nederland B.V.
38. Alliance Healthcare Norge Apotekdrift AS (f/k/a Boots Norge AS)
39. Alliance Healthcare Norge AS
40. Alliance Healthcare Participações SGPS, unipessoal, Lda.
41. Alliance Healthcare Répartition
42. Alliance Healthcare Romania SRL
43. Alliance Healthcare S.A.
44. Alliance Healthcare s.r.o.
45. Alliance Healthcare s.r.o. Slovakia Branch
46. Alliance Healthcare Services France (f/k/a Alliance Healthcare Formation SAS)
47. Alliance Healthcare Turkey Holding A.S.
48. Alliance Healthcare Yatirim Holding Anonim Şirketi
49. Alliance Home Health Care, Inc.
50. Alliance Nederland B.V. (f/k/a Alliance Boots BV)
51. Alliance Schweiz Investments GmbH (f/k/a Alliance Boots Schweiz Investments GmbH)
52. Alliance UniChem IP Limited
53. Alloga (Nederland) B.V.
54. Alloga France SAS
55. Alloga Logifarma, S.A.
56. Alloga Logistica (España) S.L.
57. ALLOGA LOGISTICS ROMANIA SRL
58. Alloga Portugal - Armazenagem e Distribuicao Farmaceutica, Lda
59. Alloga UK Limited
60. AllyDVM, Inc.
61. Almus Farmaceutica, S.A.
62. Almus France
63. Almus Pharmacuticals Limited
64. Almus, Lda.
65. Alphega SA

66. Ambulatory Pharmaceutical Services, Inc.
67. American Medical Distributors, Inc.
68. American Oncology Network, LLC
69. Amerisource Health Services, LLC (f/k/a Amerisource Health Services Corporation)
70. Amerisource Health Services, LLC d/b/a American Health Packaging
71. Amerisource Heritage Corporation
72. AmeriSource Heritage LLC
73. Amerisource Receivables Financial Corporation
74. Amerisource Sales Corporation
75. AmerisourceBergen BC, ULC
76. AmerisourceBergen Canada Corporation
77. AmerisourceBergen Canada GP LLC
78. AmerisourceBergen Canada GP, LLC
79. AmerisourceBergen Canada Holdings LP
80. AmerisourceBergen Consulting Services, LLC (f/k/a AmerisourceBergen Consulting Services, Inc.) (see Biopharma Services, LLC)
81. (see Cencora, Inc.)AmerisourceBergen Drug Corporation
82. (see Cencora Impact Foundation)
83. AmerisourceBergen Global Holdings GmbH
84. AmerisourceBergen Global Investments S.a.r.l.
85. AmerisourceBergen Global Manufacturer Services GmbH
86. AmerisourceBergen Group GmbH (f/k/a AmerisourceBergen Group AG)
87. AmerisourceBergen Holding Corporation
88. AmerisourceBergen Integrated Services Offering, LLC
89. AmerisourceBergen International B.V. (f/k/a Wight Nederland Holdco 2 B.V.)
90. AmerisourceBergen International Holdings Inc.
91. AmerisourceBergen International Investments, LLC
92. AmerisourceBergen International Technology Services Limited (f/k/a Alliance Healthcare Technology Services Limited)
93. AmerisourceBergen IT Services S.r.l.
94. AmerisourceBergen Luxembourg s.a.r.l.
95. AmerisourceBergen Public Health Services, LLC
96. AmerisourceBergen Services Corporation
97. AmerisourceBergen Sourcing, LLC
98. AmerisourceBergen Specialty Group Canada Corporation
99. AmerisourceBergen Specialty Group Canada Holdings, Inc.
100. AmerisourceBergen Specialty Group, LLC (f/k/a AmerisourceBergen Specialty Group, Inc.)
101. AmerisourceBergen Sweden Investments, AB
102. AmerisourceBergen Swiss Holdings GmbH
103. AmerisourceBergen Switzerland GmbH
104. AmerisourceBergen UK Holdings Ltd
105. Anderson Packaging, Inc.
106. AndersonBrecon Inc.
107. Animal Prescriptions Limited
108. Animalytix LLC
109. Apluspharma Ltd
110. Apotheek Hagi B.V.
111. Apotheek Lichtenvoorde B.V.
112. APS Acquisitions Corporation
113. APS Enterprises Holding Company, Inc.
114. Arbour Group Intermediate, LLC
115. Arbour Group L.L.C.
116. Arbour Group International Asia LLC
117. Arbour International FZE
118. Arbour International (Philippines) Inc.
119. Armila UAB
120. Ascent Development Servics, Inc. (Japan)

121. Ascent Development Services (Korea) Branch
122. Ascent Development Services Taiwan Branch
123. Ascent Development Services Vietnam Co., Ltd.
124. Acsent Therapeutics Corp.
125. Ascent Therapeutics SDN. BHD.
126. ASD Hemophilia Management, LLC
127. ASD Hemophilia Program, L.P.
128. ASD Specialty Healthcare, LLC (f/k/a ASD Specialty Healthcare, Inc.)
129. ASD Specialty Healthcare, LLC d/b/a ASD Healthcare
130. ASD Specialty Healthcare, LLC d/b/a Besse Medical
131. ASD Specialty Healthcare, LLC d/b/a Oncology Supply
132. Automed Technologies (Canada) Inc.
133. Automed Technologies (Canada) ULC
134. Automed Technologies, Inc.
135. Awesome People Company, Ltd
136. BBC Laboratories
137. BBC Operating Sub, Inc.
138. BBC Packing Corporation
139. BBC Special Packaging, Inc.
140. BBC Transportation Co.
141. Beachcourse Limited
142. Bellco Drug Corp.
143. Bellco Health Corp.
144. Bergen Brunswig Corporation
145. Bergen Brunswig Drug Company
146. Bergen Brunswig Realty Services, Inc.
147. Bermuda Equity Holdings, Ltd.
148. Beverly Acquisition Corporation
149. Biopharma Services, LLC (f/k/a AmerisourceBergen Consulting Services, LLC)
150. Blue Hill II, Inc.
151. Blue Hill, Inc.
152. BluePoint Intellectual Property, LLC
153. Blue Reg Pharma Consulting Limited
154. Boots Nederland B.V.
155. BP Pharmaceuticals Laboratories Unlimited Company
156. BPL Brasil Participacoes Ltda.
157. BPL Brazil Holding Company s.a.r.l.
158. BPL Brazil, LLC
159. BPL Group, LLC
160. BPL Pharmaceuticals Holding Unlimited Company
161. BPLH Ireland Company Dublin, Zug Branch
162. BPLH Ireland Unlimited Company
163. Brecon Holdings Limited
164. Brecon Pharmaceuticals Holdings Limited
165. Brecon Pharmaceuticals Limited
166. Bridge Medical, Inc.
167. Brownstone Pharmacy, Inc.
168. Bruin Acquisition Corp.
169. Burt's Pharmacy, LLC
170. Cameron Stewart Lifescience Canada Inc.
171. Cannes RJ Participacoes S.A.
172. Capstone Med, Inc.
173. Capstone Pharmacy of Delaware, Inc.
174. CDRF Parent LLC (f/k/a CDRF Parent, Inc.)
175. Cencora Costa Rica Limited
176. Cencora Global Procurement Limited
177. Cencora Impact Foundation (f/k/a AmerisourceBergen Foundation)
178. Cencora, Inc. (f/k/a AmerisourceBergen Corporation)
179. Cencora Team Assistance Fund (f/k/a AmerisourceBergen Associate Assistance Fund)
180. Cencora Ventures, LLC (f/k/a AB Health Ventures, LLC)
181. Cencora India Technology Services Private Limited
182. Centaur Services Limited
183. CenterX Healthcare Technologies, LLC (f/k/a Marshall Reinardy LLC)
184. Centro Farmaceutico Asturiano, SA
185. Century Advertising Inc.
186. Cepton Sarl
187. Cpharm Pty Ltd
188. Chapin Drug Company
189. Choice Medical, Inc.

190. Clinical Outcomes Resource Application Corporation
191. Clinical Outcomes Resource Application, Inc.
192. CliniCare Concepts, Inc.
193. ClinPharm, L.L.C.
194. Committed Provider Services, LLC
195. Compuscript, Inc.
196. Computran Systems, Inc.
197. Corrections Pharmacies Licensing Company, L.L.C.
198. Corrections Pharmacies of California, LP
199. Corrections Pharmacies of Hawaii, LP
200. Corrections Pharmacies, L.L.C.
201. Cubex, LLC
202. Cunesoft Inc.
203. Cunesoft Pvt Ltd
204. Datapharm Sarl
205. DD Wholesale, Inc.
206. Dialysis Purchasing Alliance, Inc.
207. Directlog
208. Documedics Acquisition Co., Inc.
209. Drug Service, Inc.
210. Dunnington Drug, Inc.
211. Dunnington RX Services of Massachusetts, Inc.
212. Dunnington RX Services of Rhode Island, Inc.
213. Durr-Fillauer Medical, Inc.
214. Durvet, Inc.
215. Dymaxium Healthcare Innovations, Ltd.
216. Dymaxium Holdings, Ltd.
217. Dymaxium, Ltd.
218. Emerald Bidco Limited
219. Emerald Midco 1 Limited
220. Emerald Midco 2 Limited
221. Emerald Topco Limited
222. EMNEM Solutions, LLC
223. Entel d.o.o.
224. Equlis Strategy Modeling BV
225. Escalante Solutions, L.P.
226. Esko Itriyat Sanayi ve Ticaret Anonim Şirketi
227. Euro Registratie Collectief B.V.
228. European Physician Networks GmbH
229. Express Pharmacy Services, Inc.
230. Falcon Acquisition Sub, LLC
231. Family Center Pharmacy, Inc.
232. Feeders Advantage, LLC
233. FirstView, LLC
234. General Drug Company
235. Goot Nursing Home Pharmacy, Inc.
236. Goot Westbridge Pharmacy, Inc.
237. Goot's Goodies, Inc.
238. Goot's Pharmacy & Orthopedic Supply, Inc.
239. Green Barn, Inc
240. H. D. Smith Holding Company
241. H. D. Smith Holdings, LLC
242. H. D. Smith, LLC (f/k/a H. D. Smith Wholesale Drug Co.)
243. HAI Acquisition, Inc.
244. HDS Solutions, LLC
245. Health Services Capital Corporation
246. Healthcare Prescription Services, Inc.
247. HealthForward Inc.
248. HealthQuest Partner II, L.P.
249. HealthTronics Data Solutions LLC
250. HealthTronics Data Solutions, LLC
251. HealthTronics Information Technology Solutions, Inc.
252. Hedef International Holdings BV
253. Home Medical Equipment Health Company
254. Hydra Pharm SPA
255. I.g.G. of America, Inc.
256. IHS Acquisition XXX, Inc.
257. Imedex, Inc.
258. Imedex, LLC
259. Independent Pharmacy Buying Group, Inc.
260. Innomar Pharmacy (BC) Inc.
261. Innomar Pharmacy (SK) Inc.
262. Innomar Pharmacy Inc.
263. Innomar Specialty Pharmacy, Inc.
264. Innomar Strategies Inc.
265. Innovation Cancer, Inc.
266. Insta-Care Holdings, Inc.
267. Insta-Care Pharmacy Services Corporation

268. Intake Initiatives Incorporated
269. IntegraConnect NewCo, LLC
270. Integrated Commercialization Solutions, LLC (f/k/a Integrated Commercialization Solutions, Inc.)
271. Integrated Health Systems Outcomes Coalition, LLC
272. Inteplex, Inc.
273. Interfill, LLC
274. International Oncology Network Solutions, Inc.
275. International Physician Networks, L.L.C.
276. International Rheumatology Network, L.L.C.
277. IntrinsiQ Holdings, Inc.
278. IntrinsiQ Specialty Solutions, Inc.
279. IntrinsiQ Tendler, Inc.
280. IntrinsiQ, LLC
281. J.M. Blanco, Inc.
282. James Brudnick Company, Inc.
283. K/S Instrument Corp.
284. KRP Investments, Inc.
285. Labpak Limited
286. LAD Drug Corporation
287. Leading Educational Research Network, LLC
288. Lexicon Pharmacy Services, L.L.C.
289. Liberty Acquisition Corp.
290. Libra C.V.
291. Los Angeles Drug Corporation
292. M.D.P. Properties, Inc.
293. Managed Care Network, Inc.
294. Medical Health Industries, Inc.
295. Medical Initiatives, Inc.
296. Medidyne Corp.
297. Medselect Inc.
298. Memorial Pet Care, Inc.
299. Micro Technologies Canada Inc.
300. MorExcellent Ltd.
301. MWI Buying Group Limited (f/k/a St. Francis Limited)
302. MWI Supply (UK Acquisition) Limited
303. MWI Supply (UK Holdings) Limited
304. MWI Supply (UK) Limited
305. MWI Veterinary Supply Co.
306. MWI Veterinary Supply, Inc.
307. Nandoza, Ltd
308. Nareks Ecza Deposu Ticaret Anonim Şirketi
309. NeohealthHub Ltd
310. NeoNavitas Ltd.
311. NeoOptima Ltd.
312. NeoSypher Ltd.
313. Net Solutions Europe Limited
314. Network for Medical Communication & Research Analytics, LLC
315. New Jersey Medical Corporation
316. Nexiapharma, SL
317. NMCR Holdings, Inc.
318. NMCR-Europe, LLC
319. Northeast Veterinary Supply Company, LLC
320. Oktal Pharma d.o.o
321. Oktal Pharma d.o.o
322. Oktal Pharma d.o.o [Zagreb]
323. Oktal Pharma d.o.o.
324. Oktal Pharma Hungary K.f.t.
325. Omni Med B, Inc.
326. OPH Oktal Pharma d.o.o
327. Osthus Inc.
328. OTC Direct Limited
329. Overture Bidco Ltd
330. Overture Midco II Ltd.
331. Overture Midco Ltd.
332. Overture Topco Limited
333. Paris Acquisition Corp.
334. Pharm Plus Acquisition, Inc.
335. Pharma Blue SAS
336. Pharma One Corporation Limited
337. Pharmacy Corporation of America
338. Pharmacy Corporation of America - Massachusetts, Inc.
339. Pharmacy Healthcare Solutions, Ltd.
340. Pharmacy Review Services, Inc.
341. PharmaLex Arbour Holdings, LLC
342. PharmaLex BCKC (Hong Kong) Limited
343. PharmaLex BCKC (Hong Kong) Limited Taiwan Branch
344. PharmaLex Belgium SA
345. PharmaLex Bulgaria, EAD

346. PharmaLEx Denmark A/S
347. PharmaLEx Finland Oy (f/k/a DRA Consulting Oy)
348. PharmaLex France SAS
349. PharmaLex GmbH
350. PharmaLex Healthcare Services China Co. Ltd.
351. PharmaLex Holding GmbH
352. PharmaLex Hong Kong Co. Ltd.
353. PharmaLex India Private Limited
354. PharmaLex Italy SPA
355. PharmaLex Ireland Ltd.
356. PharmaLex Nordic ApS
357. PharmaLex Norway AS
358. PharmaLex NZ Limited
359. PharmaLex Portugal Unipessoal Lda
360. Pharma Pty Ltd
361. PharmaLex PR Holding Inc.
362. PharmaLex Puerto Rico Inc.
363. PharmaLex Spain S.L.U.
364. PharmaLex Sweden AB
365. PharmaLex UK Bidco Limited
366. PharmaLex UK Holding Limited
367. PharmaLex UK Services Limited
368. PharmaLex US Corporation
369. Pharmdata s.r.o.
370. PharMEDium Healthcare Holdings LLC (f/k/a PharMEDium Healthcare Holdings, Inc.
371. PharMEDium Healthcare LLC (f/k/a PharMEDium Healthcare Corporation)
372. PharMEDium Pharmacy Services, LLC
373. PharMEDium R.E., LLC
374. PharMEDium Services, LLC
375. PharMerica Drug Systems, Inc.
376. PharMerica Technology Solutions, LLC
377. Pharmerica, Inc.
378. Philippines Ascent Therapeutics Corp.
379. PhlexGlobal GmbH
380. PhlexGlobal, Inc.
381. PhlexGlobal Limited
382. PhlexGlobal Poland Z.o.o.
383. Pitango HealthTech Fund I, L.P.
384. Planet Software Limited
385. PLX Healthcare Services (Schweiz) AG
386. PMSI MSA Services, Inc.
387. PMSI, Inc.
388. PPSC USA, LLC
389. Premier Pharmacy, Inc.
390. Premier Source Diagnostics Inc.
391. Premier Source, LLC
392. Prescribe Wellness, LLC
393. Profarma Distribuidora de Produtos Farmaceuticos S.A.
394. Ramuneles Vaistine UAB
395. Regulis Consulting Ltd.
396. Reimbursement Education Network, LLC
397. Rightpak, Inc.
398. Rombro's Drug Center, Inc.
399. Roscoe Acquisition Corporation
400. SAS Ceptelis
401. S.R.P. (Services de la Répartition Pharmaceutique)
402. SecureDVM, LLC
403. Securos Europe GmbH
404. Silver Streak I, LLC
405. Skills in Healthcare France
406. Skills in Healthcare Pazarlama ve Tanitim Hizmetleri Anonim Şirketi
407. Skills in Healthcare Romania S.r.l.
408. Smart ID Works, LLC
409. Smith Medical Partners, LLC
410. Snipetjernveien 10 Norge AS
411. Solana Beach, Inc.
412. Solufarma, Lda.
413. Southwest Pharmacies, Inc.
414. Southwestern Drug Corporation
415. SparkSense Analytics, Inc.
416. Specialty Advancement Network, LLC
417. Specialty Pharmacy of California, Inc.
418. Specialty Pharmacy, Inc.
419. Spielberg Acquisition Corp.
420. Spits B.V.
421. Stadt Solutions, LLC
422. Stephar B.V.
423. Strategic Pharmaceutical Solutions, Inc.
424. Swevet AB
425. Swine Solutions Network, LLC
426. Taylor & Manno Asset Recovery, Inc.
427. Telepharmacy Solutions, Inc.
428. Terra-Lab d.o.o

429. The Allen Company
430. The Lash Group, Inc.
431. The Lash Group, LLC
432. TheraCom, L.L.C.
433. ThermoSecure Medical Equipment GmbH
434. TMESYS, Inc.
435. TrakCel Holding Company, Inc.
436. Trellis Healthcare Consulting, L.L.C.
437. Trellis Healthcare Consulting, LLC
438. Triose, Inc.
439. True Blue Indemnity Company
440. United Company of Pharmacists SAE
441. Universal Packaging Systems, Inc.
442. US Bioservices Corporation
443. Valley Wholesale Drug Co., LLC
444. Value Apothecaries, Inc.
445. Vedco, Inc.
446. Vetbridge Animal Health, LLC
447. Vetbridge Product Development (NM-OMP) LLC
448. VetSpace Limited
449. VetSpace, Inc.
450. Vetswest Limited
451. Vintura B.V.
452. Vintura GmbH
453. Vintura International B.V.
454. Vintura UK Limited
455. W.C. International Limited
456. Wight Nederland Holdco 4 BV
457. WML, LLC
458. Woodglen Properties Limited
459. Woodglen Properties Limited Portugal Branch
460. World Courier (Aust) Pty. Ltd.
461. World Courier (Austria) GmbH
462. World Courier (Austria) GmbH – Serbia Branch
463. World Courier (Deutschland) GmbH
464. World Courier (Finland) Oy
465. World Courier (India) Private Limited
466. World Courier (Ireland) Limited
467. World Courier (Lithuania), UAB
468. World Courier (Malaysia) Sdn. Bhd.
469. World Courier (Norway) AS
470. World Courier (NZ) Limited
471. World Courier (Poland) Sp. Z.o.o.
472. World Courier (Shanghai) Co., Ltd Guangzhou Branch
473. World Courier (Shanghai) Co., Ltd.
474. World Courier (Shanghai) Co., Ltd., Beijing Branch
475. World Courier (Sweden) AB
476. World Courier (Switzerland) SA
477. World Courier (U.K.) Limited
478. World Courier Asia (Thailand) Co., Ltd.
479. World Courier Belgium s.a.
480. World Courier Bulgaria
481. World Courier Czech Republic s.r.o.
482. World Courier de Chile Limitada
483. World Courier de Colombia S.A.
484. World Courier de Espana, S.A.
485. World Courier de Mexico S.A. de C.V.
486. World Courier de Portugal, Lda.
487. World Courier de Uruguay S.A.
488. World Courier del Ecuador S.A.
489. World Courier del Peru S.A.
490. World Courier Denmark A/S
491. World Courier do Brasil Transportes Internacionais Ltda.
492. World Courier France S.A.R.L.
493. World Courier Ground (Europe) Limited
494. World Courier Ground, Inc.
495. World Courier Group Logistics, Inc.
496. World Courier Group S.a.r.l.
497. World Courier Group, Inc.
498. World Courier Group, Inc. Taiwan Branch
499. World Courier Hellas Limited Liability Company
500. World Courier Holland BV
501. World Courier Hong Kong Limited
502. World Courier Hungary Freight Forwarder and Service Provider Limited Liability Company
503. World Courier Israel Ltd.
504. World Courier Italia srl
505. World Courier Japan Domestic K.K.
506. World Courier K.K. Japan
507. World Courier Korea Co., Ltd.

508. World Courier Limited (Russia)
509. World Courier Logistics (Europe) Limited
510. World Courier Logistics (UK) Limited
511. World Courier Logistics, Inc.
512. World Courier Logistics, Inc. (DE)
513. World Courier Logistics, Inc. (NY)
514. World Courier Management Limited
515. World Courier Management, Inc.
516. World Courier of Canada Ltd
517. World Courier Operations Kenya Limited
518. World Courier Philippines – Representative Office
519. World Courier Romania S.R.L.
520. World Courier S.A.
521. World Courier Singapore Pte Ltd
522. World Courier Slovak Republic s.r.o.
523. World Courier South Africa (Proprietary) Limited
524. World Courier Tasimacilik ve Lojistik Hizmetleri Ticaret Limited Sirketi
525. World Courier Ukraine LLC
526. World Courier Venezuela, S.A.
527. World Courier Zagreb d.o.o.
528. World Courier, Inc.
529. World Courier, kurirske storitve, d.o.o.
530. World Customs Brokerage, Inc.
531. Xcenda (UK) Limited
532. Xcenda GmbH
533. Xcenda Switzerland GmbH
534. Xcenda, L.L.C.
535. ZU Vase Zdravije

EXHIBIT E

Subdivisions Settlement Participation Form

Governmental Entity:	State:
Authorized Official:	
Address 1:	
Address 2:	
City, State, Zip:	
Phone:	
Email:	

The governmental entity identified above ("*Governmental Entity*"), in order to obtain and in consideration for the benefits provided to the Governmental Entity pursuant to the Settlement Agreement dated [●] ("*Agreement*"), and acting through the undersigned authorized official, hereby elects to participate in the Agreement, release all Released Claims against all Released Entities, and agrees as follows.

1. The Governmental Entity is aware of and has reviewed the Agreement, understands that all terms in this Participation Form have the meanings defined therein, and agrees that by signing this Participation Form, the Governmental Entity elects to participate in the Agreement and become a Participating Subdivision as provided therein.

2. The Governmental Entity shall, within 14 days of the Execution Date and prior to the filing of the Consent Judgment, secure the dismissal with prejudice of any Released Claims that it has filed.

3. The Governmental Entity agrees to the terms of the Agreement pertaining to Subdivisions as defined therein.

4. By agreeing to the terms of the Agreement and becoming a Releasor, the Governmental Entity is entitled to the benefits provided therein, including, if applicable, monetary payments beginning on or after the Effective Date.

5. The Governmental Entity agrees to use any monies it receives through the Agreement solely for the purposes provided therein.

6. The Governmental Entity submits to the jurisdiction of the Circuit Court for Montgomery, Alabama for purposes limited to that Court's role as provided in, and for resolving disputes to the extent provided in, the Agreement. The Governmental Entity likewise agrees to arbitrate disputes to the extent provided in the Agreement.

7. The Governmental Entity has the right to enforce the Agreement as provided therein.

8. The Governmental Entity, as a Participating Subdivision, hereby becomes a Releasor for all purposes in the Agreement, including, but not limited to, all provisions of Section VI, and along with all departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, and any person in their official capacity elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, and any other entity identified in the definition of Releasor, provides for a release to the fullest extent of its authority. As a Releasor, the Governmental Entity hereby absolutely, unconditionally, and irrevocably covenants not to bring, file, or claim, or to cause, assist or permit to be brought, filed, or claimed, or to otherwise seek to establish liability for any Released Claims against any Released Entity in any forum whatsoever. The releases provided for in the Agreement are intended by the Parties to be broad and shall be interpreted so as to give the Released Entities the broadest possible bar against any liability relating in any way to Released Claims and extend to the full extent of the power of the Governmental Entity to release claims. The Agreement shall be a complete bar to any Released Claim.

9. The Governmental Entity hereby takes on all rights and obligations of a Participating Subdivision as set forth in the Agreement.

10. In connection with the releases provided for in the Agreement, each Governmental Entity expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

> **General Release; extent**. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, and that if known by him or her would have materially affected his or her settlement with the debtor or released party.

A Releasor may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but each Governmental Entity hereby expressly waives and fully, finally, and forever settles, releases and discharges, upon the Effective Date, any and all Released Claims that may exist as of such date but which Releasors do not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would materially affect the Governmental Entities' decision to participate in the Agreement.

11. Nothing herein is intended to modify in any way the terms of the Agreement, to which Governmental Entity hereby agrees. To the extent this Participation Form is interpreted differently from the Agreement in any respect, the Agreement controls.

I have all necessary power and authorization to execute this Participation Form on behalf of the Governmental Entity.

Signature: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

EXHIBIT F

Settlement Payment Schedule

Year	Annual Payment	State Attorneys' Fees & Costs	Total
1	$ 22,000,000.00	$ 25,000,000	**$ 47,000,000.00**
2	$ 22,000,000.00	$ -	**$ 22,000,000.00**
3	$ 22,000,000.00	$ -	**$ 22,000,000.00**
4	$ 22,000,000.00	$ -	**$ 22,000,000.00**
5	$ 22,000,000.00	$ -	**$ 22,000,000.00**
6	$ 22,000,000.00	$ -	**$ 22,000,000.00**
7	$ 22,000,000.00	$ -	**$ 22,000,000.00**
8	$ 22,000,000.00	$ -	**$ 22,000,000.00**
9	$ 22,000,000.00	$ -	**$ 22,000,000.00**
10	$ 22,000,000.00	$ -	**$ 22,000,000.00**
Total	**$ 220,000,000.00**	**$ 25,000,000.00**	**$ 245,000,000.00**

EXHIBIT G

Cardinal Health IRS Form 1098-F

0303 ☐ VOID ☐ CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. [APPROPRIATE OFFICIAL] State of Alabama [ADDRESS]	1 Total amount required to be paid $ 122,304,000.00 2 Amount to be paid for violation or potential violation $ 12,480,000.00 3 Restitution/remediation amount $ 109,824,000.00	OMB No. 1545-2284 Form **1098-F** (Rev. January 2022) For calendar year 20 24 **Fines, Penalties, and Other Amounts**
FILER'S TIN: XX-XXXXXXX PAYER'S TIN: 31-0958666	4 Compliance amount $	5 Date of order/agreement XX/XX/2024
PAYER'S name Cardinal Health, Inc. and consolidated subsidiaries	6 Court or entity Ala. Cir. Ct. Montgomery County and jurisdictions of other cases settled under the Cardinal and Cencora Alabama Settlement Agreement, dated as of [].	**Copy A** For Internal Revenue Service Center File with Form 1096.
Street address (including apt. no.) 7000 Cardinal Place	7 Case number Case No. CV-2019-901174 (Ala. Cir. Ct. Montgomery County) and other cases settled under the Cardinal and Cencora Alabama Settlement Agreement, dated as of [].	For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns.
City or town, state or province, country, and ZIP or foreign postal code Dublin, Ohio 43017	8 Case name or names of parties to suit, order, or agreement State of Alabama v. Endo Health Solutions, Inc., et al. and other cases settled under the Cardinal and Cencora Alabama Settlement Agreement, dated as of [].	
	9 Code A, B	

Form 1098-F (Rev. 1-2022) Cat. No. 71382B www.irs.gov/Form1098F Department of the Treasury - Internal Revenue Service

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EXHIBIT H

Cencora IRS Form 1098-F

0303 ☐ VOID ☐ CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

[APPROPRIATE OFFICIAL]
State of Alabama
[ADDRESS]

FILER'S TIN	XX-XXXXXXX
PAYER'S TIN	23-3079390
PAYER'S name	Cencora, Inc.
Street address (including apt. no.)	1 West First Avenue
City or town, state or province, country, and ZIP or foreign postal code	Conshohocken, PA 19428
1 Total amount required to be paid	$ 122,696,000
2 Amount to be paid for violation or potential violation	$ 12,520,000
3 Restitution/remediation amount	$ 110,176,000
4 Compliance amount	$
5 Date of order/agreement	XX/XX/2024
6 Court or entity	Ala. Cir. Ct. Montgomery County and jurisdictions of other cases settled under the Cardinal and Cencora Alabama Settlement Agreement, dated as of [].
7 Case number	Case No. CV-2019-901174 (Ala. Cir. Ct. Montgomery County) and other cases settled under the Cardinal and Cencora Alabama Settlement Agreement, dated as of [].
8 Case name or names of parties to suit, order, or agreement	State of Alabama v. Endo Health Solutions, Inc., et al. and other cases settled under the Cardinal and Cencora Alabama Settlement Agreement, dated as of [].
9 Code	A, B

OMB No. 1545-2284

Form **1098-F** (Rev. January 2022)

For calendar year 20 24

Fines, Penalties, and Other Amounts

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EXHIBIT I

[CASE]	[COURT]
	C.A. NO.:

FINAL CONSENT JUDGMENT AND DISMISSAL WITH PREJUDICE

The State of Alabama ("*State*") and Cardinal Health, Inc. and Cencora, Inc., together with the subsidiaries thereof (collectively, the "*Settling Distributors*," and each a "*Settling Distributor*") (together with the State, the "*Parties*," and each a "*Party*") have entered into a consensual resolution of the above-captioned litigation (the "*Action*") pursuant to a settlement agreement entitled Cardinal and Cencora Alabama Settlement Agreement, dated as of February [●], 2024 (the "*Agreement*"), a copy of which is attached hereto as Exhibit A. The Agreement shall become effective by its terms upon the entry of this Final Consent Judgment (the "*Judgment*") by the Court without trial or adjudication of any contested issue of fact or law, and without finding or admission of wrongdoing or liability of any kind.

RECITALS:

1. Each Party warrants and represents that it engaged in arm's-length negotiations in good faith. In hereby executing the Agreement, the Parties intend to effect a good-faith settlement.

2. The State has determined that the Agreement is in the public interest.

3. The Settling Distributors deny the allegations against them and that they have any liability whatsoever to the State, its Subdivisions, and/or (a) any of the State's or Subdivisions'

departments, agencies, divisions, boards, commissions, districts, instrumentalities of any kind and attorneys, including its Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, and other Special Districts, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief on behalf of or generally applicable to the general public.

4. The Parties recognize that the outcome of the Action is uncertain and a final resolution through the adversarial process likely will require protracted litigation.

5. The Parties agree to the entry of the injunctive relief terms pursuant to Exhibit P of the Global Agreement.

6. Therefore, without any admission of liability or wrongdoing by the Settling Distributors or any other Released Entities (as defined in the Agreement), the Parties now mutually consent to the entry of this Judgment and agree to dismissal of the claims with prejudice pursuant to the terms of the Agreement to avoid the delay, expense, inconvenience, and uncertainty of protracted litigation.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

In consideration of the mutual promises, terms, and conditions set forth in the Agreement, the adequacy of which is hereby acknowledged by all Parties, it is agreed by and between the Settling Distributors and the State, and adjudicated by the Court, as follows:

1. The foregoing Recitals are incorporated herein and constitute an express term of this Judgment.

2. The Parties have entered into a full and final settlement of all Released Claims of Releasors against the Settling Distributors (including but not limited to the State) and the Released Entities pursuant to the terms and conditions set forth in the Agreement.

3. The "Definitions" set forth in Section I of the Agreement are incorporated by reference into this Judgment. Unless otherwise defined herein, capitalized terms in this Judgment shall have the same meaning given to them in the Agreement.

4. The Parties agree that the Court has jurisdiction over the subject matter of the Action and over the Parties with respect to the Action and this Judgment. This Judgment shall not be construed or used as a waiver of any jurisdictional defense the Settling Distributors or any other Released Entity may raise in any other proceeding.

5. The Court finds that the Agreement was entered into in good faith.

6. The Court finds that entry of this Judgment is in the public interest and reflects a negotiated settlement agreed to by the Parties. The Action is dismissed with prejudice, subject to a retention of jurisdiction by the Court as provided herein and in the Agreement.

7. By this Judgment, the Agreement is hereby approved by the Court, and the Court hereby adopts the Agreement's terms as its own determination of this matter and the Parties' respective rights and obligations.

8. The Court shall have authority to resolve disputes identified in Section IX.B of the Agreement, governed by the rules and procedures of the Court.

9. The Parties have satisfied the Condition to Effectiveness of Agreement set forth in Section II.A of the Agreement and the Release set forth in Sections VI of the Agreement, as follows:

a. The Attorney General of the State of Alabama exercised the fullest extent of his powers to release the Settling Distributors and all other Released

Entities from all Released Claims pursuant to Section VI.A of the Agreement.

b. The Participation Form for each Participating Subdivision in the State has been delivered to the Settling Distributors. As stated in the Participation Form, and for the avoidance of doubt, nothing in the Participation Form executed by the Participating Subdivisions is intended to modify in any way the terms of the Agreement to which the Participating Subdivisions agree. As stated in the Participation Form, to the extent the executed version of the Participation Form differs from the Agreement in any respect, the Agreement controls.

c. Pursuant to Section III.A of the Agreement, each Participating Subdivision in the State is dismissing with prejudice any Released Claims that it has filed against the Settling Distributors and the Released Entities.

10. Release. The Parties acknowledge that the Release set forth in Section VI of the Agreement, which is incorporated by reference herein, is an integral part of this Judgment. Pursuant to the Agreement and without limitation and to the maximum extent of the power of the State's Attorney General, the Settling Distributors and the other Released Entities are, as of the Effective Date, hereby released from any and all Released Claims of (a) the State and its Participating Subdivisions and any of their departments, agencies, divisions, boards, commissions, Subdivisions, districts, instrumentalities of any kind and attorneys, including the State's Attorney General, and any person in his or her official capacity whether elected or appointed to serve any of the foregoing, and any agency, person, or other entity claiming by or through any of the foregoing, (b) any public entities, public instrumentalities, public educational institutions, unincorporated districts, fire districts, irrigation districts, and other Special Districts in the State, and (c) any person or entity acting in a *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, taxpayer, or other capacity seeking relief on behalf of or generally applicable to the general public with respect to the State or any Subdivision in the State, whether or not any of them participate in the Agreement. Pursuant to the Agreement and to the maximum extent of the State's power, the Settling Distributors and the other Released

Entities are, as of the Effective Date, hereby released from any and all Released Claims of (1) the State, (2) all past and present executive departments, state agencies, divisions, boards, commissions and instrumentalities with the regulatory authority to enforce state and federal controlled substances acts, and (3) any of the State's past and present executive departments, agencies, divisions, boards, commissions and instrumentalities that have the authority to bring Claims related to Covered Conduct seeking money (including abatement and/or remediation) or revocation of a pharmaceutical distribution license. For the purposes of clause (3) above, executive departments, agencies, divisions, boards, commissions, and instrumentalities are those that are under the executive authority or direct control of the State's Governor. Further, the provisions set forth in Section VI of the Agreement are incorporated by reference into this Judgment as if fully set forth herein. The Parties acknowledge, and the Court finds, that those provisions are an integral part of the Agreement and this Judgment, and shall govern the rights and obligations of all participants in the settlement. Any modification of those rights and obligations may be made based only on a writing signed by all affected parties and approved by the Court.

11. Release of Unknown Claims. The State expressly waives, releases, and forever discharges any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or other jurisdiction, or principle of common law, which is similar, comparable, or equivalent to § 1542 of the California Civil Code, which reads:

> **General Release**; extent. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

12. The State may hereafter discover facts other than or different from those which it knows, believes, or assumes to be true with respect to the Released Claims, but the State

expressly waived and fully, finally, and forever settled, released and discharged, through the Agreement, any and all Released Claims that may exist as of the Effective Date but which the State does not know or suspect to exist, whether through ignorance, oversight, error, negligence or through no fault whatsoever, and which, if known, would have materially affected the State's decision to enter into the Agreement.

13. Costs and Fees. The Parties will bear their own costs and attorneys' fees except as otherwise provided in the Agreement.

14. No Admission of Liability. The Settling Distributors are consenting to this Judgment solely for the purpose of effectuating the Agreement, and nothing contained herein may be taken as or construed to be an admission or concession of any violation of law, rule, or regulation, or of any other matter of fact or law, or of any liability or wrongdoing, all of which the Settling Distributors expressly deny. None of the Settling Distributors or any other Released Entity admits that it caused or contributed to any public nuisance, and none of the Settling Distributors or any other Released Entity admits any wrongdoing that was or could have been alleged by the State, its Participating Subdivisions, or any other person or entity. No part of this Judgment shall constitute evidence of any liability, fault, or wrongdoing by the Settling Distributors or any other Released Entity. The Parties acknowledge that payments made under the Agreement are not a fine, penalty, or payment in lieu thereof and are properly characterized as described in Section V.D of the Agreement.

15. No Waiver. This Judgment is entered based on the Agreement without trial or adjudication of any contested issue of fact or law or finding of liability of any kind. This Judgment shall not be construed or used as a waiver of any Settling Distributor's right, or any other Released Entity's right, to defend itself from, or make any arguments in, any other

regulatory, governmental, private individual, or class claims or suits relating to the subject matter or terms of this Judgment. Notwithstanding the foregoing, the State may enforce the terms of this Judgment as expressly provided in the Agreement.

16. No Private Right of Action. This Judgment is not intended for use by any third party for any purpose, including submission to any court for any purpose, except pursuant to Section IX.A of the Agreement. Except as expressly provided in the Agreement, no portion of the Agreement or this Judgment shall provide any rights to, or be enforceable by, any person or entity that is not the State or Released Entity. The State shall allow Participating Subdivisions in the State to notify it of any perceived violations of the Agreement or this Judgment. The State, may not assign or otherwise convey any right to enforce any provision of the Agreement.

17. Admissibility. It is the intent of the Parties that this Judgment not be admissible in other cases against the Settling Distributors or binding on the Settling Distributors in any respect other than in connection with the enforcement of this Judgment or the Agreement. For the avoidance of doubt, nothing herein shall prohibit a Settling Distributor from entering this Judgment or the Agreement into evidence in any litigation or arbitration concerning (1) a Settling Distributor's right to coverage under an insurance contract or (2) the enforcement of the releases provided for by the Agreement and this Judgment.

18. Preservation of Privilege. Nothing contained in the Agreement or this Judgment, and no act required to be performed pursuant to the Agreement or this Judgment, is intended to constitute, cause, or effect any waiver (in whole or in part) of any attorney-client privilege, work product protection, or common interest/joint defense privilege, and each Party agrees that it shall not make or cause to be made in any forum any assertion to the contrary.

19. Mutual Interpretation. The Parties agree and stipulate that the Agreement was negotiated on an arm's-length basis between parties of equal bargaining power and was drafted jointly by counsel for each Party. Accordingly, the Agreement is incorporated herein by reference and shall be mutually interpreted and not construed in favor of or against any Party, except as expressly provided for in the Agreement.

20. Retention of Jurisdiction. The Court shall retain jurisdiction of the Parties for the limited purpose of the resolution of disputes identified in Section IX.B of the Agreement. The Court shall have jurisdiction over Participating Subdivisions in the State for the limited purposes identified in the Agreement.

21. Successors and Assigns. This Judgment is binding on each of the Settling Distributor's successors and assigns.

22. Modification. This Judgment shall not be modified (by the Court, by any other court, or by any other means) without the consent of the State and the Settling Distributors, or as provided for in Section X.K of the Agreement.

So ORDERED this _____ day of [●], 2024.

Enter: ______________________________

By Order: ______________________________

APPROVED, AGREED TO AND PRESENTED BY:

[[SIGNATURE BLOCK]]

EXHIBIT J

I. Introduction

A. Within ninety (90) days of the Effective Date unless otherwise set forth herein, each Injunctive Relief Distributor shall implement the injunctive relief terms set forth in Sections II through XIX (the "*Injunctive Relief Terms*") in its Controlled Substance Monitoring Program ("*CSMP*").

B. The Effective Date of these Injunctive Relief Terms shall be defined by Section I.P of the Settlement Agreement, dated as of July 21, 2021, which incorporates these Injunctive Relief Terms as Exhibit P.

II. Term and Scope

A. The duration of the Injunctive Relief Terms contained in Sections IV through XVI shall be ten (10) years from the Effective Date.

B. McKesson Corporation, Cardinal Health, Inc., and AmerisourceBergen Corporation are referred to collectively throughout these Injunctive Relief Terms as the "*Injunctive Relief Distributors*" or individually as an "*Injunctive Relief Distributor*." Each Injunctive Relief Distributor is bound by the terms herein.

C. The requirements contained in Sections VIII through XV shall apply to the distribution of Controlled Substances to Customers by each Injunctive Relief Distributor's Full-Line Wholesale Pharmaceutical Distribution Business, including by any entities acquired by the Injunctive Relief Distributors that are engaged in the Full-Line Wholesale Pharmaceutical Distribution Business. The prior sentence is not limited to activity physically performed at each Injunctive Relief Distributor's distribution centers and includes activity covered by the prior sentence performed by each Injunctive Relief Distributor at any physical location, including at its corporate offices or at the site of a Customer with respect to Sections III through XV.

III. Definitions

A. "*Audit Report*." As defined in Section XVIII.H.3.

B. "*Chain Customers*." Chain retail pharmacies that have centralized corporate headquarters and have multiple specific retail pharmacy locations from which Controlled Substances are dispensed to individual patients.

C. "*Chief Diversion Control Officer*." As defined in Section IV.A.

D. "*Clearinghouse*." The system established by Section XVII.

E. "*Clearinghouse Advisory Panel*." As defined in Section XVII.B.4.

F. "*Controlled Substances*." Those substances designated under schedules II-V pursuant to the federal Controlled Substances Act and the laws and regulations of the Settling

States that incorporate federal schedules II-V. For purposes of the requirements of the Injunctive Relief Terms, Gabapentin shall be treated as a Controlled Substance, except for purposes of Section XII for Customers located in States that do not regulate it as a controlled substance or similar designation (e.g., drug of concern).

G. "*Corrective Action Plan*." As defined in Section XIX.B.7.b.

H. "*CSMP*." As defined in Section I.A.

I. "*CSMP Committee*." As defined in Section VI.A.

J. "*Customers*." Refers collectively to current, or where applicable potential, Chain Customers and Independent Retail Pharmacy Customers. "Customers" do not include long-term care facilities, hospital pharmacies, and pharmacies that serve exclusively inpatient facilities.

K. "*Data Security Event*." Refers to any compromise, or threat that gives rise to a reasonable likelihood of compromise, by unauthorized access or inadvertent disclosure impacting the confidentiality, integrity, or availability of Dispensing Data.

L. "*Dispensing Data*." Includes, unless altered by the Clearinghouse Advisory Panel:

a. unique patient IDs;

b. patient zip codes;

c. the dates prescriptions were dispensed;

d. the NDC numbers of the drugs dispensed;

e. the quantities of drugs dispensed;

f. the day's supply of the drugs dispensed;

g. the methods of payment for the drugs dispensed;

h. the prescribers' names;

i. the prescribers' NPI or DEA numbers; and

j. the prescribers' zip codes or addresses.

The Clearinghouse will be solely responsible for collecting Dispensing Data.

M. "*Draft Report*." As defined in Section XVIII.H.1.

N. "*Effective Date*." As defined in Section I.B.

O. *"Full-Line Wholesale Pharmaceutical Distribution Business*." Activity engaged in by distribution centers with a primary business of supplying a wide range of branded, generic, over-the-counter and specialty pharmaceutical products to Customers.

P. "*Highly Diverted Controlled Substances*." Includes: (i) oxycodone; (ii) hydrocodone; (iii) hydromorphone; (iv) tramadol; (v) oxymorphone; (vi) morphine; (vii) methadone; (viii) carisoprodol; (ix) alprazolam; and (x) fentanyl. The Injunctive Relief Distributors shall confer annually and review this list to determine whether changes are appropriate and shall add Controlled Substances to the list of Highly Diverted Controlled Substances as needed based on information provided by the DEA and/or other sources related to drug diversion trends. The Injunctive Relief Distributors shall notify the State Compliance Review Committee and the Monitor of any additions to the list of Highly Diverted Controlled Substances. Access to Controlled Substances predominately used for Medication-Assisted Treatment shall be considered when making such additions.

Q. "*Independent Retail Pharmacy Customers*." Retail pharmacy locations that do not have centralized corporate headquarters and dispense Controlled Substances to individual patients.

R. "*Injunctive Relief Distributors*." As defined in Section II.B.

S. "*Injunctive Relief Terms*." As defined in Section I.A.

T. "*Monitor*." As defined in Section XVIII.A.

U. "*National Arbitration Panel*." As defined by Section I.GG of the Settlement Agreement, dated as of July 21, 2021, which incorporates these Injunctive Relief Terms as Exhibit P.

V. "*NDC*." National Drug Code.

W. "*non-Controlled Substance*." Prescription medications that are not Controlled Substances.

X. "*Notice of Potential Violation*." As defined in Section XIX.B.2.

Y. "*Order*." A unique Customer request on a specific date for (i) a certain amount of a specific dosage form or strength of a Controlled Substance or (ii) multiple dosage forms and/or strengths of a Controlled Substance. For the purposes of this definition, each line item on a purchasing document or DEA Form 222 is a separate order, except that a group of line items either in the same drug family or DEA base code (based upon the structure of a Injunctive Relief Distributor's CSMP) may be considered to be a single order.

Z. "*Pharmacy Customer Data*." Aggregated and/or non-aggregated data provided by the Customer for a 90-day period.

1. To the extent feasible based on the functionality of a Customer's pharmacy management system, Pharmacy Customer Data shall contain (or, in the case of non-aggregated data, shall be sufficient to determine) the following:

a. A list of the total number of prescriptions and dosage units for each NDC for all Controlled Substances and non-Controlled Substances;

b. A list of the top five prescribers of each Highly Diverted Controlled Substance by dosage volume and the top ten prescribers of all Highly Diverted Controlled Substances combined by dosage volume. For each prescriber, the data shall include the following information:

(i) Number of prescriptions and doses prescribed for each Highly Diverted Controlled Substance NDC;

(ii) Number of prescriptions for each unique dosage amount (number of pills per prescription) for each Highly Diverted Controlled Substance NDC;

(iii) Prescriber name, DEA registration number, and address; and

(iv) Medical practice/specialties, if available;

c. Information on whether the method of payment was cash for (a) Controlled Substances, and (b) non-Controlled Substances; and

d. Information on top ten patient residential areas by five-digit ZIP code prefix for filled Highly Diverted Controlled Substances by dosage volume, including number of prescriptions and doses for each Highly Diverted Controlled Substance NDC.

2. Injunctive Relief Distributors are not required to obtain Pharmacy Customer Data for all Customers. Pharmacy Customer Data only needs to be obtained under circumstances required by the Injunctive Relief Terms and the applicable CSMP policies and procedures. Each Injunctive Relief Distributor's CSMP policies and procedures shall describe the appropriate circumstances under which and methods to be used to obtain and analyze Pharmacy Customer Data.

3. Injunctive Relief Distributors shall only collect, use, disclose or retain Pharmacy Customer Data consistent with applicable federal and state privacy and consumer protections laws. Injunctive Relief Distributors shall not be required to collect, use, disclose or retain any data element that is prohibited by law or any element that would require notice to or consent from the party who is the subject of the data element, including, but not limited to, a third party (such as a prescriber) to permit collection, use, disclosure and/or retention of the data.

AA. "*Potential Violation*." As defined in Section XIX.B.1.

BB. "*Reporting Periods.*" As defined in Section XVIII.C.1.

CC. "*Settling State*." As defined by Section I.OOO of the Settlement Agreement, dated as of July 21, 2021, which incorporates these Injunctive Relief Terms as Exhibit P.

DD. "*State Compliance Review Committee*." The initial State Compliance Review Committee members are representatives from the Attorneys General Offices of Connecticut, Florida, New York, North Carolina, Tennessee, and Texas. The membership of the State Compliance Review Committee may be amended at the discretion of the Settling States.

EE. "*Suspicious Orders*." As defined under federal law and regulation and the laws and regulations of the Settling States that incorporate the federal Controlled Substances Act. Suspicious Orders currently include, but are not limited to, orders of unusual size, orders deviating substantially from a normal pattern, and orders of unusual frequency.

FF. "*Threshold*." The total volume of a particular drug family, DEA base code, or a particular formulation of a Controlled Substance that an Injunctive Relief Distributor shall allow a Customer to purchase in any particular period. This term may be reassessed during Phase 2-B of the Clearinghouse.

GG. "*Third Party Request*." A request from an entity other than an Injunctive Relief Distributor, a Settling State, or the Monitor pursuant to a subpoena, court order, data practices act, freedom of information act, public information act, public records act, or similar law.

HH. "*Top Prescriber*." A prescriber who, for a Customer, is either (i) among the top five (5) prescribers of each Highly Diverted Controlled Substance or (ii) among the top ten (10) prescribers of Highly Diverted Controlled Substances combined, as determined from the most recent Pharmacy Customer Data for that Customer.

IV. CSMP Personnel

A. Each Injunctive Relief Distributor shall establish or maintain the position of Chief Diversion Control Officer, or other appropriately titled position, to oversee the Injunctive Relief Distributor's CSMP. The Chief Diversion Control Officer shall have appropriate experience regarding compliance with the laws and regulations concerning Controlled Substances, in particular laws and regulations requiring effective controls against the potential diversion of Controlled Substances. The Chief Diversion Control Officer shall report directly to either the senior executive responsible for U.S. pharmaceutical distribution or the most senior legal officer at the Injunctive Relief Distributor.

B. The Chief Diversion Control Officer shall be responsible for the approval of material revisions to the CSMP.

C. The Chief Diversion Control Officer shall provide at least quarterly reports to the CSMP Committee regarding the Injunctive Relief Distributor's operation of the CSMP, including the implementation of any changes to the CSMP required by these Injunctive Relief Terms.

D. An Injunctive Relief Distributor's CSMP functions, including, but not limited to, the onboarding and approval of new Customers for the sale of Controlled Substances, setting and adjusting Customer Thresholds for Controlled Substances, terminating or suspending Customers, and submitting Suspicious Orders and other reports to Settling States (or the Clearinghouse, when operational), but excluding support necessary to perform these functions, shall be conducted exclusively by the Injunctive Relief Distributor's CSMP personnel or qualified third-party consultants.

E. Staffing levels of each Injunctive Relief Distributor's CSMP department shall be reviewed periodically, but at least on an annual basis, by the Injunctive Relief Distributor's CSMP Committee. This review shall include consideration of relevant developments in technology, law, and regulations to ensure the necessary resources are in place to carry out the program in an effective manner.

F. Personnel in an Injunctive Relief Distributor's CSMP department shall not report to individuals in an Injunctive Relief Distributor's sales department, and sales personnel shall not be authorized to make decisions regarding the promotion, compensation, demotion, admonition, discipline, commendation, periodic performance reviews, hiring, or firing of CSMP personnel.

G. The CSMP policies and procedures shall be published in a form and location readily accessible to all CSMP personnel at each Injunctive Relief Distributor.

V. Independence

A. For each Injunctive Relief Distributor, sales personnel compensated with commissions shall not be compensated based on revenue or profitability targets or expectations for sales of Controlled Substances. However, each Injunctive Relief Distributor's personnel may, as applicable, be compensated (including incentive compensation) based on formulas that include total sales for all of the Injunctive Relief Distributor's products, including Controlled Substances. The compensation of sales personnel shall not include incentive compensation tied solely to sales of Controlled Substances.

B. For any Injunctive Relief Distributor personnel who are compensated at least in part based on Customer sales, the Injunctive Relief Distributor shall ensure the compensation of such personnel is not decreased by a CSMP-related suspension or termination of a Customer or as a direct result of the reduction of sales of Controlled Substances to a Customer pursuant to the CSMP.

C. The Injunctive Relief Distributors' sales personnel shall not be authorized to make decisions regarding the implementation of CSMP policies and procedures, the design of the CSMP, the setting or adjustment of Thresholds, or other actions taken pursuant to the CSMP, except sales personnel must provide information regarding compliance issues to CSMP personnel promptly. The Injunctive Relief Distributors' sales personnel are prohibited from interfering with, obstructing, or otherwise exerting control over any CSMP department decision-making.

D. Each Injunctive Relief Distributor shall review its compensation and non-retaliation policies and, if necessary, modify and implement changes to those policies to effectuate the goals of, and incentivize compliance with, the CSMP.

E. Each Injunctive Relief Distributor shall maintain a telephone, email, and/or web-based "hotline" to permit employees and/or Customers to anonymously report suspected diversion of Controlled Substances or violations of the CSMP, Injunctive Relief Distributor company policy related to the distribution of Controlled Substances, or applicable law. Each Injunctive Relief Distributor shall share the hotline contact information with their employees and Customers. Each Injunctive Relief Distributor shall maintain all complaints made to the hotline, and document the determinations and bases for those determinations made in response to all complaints.

VI. Oversight

A. To the extent not already established, each Injunctive Relief Distributor shall establish a committee that includes senior executives with responsibility for legal, compliance, distribution and finance to provide oversight over its CSMP (the "*CSMP Committee*"). The Chief Diversion Control Officer shall be a member of the CSMP Committee. The CSMP Committee shall not include any employee(s) or person(s) performing any sales functions on behalf of the Injunctive Relief Distributor; provided that service on the CSMP Committee by any senior executives listed in this paragraph whose responsibilities may include, but are not limited to, management of sales functions shall not constitute a breach of the Injunctive Relief Terms.

B. Each Injunctive Relief Distributor's CSMP Committee shall have regular meetings during which the Chief Diversion Control Officer shall present to the CSMP Committee with respect to, and the CSMP Committee shall evaluate, among other things: (1) any material modifications and potential enhancements to the CSMP including, but not limited to, those relating to Customer due diligence and Suspicious Order monitoring and reporting; (2) any significant new national and regional diversion trends involving Controlled Substances; (3) the Injunctive Relief Distributor's adherence to the CSMP policies and procedures, the Injunctive Relief Terms, and applicable laws and regulations governing the distribution of Controlled Substances; and (4) any technology, staffing, or other resource needs for the CSMP. The CSMP Committee shall have access to all CSMP reports. The CSMP Committee will review and approve the specific metrics used to identify the Red Flags set forth in Section VIII.

C. On a quarterly basis, each Injunctive Relief Distributor's CSMP Committee shall send a written report to the Injunctive Relief Distributor's Chief Executive, Chief Financial, and Chief Legal Officer, as well as its Board of Directors, addressing:

1. the Injunctive Relief Distributor's substantial adherence to the CSMP policies and procedures, the Injunctive Relief Terms, and applicable laws and regulations governing the distribution of Controlled Substances;

2. recommendations as appropriate about the allocation of resources to ensure the proper functioning of the Injunctive Relief Distributor's CSMP; and

3. significant revisions to the CSMP. The Board of Directors or a committee thereof at each Injunctive Relief Distributor shall document in its minutes its review of the quarterly CSMP Committee reports.

D. To the extent not already established, the Board of Directors of each Injunctive Relief Distributor shall establish its own compliance committee (the "*Board Compliance Committee*") to evaluate, at a minimum, and on a quarterly basis: (1) the CSMP Committee's written reports; (2) the Injunctive Relief Distributor's substantial adherence to the CSMP policies and procedures, the Injunctive Relief Terms, and applicable laws and regulations governing the distribution of Controlled Substances; (3) the Injunctive Relief Distributor's code of conduct and any whistleblower reporting policies, including those prescribed by Section V.E; and (4) any significant regulatory and/or government enforcement matters within the review period relating to the distribution of Controlled Substances. An Injunctive Relief Distributor meets this requirement if it established, prior to the Effective Date, multiple committees of its Board of Directors that together have responsibilities outlined in this paragraph.

E. The Board Compliance Committee shall have the authority to: (1) require management of the Injunctive Relief Distributor to conduct audits on any CSMP or legal and regulatory concern pertaining to Controlled Substances distribution, and to update its full Board of Directors on those audits; (2) to commission studies, reviews, reports, or surveys to evaluate the Injunctive Relief Distributor's CSMP performance; (3) request meetings with the Injunctive Relief Distributor's management and CSMP staff; and (4) review the appointment, compensation, performance, and replacement of the Injunctive Relief Distributor's Chief Diversion Control Officer.

VII. Mandatory Training

A. Each Injunctive Relief Distributor shall require all new CSMP personnel to attend trainings on its CSMP, its obligations under the Injunctive Relief Terms, and its duties with respect to maintaining effective controls against potential diversion of Controlled Substances and reporting Suspicious Orders pursuant to state and federal laws and regulations prior to conducting any compliance activities for the Injunctive Relief Distributor without supervision.

B. Each Injunctive Relief Distributor shall provide annual trainings to CSMP personnel on its CSMP, its obligations under the Injunctive Relief Terms, and its duties to maintain effective controls against potential diversion of Controlled Substances and report Suspicious Orders pursuant to state and federal laws and regulations.

C. On an annual basis, each Injunctive Relief Distributor shall test its CSMP personnel on their knowledge regarding its CSMP, its obligations under the Injunctive Relief Terms, and its duties to maintain effective controls against potential diversion of Controlled Substances and to report Suspicious Orders pursuant to state and federal laws and regulations.

D. Each Injunctive Relief Distributor shall train all third-party compliance consultants (defined as non-employees who are expected to devote fifty percent (50%) or more of their time to performing work related to the Injunctive Relief Distributor's CSMP, excluding information technology consultants not engaged in substantive functions related to an Injunctive

Relief Distributor's CSMP) performing compliance functions for the Injunctive Relief Distributor in the same manner as the Injunctive Relief Distributor's CSMP personnel.

E. At least every three (3) years in the case of existing employees, and within the first six months of hiring new employees, each Injunctive Relief Distributor shall require operations, sales, and senior executive employees to attend trainings on its CSMP, its obligations under the Injunctive Relief Terms, the hotline established in Section V.E, and its duties to maintain effective controls against potential diversion of Controlled Substances and report Suspicious Orders pursuant to state and federal laws and regulations.

VIII. Red Flags

A. Within one hundred and twenty days (120) of the Effective Date, each Injunctive Relief Distributor shall, at a minimum, apply specific metrics to identify the potential Red Flags described in Section VIII.D with respect to Independent Retail Pharmacy Customers. For Chain Customers, the metrics used to identify the Red Flags described in Section VIII.D may be adjusted based on the specific business model and supplier relationships of the Chain Customer.

B. Each Injunctive Relief Distributor shall evaluate and, if necessary, enhance or otherwise adjust the specific metrics it uses to identify Red Flags set forth in Section VIII.D.

C. Each Injunctive Relief Distributor shall provide annually to the Monitor the specific metrics it uses to identify Red Flags as set forth in Section VIII.D. The Monitor shall review the metrics used to identify Red Flags as set forth in Section VIII.D to assess whether the metrics are reasonable. The Monitor may, at its discretion, suggest revisions to the metrics in the annual Audit Report as part of the Red Flags Review set forth in Section XVIII.F.3.f. Each Injunctive Relief Distributor may rely on its specific metrics to comply with the requirements of Section VIII unless and until the Monitor proposes a revised metric in connection with Section XVIII.H.

D. For purposes of the Injunctive Relief Terms, "*Red Flags*" are defined as follows:

1. **Ordering ratio of Highly Diverted Controlled Substances to non-Controlled Substances**: Analyze the ratio of the order volume of all Highly Diverted Controlled Substances to the order volume of all non-Controlled Substances to identify Customers with significant rates of ordering Highly Diverted Controlled Substances.

2. **Ordering ratio of Highly Diverted Controlled Substance base codes or drug families to non-Controlled Substances**: Analyze the ratio of the order volume of each Highly Diverted Controlled Substance base code or drug family to the total order volume of all non-Controlled Substances to identify Customers with significant rates of ordering each Highly Diverted Controlled Substance base code or drug family.

3. **Excessive ordering growth of Controlled Substances**: Analyze significant increases in the ordering volume of Controlled Substances using criteria to identify customers that exhibit percentage growth of Controlled Substances substantially in excess of the percentage growth of non-Controlled Substances.

4. **Unusual formulation ordering**: Analyze ordering of Highly Diverted Controlled Substances to identify customers with significant ordering of high-risk formulations. High-risk formulations include, but are not limited to, 10mg hydrocodone, 8mg hydromorphone, 2mg alprazolam, single-ingredient buprenorphine (*i.e.*, buprenorphine without naloxone), and highly-abused formulations of oxycodone. On an annual basis (or as otherwise necessary), high-risk formulations of Highly Diverted Controlled Substances may be added, removed, or revised based on the Injunctive Relief Distributors' assessment and regulatory guidance.

5. **Out-of-area patients**: Analyze Pharmacy Customer Data or Dispensing Data to assess volume of prescriptions for Highly Diverted Controlled Substances for out-of-area patients (based on number of miles traveled between a patient's zip code and the pharmacy location, depending on the geographic area of interest) taking into consideration the percentage of out-of-area patients for non-Controlled Substances.

6. **Cash prescriptions**: Analyze Pharmacy Customer Data or Dispensing Data to assess percentage of cash payments for purchases of Controlled Substances taking into consideration the percentage of cash payments for purchases of non-Controlled Substances.

7. **Prescriber activity of Customers**: Analyze Pharmacy Customer Data or Dispensing Data to identify Customers that are dispensing Highly Diverted Controlled Substance prescriptions for Top Prescribers as follows:

   a. Top Prescribers representing a significant volume of dispensing where the prescriber's practice location is in excess of 50 miles from the pharmacy ("out-of-area"), relative to the percentage of out-of-area prescriptions for non-Controlled Substances.

   b. Top Prescribers representing prescriptions for the same Highly Diverted Controlled Substances in the same quantities and dosage forms indicative of pattern prescribing (e.g., a prescriber providing many patients with the same high-dose, high-quantity supply of 30mg oxycodone HCL prescription without attention to the varying medical needs of the prescriber's patient population).

   c. Top Prescribers where the top five (5) or fewer prescribers represent more than fifty percent (50%) of total prescriptions for Highly Diverted Controlled Substances during a specified period.

8. **Public regulatory actions against Customers**: Review information retrieved from companies that provide licensing and disciplinary history records (e.g., LexisNexis), and/or other public sources, including governmental entities, showing that the Customer, pharmacists working for that Customer, or the Customer's Top Prescribers have been subject, in the last five (5) years, to professional disciplinary sanctions regarding the dispensing or handling of Controlled Substances or law enforcement action related to Controlled Substances diversion. Continued licensing by a relevant state

agency may be considered, but shall not be dispositive, in resolving the Red Flag. For Chain Customer locations, representations from each Chain Customer that it reviews its pharmacists' licensing statuses annually and for the regulatory actions described in this paragraph has either (i) taken appropriate employment action, or (ii) disclosed the regulatory action to the Injunctive Relief Distributor, may be considered in resolving the Red Flag.

9. **Customer termination data**: Review information from the Injunctive Relief Distributor's due diligence files and, when operable, from the Clearinghouse, subject to Section VIII.F, regarding Customers that have been terminated from ordering Controlled Substances by another distributor due to concerns regarding Controlled Substances.

E. For any Red Flag evaluation in Section VIII.D that may be performed using Pharmacy Customer Data or Dispensing Data, an Injunctive Relief Distributor will analyze the Red Flag using Pharmacy Customer Data, to the extent feasible based on the functionality of a Customer's pharmacy management system, until Dispensing Data is collected and analyzed by the Clearinghouse as described in Section XVII. Until Dispensing Data is collected and analyzed by the Clearinghouse, an Injunctive Relief Distributor may satisfy the Red Flag evaluations in Sections VIII.D.5 through VIII.D.7 by engaging in considerations of out-of-area patients, cash payments for prescriptions and Top Prescribers without satisfying the specific requirements of Sections VIII.D.5 through VIII.D.7. In the event that the Clearinghouse is not collecting and analyzing Dispensing Data within two years of the Effective Date, the Injunctive Relief Distributors and the State Compliance Review Committee shall meet and confer to consider alternatives for the performance of the analysis required by Sections VIII.D.5 through VIII.D.7 using Pharmacy Customer Data.

F. As provided for in Section XVII.C.4, the foregoing Red Flag evaluations may be performed by the Clearinghouse and reported to the relevant Injunctive Relief Distributors.

G. The Injunctive Relief Distributors and the State Compliance Review Committee shall work in good faith to identify additional potential Red Flags that can be derived from the data analytics to be performed by the Clearinghouse.

IX. Onboarding

A. For each Injunctive Relief Distributor, prior to initiating the sale of Controlled Substances to a potential Customer, a member of the Injunctive Relief Distributor's CSMP department (or a qualified third-party compliance consultant trained on the Injunctive Relief Distributor's CSMP) shall perform the following due diligence:

1. Interview the pharmacist-in-charge, either over the telephone, via videoconference, or in person. The interview shall include questions regarding the manner in which the potential Customer maintains effective controls against the potential diversion of Controlled Substances.

2. Obtain a "Pharmacy Questionnaire" completed by the owner and/or pharmacist-in-charge of the potential Customer. The Pharmacy Questionnaire shall

require going-concern potential Customers to list their top ten (10) prescribers for Highly Diverted Controlled Substances combined, along with the prescriber's specialty, unless the Injunctive Relief Distributor is able to obtain this data otherwise. The Pharmacy Questionnaire shall also require disclosure of the identity of all other distributors that serve the potential Customer, and whether the potential Customer has been terminated or suspended from ordering Controlled Substances by another distributor and the reason for any termination or suspension. The Pharmacy Questionnaire shall request information that would allow the Injunctive Relief Distributor to identify Red Flags, including questions regarding the manner in which the potential Customer maintains effective controls against the potential diversion of Controlled Substances. A potential Customer's responses to the Pharmacy Questionnaire shall be verified, to the extent applicable and practicable, against external sources (for example, the Clearinghouse, once operational, and Automation of Reports and Consolidated Orders System ("*ARCOS*") data made available to the Injunctive Relief Distributor by the DEA). The Pharmacy Questionnaire shall be maintained by the Injunctive Relief Distributor in a database accessible to its CSMP personnel.

3. Complete a written onboarding report to be maintained in a database accessible to the Injunctive Relief Distributor's CSMP personnel reflecting the findings of the interview and any site visit, the findings regarding the identification of and, if applicable, conclusion concerning any Red Flag associated with the pharmacy, as well as an analysis of the Pharmacy Questionnaire referenced in the preceding paragraph.

4. For going-concern potential Customers, review Pharmacy Customer Data to assist with the identification of any Red Flags.

5. Document whether the potential Customer or the pharmacist-in-charge has been subject to any professional disciplinary sanctions or law enforcement activity related to Controlled Substances dispensing, and, if so, the basis for that action. For Chain Customers, this provision shall apply to the potential specific pharmacies in question.

B. For Chain Customers, each Injunctive Relief Distributor may obtain the information in Section IX.A from a corporate representative of the Chain Customer.

C. In the event that an Injunctive Relief Distributor identifies one or more unresolved Red Flags or other information indicative of potential diversion of Controlled Substances through the onboarding process or otherwise, the Injunctive Relief Distributor shall refrain from selling Controlled Substances to the potential Customer pending additional due diligence. If following additional due diligence, the Injunctive Relief Distributor is unable to resolve the Red Flags or other information indicative of diversion, the Injunctive Relief Distributor shall not initiate the sale of Controlled Substances to the potential Customer and shall report the potential Customer consistent with Section XIV. If the Injunctive Relief Distributor determines that the potential Customer may be onboarded for the sale of Controlled Substances, the Injunctive Relief Distributor shall document the decision and the bases for its decision. Such a good faith determination, if documented, shall not serve, without more, as the basis of a future claim of non-compliance with the Injunctive Relief Terms. For Chain Customers, these provisions shall apply to the potential specific pharmacies in question.

X. Ongoing Due Diligence

A. Each Injunctive Relief Distributor shall periodically review its procedures and systems for detecting patterns or trends in Customer order data or other information used to evaluate whether a Customer is maintaining effective controls against diversion.

B. Each Injunctive Relief Distributor shall conduct periodic proactive compliance reviews of its Customers' performance in satisfying their corresponding responsibilities to maintain effective controls against the diversion of Controlled Substances.

C. Each Injunctive Relief Distributor shall review ARCOS data made available to it by the DEA and, once operational, by the Clearinghouse, to assist with Customer specific due diligence. For Chain Customers, this provision shall apply to the potential specific pharmacies in question.

D. Each Injunctive Relief Distributor shall conduct due diligence as set forth in its CSMP policies and procedures in response to concerns of potential diversion of Controlled Substances at its Customers. For Chain Customers, these provisions shall apply to the specific pharmacies in question. The due diligence required by an Injunctive Relief Distributor's CSMP policies and procedures may depend on the information or events at issue. The information or events raising concerns of potential diversion of Controlled Substances at a Customer include but are not limited to:

1. The discovery of one or more unresolved Red Flags;

2. The receipt of information directly from law enforcement or regulators concerning potential diversion of Controlled Substances at or by a Customer;

3. The receipt of information concerning the suspension or revocation of pharmacist's DEA registration or state license related to potential diversion of Controlled Substances;

4. The receipt of reliable information through the hotline established in Section V.E concerning suspected diversion of Controlled Substances at the Customer;

5. The receipt of reliable information from another distributor concerning suspected diversion of Controlled Substances at the Customer; or

6. Receipt of other reliable information that the Customer is engaged in conduct indicative of diversion or is failing to adhere to its corresponding responsibility to prevent the diversion of Highly Diverted Controlled Substances.

E. On an annual basis, each Injunctive Relief Distributor shall obtain updated pharmacy questionnaires from five hundred (500) Customers to include the following:

1. The top 250 Customers by combined volume of Highly Diverted Controlled Substances purchased from the Injunctive Relief Distributor measured as of the end of the relevant calendar year; and

2. Additional Customers selected as a representative sample of various geographic regions, customer types (Independent Retail Pharmacy Customers and Chain Customers), and distribution centers. Each Injunctive Relief Distributor's Chief Diversion Control Officer shall develop risk-based criteria for the sample selection.

F. Scope of Review

1. For reviews triggered by Section X.D, an Injunctive Relief Distributor shall conduct due diligence and obtain updated Pharmacy Customer Data or equivalent, or more comprehensive data from the Clearinghouse if needed, as set forth in its CSMP policies and procedures.

2. For questionnaires collected pursuant to Section X.E, Injunctive Relief Distributors shall conduct a due diligence review consistent with the Injunctive Relief Distributors' CSMP policies and procedures. These annual diligence reviews shall be performed in addition to any of the diligence reviews performed under Section X.D, but may reasonably rely on reviews performed under Section X.D.

3. If the Injunctive Relief Distributor decides to terminate the Customer due to concerns regarding potential diversion of Controlled Substances, the Injunctive Relief Distributor shall promptly cease the sale of Controlled Substances to the Customer and report the Customer consistent with Section XIV. If the Injunctive Relief Distributor decides not to terminate the Customer, the Injunctive Relief Distributor shall document that determination and the basis therefor. Such a good faith determination, if documented, shall not, without more, serve as the basis of a future claim of non-compliance with the Injunctive Relief Terms.

XI. Site Visits

A. Each Injunctive Relief Distributor shall conduct site visits, including unannounced site visits, where appropriate, of Customers, as necessary, as part of Customer due diligence.

B. During site visits, an Injunctive Relief Distributor's CSMP personnel or qualified third-party compliance consultants shall interview the pharmacist-in-charge or other relevant Customer employees, if appropriate, about any potential Red Flags and the Customer's maintenance of effective controls against the potential diversion of Controlled Substances.

C. An Injunctive Relief Distributor's CSMP personnel or qualified third-party compliance consultants who conduct site visits shall document the findings of any site visit.

D. Site visit and all other compliance reports shall be maintained by each Injunctive Relief Distributor in a database accessible to all CSMP personnel.

XII. Thresholds

A. Each Injunctive Relief Distributor shall use Thresholds to identify potentially Suspicious Orders of Controlled Substances from Customers.

B. Each Injunctive Relief Distributor's CSMP department shall be responsible for the oversight of the process for establishing and modifying Thresholds. The sales departments of the Injunctive Relief Distributors shall not have the authority to establish or adjust Thresholds for any Customer or participate in any decisions regarding establishment or adjustment of Thresholds.

C. Injunctive Relief Distributors shall not provide Customers specific information about their Thresholds or how their Thresholds are calculated.

1. Threshold Setting

a. Injunctive Relief Distributors shall primarily use model-based thresholds. For certain circumstances, Injunctive Relief Distributors may apply a non-model threshold based on documented customer diligence and analysis.

b. Each Injunctive Relief Distributor shall include in its Annual Threshold Analysis and Assessment Report (as required by Section XVIII.F.3.c) to the Monitor summary statistics regarding the use of non-model thresholds and such information shall be considered by the Monitor as part of its Threshold Setting Process Review in the annual Audit Report.

c. For the purposes of establishing and maintaining Thresholds, each Injunctive Relief Distributor shall take into account the Controlled Substances diversion risk of each drug base code. The diversion risk of each base code should be defined and reassessed annually by the Injunctive Relief Distributor's CSMP Committee and reviewed by the Monitor.

d. Each Injunctive Relief Distributor shall establish Thresholds for new Customers prior to supplying those Customers with Controlled Substances and shall continue to have Thresholds in place at all times for each Customer to which it supplies Controlled Substances.

e. When ordering volume from other distributors becomes readily available from the Clearinghouse, an Injunctive Relief Distributor shall consider including such information as soon as reasonably practicable in establishing and maintaining Thresholds.

f. Each Injunctive Relief Distributor shall incorporate the following guiding principles in establishing and maintaining Customer Thresholds, except when inapplicable to non-model Thresholds:

(i) Thresholds shall take into account the number of non-Controlled Substance dosage units distributed to, dispensed and/or number of prescriptions dispensed by the Customer to assist with the determination of Customer size. As a general matter, smaller customers should have lower Thresholds than larger customers.

(ii) For the purposes of establishing and maintaining Thresholds, Injunctive Relief Distributors shall use statistical models that are appropriate to the underlying data.

(iii) For the purposes of establishing and maintaining Thresholds, Injunctive Relief Distributors shall take into account a Customer's ordering and/or dispensing history for a specified period of time.

(iv) For the purposes of establishing and maintaining Thresholds, Injunctive Relief Distributors shall take into account the ordering history of Customers within similar geographic regions, or, where appropriate for Chain Customers, ordering history within the chain.

(v) If appropriate, Thresholds may take into account the characteristics of Customers with similar business models.

(a) A Customer's statement that it employs a particular business model must be verified, to the extent practicable, before that business model is taken into account in establishing and maintaining a Customer's Threshold.

2. Threshold Auditing

a. The Injunctive Relief Distributors shall review their respective Customer Thresholds at least on an annual basis and modify them where appropriate.

b. Each Injunctive Relief Distributor's CSMP department shall annually evaluate its Threshold setting methodology and processes and its CSMP personnel's performance in adhering to those policies.

3. Threshold Changes

a. An Injunctive Relief Distributor may increase or decrease a Customer Threshold as set forth in its CSMP policies and procedures, subject to Sections XII.C.3.b through XII.C.3.e.

b. Prior to approving any Threshold change request by a Customer, each Injunctive Relief Distributor shall conduct due diligence to determine whether an increase to the Threshold is warranted. This due diligence shall include obtaining from the Customer the basis for the Threshold change request, obtaining and reviewing Dispensing Data and/or Pharmacy Customer Data for the previous three (3) months for due diligence purposes, and, as needed, conducting an on-site visit to the Customer. This Threshold change request diligence shall be conducted by the Injunctive Relief Distributor's CSMP personnel.

c. No Injunctive Relief Distributor shall proactively contact a Customer to suggest that the Customer request an increase to any of its Thresholds, to inform the Customer that its Orders-to-date are approaching its Thresholds or to recommend to the Customer the amount of a requested Threshold increase. It shall not be a violation of this paragraph to provide Chain Customer headquarters reporting on one or more individual Chain Customer pharmacy location(s) to support the anti-diversion efforts of the Chain Customer's headquarters staff, and it shall not be a violation of this paragraph for the Injunctive Relief Distributor's CSMP personnel to contact Customers to seek to understand a Customer's ordering patterns.

d. An Injunctive Relief Distributor's Chief Diversion Control Officer may approve criteria for potential adjustments to Customer Thresholds to account for circumstances where the Thresholds produced by the ordinary operation of the statistical models require modification. Such circumstances include adjustments to account for seasonal ordering of certain Controlled Substances that are based on documented diligence and analysis, adjustments made to permit ordering of certain Controlled Substances during a declared national or state emergency (e.g., COVID-19 pandemic), IT errors, and data anomalies causing results that are inconsistent with the design of the statistical models. Each Injunctive Relief Distributor shall include in its Annual Threshold Analysis and Assessment Report (as required by Section XVIII.F.3.c) to the Monitor information regarding the use of this paragraph and such information shall be considered by the Monitor as part of its Threshold Setting Process Review in the annual Audit Report.

e. Any decision to raise a Customer's Threshold in response to a request by a Customer to adjust its Threshold must be documented in a writing and state the reason(s) for the change. The decision must be consistent with the Injunctive Relief Distributor's CSMP and documented appropriately.

XIII. Suspicious Order Reporting and Non-Shipment

A. Each Injunctive Relief Distributor shall report Suspicious Orders to the Settling States ("*Suspicious Order Reports*" or "*SORs*"), including those Settling States that do not currently require such SORs, at the election of the Settling State.

B. For the SORs required by the Injunctive Relief Terms, each Injunctive Relief Distributor shall report Orders that exceed a Threshold for Controlled Substances set pursuant to the processes in Section XII that are blocked and not shipped.

C. No Injunctive Relief Distributor shall ship any Order that it (i) reports pursuant to Sections XIII.A or XIII.B, or (ii) would have been required to report pursuant to Sections XIII.A or XIII.B had the Settling State elected to receive SORs.

D. In reporting Suspicious Orders to the Settling States, the Injunctive Relief Distributors shall file SORs in a standardized electronic format that is uniform among the Settling States and contains the following information fields:

1. Customer name;

2. Customer address;

3. DEA registration number;

4. State pharmacy license number;

5. Date of order;

6. NDC number;

7. Quantity;

8. Explanation for why the order is suspicious (up to 250 characters): Details that are order-specific regarding why an order was flagged as a Suspicious Order, including specific criteria used by an Injunctive Relief Distributor's Threshold system (except phrases such as "order is of unusual size" without any additional detail are not acceptable); and

9. Name and contact information for a knowledgeable designee within the Injunctive Relief Distributor's CSMP department to be a point of contact for the SORs.

E. On a quarterly basis, each Injunctive Relief Distributor shall provide a summary report to the Settling States that elect to receive it that provides the following information for the relevant quarter with respect to the top ten (10) Customers by volume for each Highly Diverted Controlled Substance base code that have placed a Suspicious Order for that base code, in that quarter (for Chain Customers, only individual pharmacies in the chain will considered for evaluation as a top ten (10) Customer):

1. The number of SORs submitted for that Customer by base code;

2. The Customer's order volume by base code for the quarter for all Highly Diverted Controlled Substances;

3. The Customer's order frequency by base code for the quarter for all Highly Diverted Controlled Substances;

4. For each Highly Diverted Controlled Substance base code, the ratio of the Customer's order volume for that base code to the volume of all pharmaceutical orders for the quarter; and

5. The ratio of the Customer's order volume of all Controlled Substances to the volume of all pharmaceutical orders for the quarter.

F. The Injunctive Relief Distributors shall only be required to file a single, uniform, electronic form of SOR with any Settling State that receives SORs pursuant to these Injunctive Relief Terms. A Settling State retains the authority pursuant to applicable state law or relevant state agency authority to request additional information about a particular SOR.

G. It is the objective of the Settling States and the Injunctive Relief Distributors for the Injunctive Relief Distributors to provide SORs to Settling States that identify the same Suspicious Orders as reported to the DEA pursuant to the definition and requirements of the federal Controlled Substances Act and its regulations, although the fields of the SORs submitted to the Settling States as required by Section XIII may differ from the content required by the DEA. To the extent federal definitions and requirements materially change during the term of the Injunctive Relief Terms, the Injunctive Relief Distributors may be required to adjust the format and content of the SORs to meet these federal requirements. The Injunctive Relief Distributors and the State Compliance Review Committee will engage in good faith discussions regarding such adjustments.

H. It shall not be a violation of the Injunctive Relief Terms if an Injunctive Relief Distributor ships a Suspicious Order or fails to submit or transmit a SOR if:

1. The shipment of the Suspicious Order or failed SOR transmission was due to a computer error (data entry mistakes, coding errors, computer logic issues, software malfunctions, and other computer errors or IT failures); and

2. The Injunctive Relief Distributor reports the error, including a description of measures that will be taken to prevent recurrence of the error, to any affected Settling State, the State Compliance Review Committee, and the Monitor within five (5) business days of its discovery.

XIV. Terminated Customers

A. Each Injunctive Relief Distributor shall report to the Clearinghouse, once operational, within five (5) business days (or as otherwise required by state statute or regulation), Customers it has terminated from eligibility to receive Controlled Substances or refused to onboard for the sale of Controlled Substances due to concerns regarding the Customer's ability to provide effective controls against the potential diversion of Controlled Substances following the Effective Date.

B. The Injunctive Relief Distributors shall report to the relevant Settling State(s), within five (5) business days (or as otherwise required by state statute or regulation) Customers located in such Settling States that it has terminated from eligibility to receive Controlled Substances or refused to onboard for the sale of Controlled Substances due to concerns regarding the Customer's ability to provide effective controls against the potential diversion of Controlled Substances following the Effective Date. Such reports will be made in a uniform format. The Injunctive Relief Distributors and the State Compliance Review Committee shall use best efforts to agree on such uniform format for inclusion prior to the requirement taking effect.

C. In determining whether a Customer should be terminated from eligibility to receive Controlled Substances, Injunctive Relief Distributors shall apply factors set out in their CSMP policies and procedures, which shall include the following conduct by a Customer:

1. Has generated an excessive number of Suspicious Orders, which cannot otherwise be explained;

2. Has routinely demonstrated unresolved Red Flag activity;

3. Has continued to fill prescriptions for Highly Diverted Controlled Substances that raise Red Flags following an Injunctive Relief Distributor's warning or communication about such practices;

4. Has failed to provide Pharmacy Customer Data or Dispensing Data in response to a request from an Injunctive Relief Distributor or otherwise refuses to cooperate with the Injunctive Relief Distributor's CSMP after providing the Customer with a reasonable amount of time to respond to the Injunctive Relief Distributor's requests;

5. Has been found to have made material omissions or false statements on a Pharmacy Questionnaire (the requirements for the contents of a Pharmacy Questionnaire are described in Section IX); or

6. Has been the subject of discipline by a State Board of Pharmacy within the past three (3) years or has had its owner(s) or pharmacist-in-charge subject to license probation or termination within the past five (5) years by a State Board of Pharmacy for matters related to Controlled Substances dispensing or a federal or state felony conviction.

D. Once the Clearinghouse has made Customer termination data available to each Injunctive Relief Distributor, each Injunctive Relief Distributor shall consider terminating Customers that have been terminated from eligibility to receive Controlled Substances by another distributor as a result of suspected diversion of Controlled Substances if the Customer is ordering only Controlled Substances from the Injunctive Relief Distributor. If the Injunctive Relief Distributor determines not to terminate Customers to which this paragraph applies, the Injunctive Relief Distributor shall document its decision-making. A good-faith decision to continue shipping Controlled Substances to Customers to which this paragraph applies, shall not serve, without more, as the basis of a future claim of non-compliance with the Injunctive Relief Terms.

E. For Chain Customers, the provisions in Section XIV.A-D shall apply to the specific pharmacies in question.

XV. Emergencies

A. In the circumstances of declared national or state emergencies in which the healthcare community relies on the Injunctive Relief Distributors for critical medicines, medical supplies, products, and services, the Injunctive Relief Distributors may be required to temporarily modify their respective CSMP processes to meet the critical needs of the supply chain. These modifications may conflict with the requirements of the Injunctive Relief Terms.

B. In the case of a declared national or state emergency, the Injunctive Relief Distributors shall be required to give notice to the State Compliance Review Committee of any temporary material changes to their CSMP processes which may conflict with the requirements of the Injunctive Relief Terms and specify the sections of the Injunctive Relief Terms which will be affected by the temporary change.

C. The Injunctive Relief Distributors shall document all temporary changes to their CSMP processes and appropriately document all customer-specific actions taken as a result of the declared national or state emergency.

D. The Injunctive Relief Distributors shall provide notice to the State Compliance Review Committee at the conclusion of the declared national or state emergency, or sooner, stating that the temporary CSMP processes put into place have been suspended.

E. Provided the Injunctive Relief Distributors comply with the provisions of Sections XV.A through XV.D, the Injunctive Relief Distributors will not face liability for any deviations from the requirements of the Injunctive Relief Terms taken in good faith to meet the critical needs of the supply chain in response to the declared national or state emergency. Nothing herein shall limit Settling States from pursuing claims against the Injunctive Relief Distributors based on deviations from the requirements of the Injunctive Relief Terms not taken in good faith to meet the critical needs of the supply chain in response to a declared national or state emergency.

XVI. Compliance With Laws and Recordkeeping

A. The Injunctive Relief Distributors acknowledge and agree that they must comply with applicable state and federal laws governing the distribution of Controlled Substances.

B. Good faith compliance with the Injunctive Relief Terms creates a presumption that the Injunctive Relief Distributors are acting reasonably and in the public interest with respect to Settling States' existing laws requiring effective controls against diversion of Controlled Substances and with respect to the identification, reporting, and blocking of Suspicious Orders of Controlled Substances.

C. The requirements of the Injunctive Relief Terms are in addition to, and not in lieu of, any other requirements of state or federal law applicable to Controlled Substances distribution. Except as provided in Section XVI.D, nothing in the Injunctive Relief Terms shall be construed as relieving Injunctive Relief Distributors of the obligation to comply with such laws, regulations, or rules. No provision of the Injunctive Relief Terms shall be deemed as permission for Injunctive Relief Distributors to engage in any acts or practices prohibited by such laws, regulations, or rules.

D. In the event of a conflict between the requirements of the Injunctive Relief Terms and any other law, regulation, or requirement such that an Injunctive Relief Distributor cannot comply with the law without violating the Injunctive Relief Terms or being subject to adverse action, including fines and penalties, the Injunctive Relief Distributor shall document such conflicts and notify the State Compliance Review Committee and any affected Settling State the extent to which it will comply with the Injunctive Relief Terms in order to eliminate the conflict within thirty (30) days of the Injunctive Relief Distributor's discovery of the conflict. The Injunctive Relief Distributor shall comply with the Injunctive Relief Terms to the fullest extent possible without violating the law.

E. In the event of a change or modification of federal or state law governing the distribution of Controlled Substances that creates an actual or potential conflict with the Injunctive Relief Terms, any Injunctive Relief Distributor, any affected Settling State, or the State Compliance Review Committee may request that the Injunctive Relief Distributors, State Compliance Review Committee, and any affected Settling State meet and confer regarding the law change. During the meet and confer, the Injunctive Relief Distributors, the State Compliance Review Committee, and any affected Settling State will address whether the change or modification in federal or state law requires an amendment to the Injunctive Relief Terms. In the event the Injunctive Relief Distributors, the State Compliance Review Committee, and any affected Settling State cannot agree on a resolution, and the dispute relates to whether the generally applicable Injunctive Relief Terms herein should be changed, an Injunctive Relief Distributor, the State Compliance Review Committee, or any affected Settling State may submit the question to the National Arbitration Panel. If the dispute relates to whether a change in an individual State's law requires a modification of the Injunctive Relief Terms only with respect to that State, an Injunctive Relief Distributor, the State Compliance Review Committee, or any affected Settling State may seek resolution of the dispute pursuant to Section XIX. Maintenance of competition in the industry and the potential burden of inconsistent obligations by Injunctive Relief Distributors shall be a relevant consideration in such resolution.

F. Recordkeeping: Each Injunctive Relief Distributor shall retain records it is required to create pursuant to its obligations hereunder in an electronic or otherwise readily accessible format. The Settling States shall have the right to review records provided to the Monitor pursuant to Section XVIII. Nothing in the Injunctive Relief Terms prohibits a Settling State from issuing a lawful subpoena for records pursuant to an applicable law.

XVII. Clearinghouse

A. Creation of the Clearinghouse

1. The Clearinghouse functions shall be undertaken by a third-party vendor or vendors.

2. The vendor(s) will be chosen through a process developed and jointly agreed upon by the Injunctive Relief Distributors and the State Compliance Review Committee.

3. Consistent with the process developed by the Injunctive Relief Distributors and the State Compliance Review Committee, within two (2) months of the Effective Date, the Injunctive Relief Distributors shall issue a Request for Proposal to develop the systems and capabilities for a Clearinghouse to perform the services of a data aggregator.

4. Within five (5) months of the Effective Date, the Clearinghouse Advisory Panel shall select one or more entities to develop the systems for the Clearinghouse and perform data aggregator services. The Clearinghouse Advisory Panel shall select a vendor or vendors that employ or retain personnel who have adequate expertise and experience related to the pharmaceutical industry, the distribution of Controlled Substances, and the applicable requirements of the Controlled Substances Act and the DEA's implementing regulations.

5. Within sixty (60) days of the selection of a vendor(s) to serve as the Clearinghouse, the Injunctive Relief Distributors shall negotiate and finalize a contract with the vendor(s). The date that the contract is signed by the Injunctive Relief Distributors and the vendor(s) shall be referred to as the "*Clearinghouse Retention Date*."

6. The development of the Clearinghouse shall proceed on a phased approach as discussed in Sections XVII.C and XVII.D.

B. Governance and Staffing of the Clearinghouse

1. *Capabilities*. The selected vendor or vendors shall staff the Clearinghouse in a manner that ensures the development of robust data collection, analytics and reporting capabilities for the Settling States and Injunctive Relief Distributors. To the extent additional expertise is required for the engagement, the vendor(s) may retain the services of third-party consultants.

2. *Independence*. While performing services for the Clearinghouse, all vendors and consultants, and their staff working on the Clearinghouse, shall be independent (*i.e.*, not perform services of any kind, including as a consultant or an employee on behalf of any Injunctive Relief Distributor outside of the ordinary business operations of the Clearinghouse). Independence may be achieved by implementing appropriate ethical walls with employees who are currently performing or who have previously performed work for an Injunctive Relief Distributor within two years of the Clearinghouse Retention Date.

3. *Liability*. The Injunctive Relief Distributors are entitled to rely upon information or data received from the Clearinghouse, whether in oral, written, or other form. No Injunctive Relief Distributor, and no individual serving on the Clearinghouse Advisory Panel, shall have any liability (whether direct or indirect, in contract or tort or otherwise) to any Party for or in connection with any action taken or not taken by the Clearinghouse. In addition, no Injunctive Relief Distributor, and no individual serving on the Clearinghouse Advisory Panel, shall have any liability (whether direct or indirect, in contract or tort or otherwise) to any Party for or in connection with any action taken or not taken by an Injunctive Relief Distributor based on incorrect, inaccurate, incomplete or otherwise erroneous information or data provided by the Clearinghouse, unless the information or data was incorrect, inaccurate, incomplete or otherwise erroneous because the Injunctive Relief Distributor itself provided incorrect, inaccurate, incomplete or otherwise erroneous data or information to the Clearinghouse. For any legal requirements

that are assumed by the Clearinghouse during Phase 2-B pursuant to Section XVII.D.3, liability shall be addressed pursuant to Section XVII.D.3.c.

4. *Clearinghouse Advisory Panel*. The State Compliance Review Committee and Injunctive Relief Distributors shall create a Clearinghouse Advisory Panel no later than sixty (60) days after the Effective Date to oversee the Clearinghouse.

a. The Clearinghouse Advisory Panel shall have an equal number of members chosen by the State Compliance Review Committee on the one hand, and the Injunctive Relief Distributors on the other. The size of the Clearinghouse Advisory Panel will be decided by the State Compliance Review Committee and the Injunctive Relief Distributors, and the State Compliance Review Committee and the Injunctive Relief Distributors may select as members third-party experts, but no more than one half of each side's representatives may be such third-party experts. At least one member chosen by the State Compliance Review Committee will be based on consultation with the National Association of State Controlled Substances Authorities.

b. During the first two years of the operation of the Clearinghouse, the Clearinghouse Advisory Panel shall meet (in-person or remotely) at least once per month. After the first two years of operation, the Clearinghouse Advisory Panel shall meet at least quarterly. The Monitor may attend Clearinghouse Advisory Panel meetings and may provide recommendations to the Clearinghouse Advisory Panel.

c. The Clearinghouse Advisory Panel shall establish a subcommittee to advise on issues related to privacy, the Health Insurance Portability and Accountability Act of 1996 ("*HIPAA*"), and data security and a subcommittee to advise on issues related to Dispensing Data. It may establish additional subcommittees. Subcommittees may include individuals who are not members of the Clearinghouse Advisory Panel. The Clearinghouse Advisory Panel may invite one or more prescribers, dispensers, and representatives from state Prescription Drug Monitoring Programs ("*PDMP*") to serve on the Dispensing Data subcommittee. Each Injunctive Relief Distributor shall have a representative on each subcommittee created by the Clearinghouse Advisory Panel.

d. The Clearinghouse Advisory Panel may delegate tasks assigned to it by the Injunctive Relief Terms to the Executive Director.

e. *Executive Director*. One employee of the vendor, or one representative from the vendor group in the event that there are multiple vendors, shall be an Executive Director who shall manage day-to-day operations and report periodically to the Clearinghouse Advisory Panel.

C. Phase 1 of the Clearinghouse: Data Collection, Initial Analytics and Reporting

1. System Development

a. Within one (1) year of the Clearinghouse Retention Date, the Clearinghouse shall develop systems to receive and analyze data obtained from the Injunctive Relief Distributors pursuant to electronic transmission formats to be agreed upon by the Clearinghouse Advisory Panel.

b. In developing such systems, the Clearinghouse shall ensure that:

(i) The systems provide robust reporting and analytic capabilities.

(ii) Data obtained from Injunctive Relief Distributors shall be automatically pulled from the existing order management data platforms (e.g., SAP).

(iii) The systems shall be designed to receive data from sources other than the Injunctive Relief Distributors, including pharmacies, non-Injunctive Relief Distributors, the DEA, State Boards of Pharmacy, and other relevant sources, pursuant to standardized electronic transmission formats.

(iv) The systems shall be designed to protect personally identifiable information ("*PII*") and protected health information ("*PHI*") from disclosure and shall comply with HIPAA and any federal and state laws relating to the protection of PII and PHI.

(v) The Clearinghouse will establish a HIPAA-compliant database that can be accessed by state authorities, the Injunctive Relief Distributors, and any entities that subsequently participate in the Clearinghouse. The database that will be made available to the Injunctive Relief Distributors and any non-governmental entities that subsequently participate in the Clearinghouse will also blind commercially sensitive information.

(vi) State authorities shall have access to the HIPAA-compliant database via web-based tools and no additional or specialized equipment or software shall be required. This access shall allow state authorities to query the HIPAA-compliant database without limitation.

(vii) The Injunctive Relief Distributors shall be permitted to use data obtained from the Clearinghouse for anti-diversion purposes, including the uses expressly contemplated by the Injunctive Relief Terms. The Injunctive Relief Distributors shall not sell (or obtain license fees for) data obtained from Clearinghouse to any third-parties. Nothing in the Injunctive Relief Terms shall prohibit an Injunctive Relief Distributor from using its own data, including data provided to the Injunctive Relief Distributor by third-parties other than the Clearinghouse, for any commercial purposes, including selling or licensing its data to third-parties.

2. Aggregation of Data

a. It is the goal of the Settling States and the Injunctive Relief Distributors for the Clearinghouse to obtain comprehensive data from all distributors, pharmacies, and other relevant data sources to provide maximum permissible transparency into the distribution and dispensing of Controlled Substances. During Phase 1, the Clearinghouse Advisory Panel shall develop recommendations for ways to achieve this goal.

b. In Phase 1, the Injunctive Relief Distributors shall provide and/or facilitate the collection of, and the Clearinghouse shall collect and maintain, the following:

(i) Injunctive Relief Distributor transaction data for Controlled Substances and non-Controlled Substances, specified at the NDC, date, quantity, and customer level.

(ii) Injunctive Relief Distributor information on Customers that have been terminated and/or declined onboarding due to concerns regarding Controlled Substance dispensing following the Effective Date.

c. The Clearinghouse shall make available to the Injunctive Relief Distributors, in a format to be determined by the Clearinghouse Advisory Panel, blinded data for their CSMP due diligence functions. The data will include all Controlled Substances and non-Controlled Substances and be refreshed on a regular basis. The Clearinghouse will also seek to provide non-identifying information regarding whether a single distributor is associated with multiple warehouses with unique DEA registrations (e.g., multiple distribution centers operated by a single distributor), in the data it makes available.

d. During Phase 1, the Clearinghouse Advisory Panel (with input from its Dispensing Data subcommittee) will develop an operational plan to obtain Dispensing Data directly from pharmacies, unless the Clearinghouse Advisory Panel determines it is inadvisable to do so. The operational plan developed by the Clearinghouse Advisory Panel shall address compliance with HIPAA and shall include recommendations to facilitate the collection of Dispensing Data in compliance with HIPAA and relevant state privacy laws. To the extent possible, the Clearinghouse will begin collecting Dispensing Data during Phase 1.

e. Nothing in the Injunctive Relief Terms shall require the Injunctive Relief Distributors to indemnify or otherwise be responsible to pharmacy customers for any claims resulting from the provision of Dispensing Data to the Clearinghouse, including, but not limited to, claims related to any data breaches occurring with the data transmitted to or maintained by the Clearinghouse.

3. State and Federal Reporting Requirements

a. The Injunctive Relief Distributors shall comply with state and federal transactional and Suspicious Order reporting requirements related to Controlled Substances as follows:

(i) Until such time as the Clearinghouse is able to provide transactional and Suspicious Order regulatory reporting to the states on behalf of the Injunctive Relief Distributors, the Injunctive Relief Distributors shall continue to file all required reports under state law and those reports required by these Injunctive Relief Terms.

(ii) Once the Clearinghouse is able to process and submit such reports, the Clearinghouse may process and submit those reports on behalf of each Injunctive Relief Distributor to the states. At all times during Phase 1, each Injunctive Relief Distributor shall remain responsible for the identification of Suspicious Orders and will remain liable for a failure to submit transactional data or Suspicious Order reports required under state law or these Injunctive Relief Terms.

(iii) An Injunctive Relief Distributor may elect to fulfill its reporting obligations directly, rather than have the Clearinghouse assume the responsibility for the transmission of the various reports.

4. Additional Reports and Analytics

a. In consultation with the Clearinghouse Advisory Panel, the Clearinghouse shall work to develop additional reports and analyses to assist the Settling States and the Injunctive Relief Distributors in addressing Controlled Substance diversion, including, but not limited to, identifying Red Flags consistent with Section VIII.

b. The Clearinghouse will generate analyses and reports to be used by the Settling States and the Injunctive Relief Distributors based on format and content recommended by the Clearinghouse Advisory Panel. In order to refine the format and reach final recommendations, the Clearinghouse shall prepare sample analytical reports for a sample geographic region to review with the Clearinghouse Advisory Panel. The sample reports will also be shared with the DEA in an effort to receive additional feedback.

c. After the content and format of the sample reports have been approved by the Clearinghouse Advisory Panel, the Clearinghouse will begin producing reports on a periodic basis.

d. The Clearinghouse will develop capabilities to provide Settling States customized reports upon reasonable request to assist in their efforts to combat the diversion of Controlled Substances and for other public health and regulatory purposes.

e. After the Clearinghouse has obtained sufficient Dispensing Data from Customers, the Clearinghouse shall commence providing standard reports to the Settling States and Injunctive Relief Distributors that will include summaries and analysis of Dispensing Data. The reports and analytics of Dispensing Data shall be developed in consultation with the Clearinghouse Advisory Panel (including its Dispensing Data subcommittee) and shall include, but not be limited to:

(i) Identification of Customers whose dispensing may indicate Red Flags consistent with Section VIII, as determined by the Clearinghouse from aggregate data; and

(ii) Identification of Customers whose aggregate dispensing volumes for Highly Diverted Controlled Substances are disproportionately high relative to the population of the relevant geographic area.

f. The Clearinghouse shall also prepare reports and analyses for the Settling States and Injunctive Relief Distributors identifying prescribers whose prescribing behavior suggests they may not be engaged in the legitimate practice of medicine. Such reports and analysis shall be developed in consultation with the Clearinghouse Advisory Panel (including its Dispensing Data subcommittee) and shall seek to identify and evaluate:

(i) Prescribers who routinely prescribe large volumes of Highly Diverted Controlled Substances relative to other prescribers with similar specialties, including health care professionals who prescribe a large number of prescriptions for high dosage amounts of Highly Diverted Controlled Substances;

(ii) Prescribers whose prescriptions for Highly Diverted Controlled Substances are routinely and disproportionately filled in a geographic area that is unusual based on the prescriber's location; and

(iii) Prescribers who routinely prescribe out-of-specialty or out-of-practice area without legitimate reason.

g. Reports or analysis generated by the Clearinghouse may not be based on complete data due to a lack of participation by non-Injunctive Relief Distributors and pharmacies. As such, Injunctive Relief Distributors shall not be held responsible for actions or inactions related to reports and analysis prepared by the Clearinghouse which may be based on incomplete data due to a lack of participation by non-Injunctive Relief Distributors and pharmacies.

D. Phase 2 of the Clearinghouse: Additional Data Collection and Analytics and Assumption of CSMP Functions

Within one (1) year of Phase 1 of the Clearinghouse being operational, the Clearinghouse and the Clearinghouse Advisory Panel shall develop a detailed strategic and implementation plan for Phase 2 of the Clearinghouse ("*Phase 2 Planning Report*"). Phase 2 will consist of two parts. Phase 2-A will focus on increasing data collection from non-Injunctive Relief Distributors, pharmacies and other data sources and developing enhanced analytics based on the experiences gained from Phase 1. Phase 2-A will also include recommendations for the development of uniform federal and state reporting. Phase 2-B will involve the potential assumption of various CSMP activities, including Threshold setting and order management by the Clearinghouse. The Phase 2 Planning Report will address both Phase 2-A and Phase 2-B. After the completion of the Phase 2 Planning Report, individual Injunctive Relief Distributors, in their sole discretion, may elect not to proceed with Phase 2-B as provided by Section XVII.E. If one or more Injunctive Relief Distributors elect to proceed with Phase 2-B, the goal will be to have Phase 2-B fully operational within two (2) years of the Clearinghouse Retention Date and no later than three (3) years of the Clearinghouse Retention Date.

1. Phase 2-A: Additional Data Collection and Analytics

a. During Phase 2-A, the Clearinghouse will continue the functions defined in Phase 1 and work to expand the scope of its data collection and enhance its analytics and reporting capabilities including the following:

(i) Integration of data from additional sources, including:

(a) Transaction data from other distributors, including manufacturers that distribute directly to retail pharmacies and pharmacies that self-warehouse; and

(b) Where possible, state PDMP data and other data, including, but not limited to, State Board of Medicine and Board of Pharmacy sanctions, and agreed-upon industry data. If state PDMP data is effectively duplicative of Dispensing Data already obtained in Phase 1, it will not be necessary for the Clearinghouse to obtain state PDMP data.

(ii) Development of additional metrics analyzing the data available from the additional data sources (PDMP, other pharmacy data, sanction authorities, and third-party volume projections).

(iii) Development of real-time or near real-time access to distribution data, dispensing data and other data sources.

(iv) Refinement of methodologies for analyzing Dispensing Data to identify suspicious prescribers.

(v) Development of additional capabilities to provide Settling States, the Injunctive Relief Distributors and potentially the DEA customized reporting from the Clearinghouse upon reasonable request.

2. Phase 2-A: Uniform Required Reporting

a. The Clearinghouse and the Clearinghouse Advisory Panel shall develop uniform reporting recommendations for potential implementation by state regulators in order to allow the Injunctive Relief Distributors to satisfy their obligations under the Injunctive Relief Terms and state and federal laws in a uniform and consistent manner.

b. It is a goal of the Settling States and the Injunctive Relief Distributors to:

(i) Streamline and simplify required reporting which will benefit the Injunctive Relief Distributors and the Settling States, as well as the DEA;

(ii) Develop uniform transactional and Suspicious Order reporting requirements; and

(iii) Provide for the submission of uniform Suspicious Order reports.

3. Phase 2-B: Clearinghouse Assumption of CSMP Functions

a. With respect to Phase 2-B, the Phase 2 Planning Report shall address:

(i) Engagement with stakeholders, including the DEA, to develop the system of Threshold setting and Suspicious Order reporting to potentially be provided by the Clearinghouse;

(ii) Development of technology and rules, including any proposed changes to federal law or regulations;

(iii) Development of models for the identification of Suspicious Orders and setting universal Thresholds in a manner consistent with Section XII. These models shall include active order management and order fulfillment protocols to ensure that orders are compared to relevant Thresholds by the Clearinghouse before shipment instructions are provided by the Clearinghouse to the Injunctive Relief Distributors. The models shall also include the identification of Suspicious Orders when they are placed by Customers, which will be held before shipment or blocked based on instructions provided by the Clearinghouse to the Injunctive Relief Distributors.

(iv) Development of criteria governing distribution to Customers that have placed one or more Orders that exceed a Threshold;

(v) Development of rules for allocating Orders placed by Customers that have more than one Distributor if one or more Orders exceed a Threshold;

(vi) Development of a pilot project for a sample geographic region to perform data analysis to test the models for Threshold setting and the identification of Suspicious Orders.

b. Following implementation of Phase 2-B, the Injunctive Relief Distributors participating in Phase 2-B and the State Compliance Review Committee shall meet and confer with respect to whether to expand the scope of the Clearinghouse to cover additional anti-diversion functions, such as the performance of due diligence.

c. CSMP functions that have been assumed by the Clearinghouse during Phase 2-B will no longer be performed by participating Injunctive Relief Distributors individually through their CSMPs. CSMP functions performed by the Clearinghouse will assist participating Injunctive Relief Distributors to satisfy the applicable legal obligations of those Injunctive Relief Distributors. The Clearinghouse's performance of CSMP functions will not relieve participating Injunctive Relief Distributors from their legal obligations unless (i) the Injunctive Relief Distributors and the State Compliance Review Committee jointly enter into a written agreement for the Clearinghouse to assume legal requirements during Phase 2-B; and (ii) all vendors and consultants working on the Clearinghouse agree in writing to assume such obligations. Nothing in this paragraph shall apply to any Injunctive Relief Distributor that does not participate in Phase 2-B pursuant to Section XVII.E.

E. Option to Opt Out of Phase 2-B

1. Each Injunctive Relief Distributor shall have the option, in its sole discretion, to elect not to participate in Phase 2-B at any point. In the event that an Injunctive Relief Distributor elects not to participate in Phase 2-B, that Injunctive Relief Distributor shall cease to have any obligation to fund future costs directly related to Phase 2-B of the Clearinghouse or to implement the Clearinghouse's determinations as to identification of Suspicious Orders and Suspicious Order reporting. If an Injunctive Relief Distributor elects not to participate in Phase 2-B, that Injunctive Relief Distributor shall remain responsible for the requirements specified for Phase 1 and Phase 2-A of the Clearinghouse and shall be responsible for contributing to the costs associated with Phase 1 and Phase 2-A.

2. In the event that an Injunctive Relief Distributor elects not to participate in Phase 2-B, the Clearinghouse Advisory Panel shall discuss and make recommendations for any necessary adjustments to the Phase 2-B capabilities described in Section XVII.D.3.

F. Funding

1. The establishment and ongoing operations of the Clearinghouse shall be funded by the Injunctive Relief Distributors for a period of ten (10) years commencing on the Clearinghouse Retention Date.

2. For each of the first two (2) years of the operation of the Clearinghouse, the Injunctive Relief Distributors will make total payments of $7.5 million per year combined. For years three (3) through ten (10), the Injunctive Relief Distributors will make total payments of $3 million per year combined. Additional costs associated with Phase 2-B shall be billed to the Injunctive Relief Distributors participating in Phase 2-B.

3. Payments by the Injunctive Relief Distributors for the Clearinghouse shall be allocated among the Injunctive Relief Distributors as set forth in Section IV.H of the Settlement Agreement, dated as of July 21, 2021, which incorporates these Injunctive Relief Terms as Exhibit P.

4. In the event that the cost of the Clearinghouse exceeds the amounts provided by the Injunctive Relief Distributors, the Injunctive Relief Distributors and State Compliance Review Committee shall meet-and-confer on alternatives, which may include:

a. Limiting the operations of the Clearinghouse consistent with a revised budget;

b. Seeking additional sources of funding for the Clearinghouse; and/or

c. Allocating, in a manner consistent with the allocation of payments between the Injunctive Relief Distributors as set forth in Section XVII.F.3, additional amounts that are the responsibility of the Injunctive Relief Distributors to be used for the operation of the Clearinghouse.

5. The Injunctive Relief Distributors and the State Compliance Review Committee agree to engage in good faith discussions regarding potential continued operation and funding of the Clearinghouse following the initial ten (10) year period of Clearinghouse operations.

6. The Injunctive Relief Distributors and the State Compliance Review Committee shall develop a means to obtain payments from other parties that may use or benefit from the Clearinghouse, including, but not limited to, other settling defendants, non-Injunctive Relief Distributors, or other parties and the Clearinghouse Advisory Panel shall consider other funding sources for the Clearinghouse. This may include consideration of a user fee or other model by which non-Injunctive Relief Distributors that use the Clearinghouse will contribute to funding the Clearinghouse.

7. In the event that ten (10) or more Settling States reach agreements with any national retail chain pharmacies to resolve claims related to the distribution of Controlled Substances, the Settling States' Attorneys' General agree to make participation in the Clearinghouse, including providing data to the Clearinghouse and

contribution to the cost of the operation of the Clearinghouse, a condition of any settlement. The Settling States' Attorneys' General agree to make best efforts to ensure that any other settling distributors and/or pharmacies participate in the Clearinghouse. To the extent that the Attorneys General are able to secure participation by additional distributors and/or pharmacies, it is anticipated that, to the extent practicable based on the financial and relative size of the settling distributor and/or pharmacy, those entities will contribute to the cost of the operation of the Clearinghouse. The Injunctive Relief Distributors' obligation to fund the Clearinghouse shall be partially reduced by contributions obtained from other distributors and/or pharmacies pursuant to a formula to be determined by the Clearinghouse Advisory Panel.

G. Confidentiality

1. All data provided to the Clearinghouse shall be confidential.

2. Information provided by distributors participating in the Clearinghouse may not be provided to any other entity or individual outside those expressly contemplated by the Injunctive Relief Terms.

3. The Clearinghouse may not provide to any distributor information specific to another distributor. Notwithstanding the prior sentence, the Clearinghouse may provide blinded data to a distributor reflecting total Orders (across all distributors) for a particular Customer, region, and/or state at the base code and NDC number level and all transactional data information. Such information may only be used by receiving distributors for purposes of identifying, minimizing, or otherwise addressing the risk of Controlled Substances diversion. No distributor or pharmacy, including the Injunctive Relief Distributors, shall attempt to obtain revenue from this information. Such information provided by the Clearinghouse shall be compliant with all applicable laws and regulations.

4. If the Clearinghouse receives a request for disclosure of any data, material or other information created or shared under the Injunctive Relief Terms, pursuant to a Third Party Request, the Clearinghouse shall notify the Injunctive Relief Distributors and the Clearinghouse Advisory Panel of the Third Party Request and any confidential information to be disclosed so that the Injunctive Relief Distributors may seek a protective order or otherwise challenge or object to the disclosure. The Clearinghouse shall provide the Injunctive Relief Distributors and the Clearinghouse Advisory Panel with at least ten (10) days' advance notice before complying with any Third Party Request for confidential information, except where state law requires a lesser period of advance notice.

H. Data Integrity

1. The Clearinghouse shall use best-in-class technology to preserve the integrity of the data.

2. The Clearinghouse shall report any data breaches under HIPAA and state law that occur as a result of any of its data collection and reporting activities to the Settling States and other authorities as required by law.

3. The Injunctive Relief Distributors and the Settling States shall not be liable for any breaches of any databases maintained by the Clearinghouse. This does not excuse the Clearinghouse or its vendor(s) from compliance with all state and federal laws and regulations governing (1) the protection of personal information and protected health information, or (2) notifications relating to Data Security Events.

I. Credit for Investment in the Clearinghouse

1. The Injunctive Relief Distributors and the State Compliance Review Committee shall negotiate in good faith regarding a potential credit against Injunctive Relief Distributors' overall settlement obligations if costs exceed the amounts specified in Section XVII.F.

XVIII. Monitor

A. Monitor Selection and Engagement

1. The Injunctive Relief Distributors shall engage a Monitor to perform the reviews described in Section XVIII.F. The Monitor shall employ or retain personnel who have appropriate qualifications related to the pharmaceutical industry and the laws governing the distribution of pharmaceuticals, the distribution of Controlled Substances, and the applicable requirements of federal and state law. The Monitor may also employ or retain personnel who have appropriate qualifications in the audit and review of sample documents in order to conduct the reviews described in Section XVIII.F. To the extent additional expertise is required for the engagement, the Monitor may retain the services of third-party consultants.

2. The Monitor must perform each review described in Section XVIII.F in a professionally independent and objective fashion, as defined in the most recent Government Auditing Standards issued by the United States Government Accountability Office. A Monitor shall not be engaged in active litigation involving one or more of the Injunctive Relief Distributors or Settling States or present a potential conflict of interest involving matters concerning an Injunctive Relief Distributor, except by agreement of the affected parties. If the Monitor is employed by an entity that performed work for any Injunctive Relief Distributor or any of the Settling States prior to the Effective Date, the Monitor will cause to be implemented appropriate ethical walls between the Monitor team and the employees of the firm who have previously performed work for an Injunctive Relief Distributor or any of the Settling States.

3. The process for selecting the Monitor shall be as follows:

a. Within sixty (60) calendar days of the Effective Date, the Injunctive Relief Distributors and the State Compliance Review Committee shall exchange pools of recommended candidates to serve as the Monitor. The pools shall each contain the names of three (3) individuals, groups of individuals, or firms.

b. After receiving the pools of Monitor candidates, the Injunctive Relief Distributors and the State Compliance Review Committee shall have the right to meet with the candidates and conduct appropriate interviews of the personnel who are expected to work on the project. The Injunctive Relief Distributors (individually or in combination) and the State Compliance Review Committee may veto any of the candidates, and must do so in writing within thirty (30) days of receiving the pool of candidates. If all three (3) candidates within a pool are rejected by either the Injunctive Relief Distributors or the State Compliance Review Committee, the party who rejected the three (3) candidates may direct the other party to provide up to three (3) additional qualified candidates within thirty (30) calendar days of receipt of said notice.

c. If the Injunctive Relief Distributors or the State Compliance Review Committee do not object to a proposed candidate, the Injunctive Relief Distributors or the State Compliance Review Committee shall so notify the other in writing within thirty (30) days of receiving the pool of candidates. If more than one candidate remains, the State Compliance Review Committee shall select the Monitor from the remaining candidates. Within thirty (30) calendar days of the selection of the Monitor, the Injunctive Relief Distributors shall retain the Monitor, and finalize all terms of engagement, supplying a copy of an engagement letter to the State Compliance Review Committee. The terms of engagement shall include a process by which Injunctive Relief Distributors may challenge Monitor costs as excessive, duplicative or unnecessary, which process must be approved by the State Compliance Review Committee.

4. The Injunctive Relief Distributors shall be responsible for the Monitor's fees and costs directly related to its performance of the work specified by the Injunctive Relief Terms up to a limit of $1,000,000 per year per Injunctive Relief Distributor (*i.e.*, a total of $3,000,000 per year).

5. Prior to each year, the Monitor shall submit a combined annual budget to the Injunctive Relief Distributors and State Compliance Review Committee that shall not exceed a total of $3,000,000. The Monitor shall submit quarterly reports to the Injunctive Relief Distributors and the State Compliance Review Committee tracking actual spend to the annual budget.

6. In the event that any of the Injunctive Relief Distributors or State Compliance Review Committee believe that the Monitor is not performing its duties and responsibilities under the Injunctive Relief Terms in a reasonably cost effective manner, an Injunctive Relief Distributor or the State Compliance Review Committee shall recommend in writing changes to the Monitor's practices to reduce cost. The Monitor, Injunctive Relief Distributors, and the State Compliance Review Committee shall meet and confer in good faith in response to such a recommendation.

7. In the event that the Injunctive Relief Distributor and the State Compliance Review Committee cannot agree on whether the recommended cost reductions are warranted, either the State Compliance Review Committee or the Injunctive Relief Distributors may submit the question to the National Arbitration Panel, who shall determine whether the Monitor is performing its duties and responsibilities under the Injunctive Relief Terms in a reasonably cost effective manner, and, if not, the necessary changes to the Monitor's practices to reduce cost.

8. If the National Arbitration Panel determines that the Monitor cannot complete the reviews described in Section XVIII.F within the combined annual budget of $3,000,000, the National Arbitration Panel shall require the Monitor to provide the Injunctive Relief Distributors and the State Compliance Review Committee with a written report explaining why it is not possible to complete the reviews within budget and all steps the Monitor has taken to perform its duties and responsibilities under the Injunctive Relief Terms in a reasonably cost effective manner. After receiving the Monitor's report, the Injunctive Relief Distributors, and the State Compliance Review Committee shall meet and confer in good faith to determine whether an increase in the combined budget is appropriate. If the Injunctive Relief Distributors and the State Compliance Review Committee cannot reach an agreement on the amount of the reasonable costs in excess of $3,000,000 for the relevant year, the issue will be submitted to the National Arbitration Panel for resolution. The National Arbitration Panel may award additional costs up to total cap of $5,000,000 for the relevant year ($3,000,000 plus an additional $2,000,000).

9. Unless the Injunctive Relief Distributors and the State Compliance Review Committee agree otherwise as part of the meet and confer process in the prior paragraph (such as by agreeing to limit the Monitor's duties and responsibilities for the remainder of the year), the amount above $3,000,000 and up to the total cap of $5,000,000 in a given year necessary for the Monitor to complete the reviews described in Section XVIII.F shall be divided evenly among the Injunctive Relief Distributors without reducing any other amounts that are the responsibility of the Injunctive Relief Distributors.

B. Early Termination of the Monitor

1. In the event any of the Injunctive Relief Distributors or State Compliance Review Committee believe that the Monitor is not performing its duties and responsibilities under the Injunctive Relief Terms in a reasonably professional, competent and independent manner, an Injunctive Relief Distributor or the State Compliance Review Committee shall recommend replacement of the Monitor in writing. The Injunctive Relief Distributors and the State Compliance Review Committee shall meet and confer in good faith in response to a recommendation to replace the Monitor. If the State Compliance Review Committee and the Injunctive Relief Distributors agree that the Monitor should be replaced, a replacement Monitor will be selected in the manner set forth in Section XVIII.A.3.

2. In the event the Injunctive Relief Distributor and the State Compliance Review Committee cannot agree on whether the Monitor should be replaced, either the State Compliance Review Committee or the Injunctive Relief Distributors may submit the question of the Monitor's dismissal to the National Arbitration Panel, and the Monitor shall only be dismissed if that panel finds that there is Good Cause for dismissal. Good Cause for dismissal shall mean (a) a material and substantial breach of the terms of the Monitor's obligations under the Injunctive Relief Terms; (b) any act of dishonesty, misappropriation, embezzlement, intentional fraud, or similar conduct by the Monitor; (c) any clear pattern of bias or prejudice in favor or against any party by the Monitor; (d) conduct by the Monitor that demonstrates unfitness to fulfill the functions of the Monitor reasonably and competently; or (e) conflicts of interest described in Section XVIII.A.2. If the panel finds that the Monitor should be dismissed, a replacement Monitor will be selected in the manner set forth in Section XVIII.A.3.

3. In addition, if the Monitor resigns for any reason, a replacement Monitor will be selected in the manner set forth in Section XVIII.A.3.

C. Term and Reporting Periods

1. The term of the Monitor will be five (5) years from the date the Monitor is appointed, divided into one-year periods for purposes of the reviews and reporting described in Section XVIII ("*Reporting Periods*").

D. Monitor Access to Information

1. In connection with its reviews set forth in Section XVIII.F, the Monitor may request to interview employees with appropriate authority and responsibilities as necessary. In the event that an Injunctive Relief Distributor believes that the Monitor is requesting an unreasonable number of interviews or requesting interviews of employees who do not have relevant information to the reviews required by Section XVIII.F, the Injunctive Relief Distributor and State Compliance Review Committee shall meet and confer in good faith to resolve this issue.

2. The Chief Diversion Control Officer of each Injunctive Relief Distributor or a direct report of the Chief Diversion Control Officer shall serve as the primary point of contact for the Monitor to facilitate the Monitor's access to documents, materials, or staff necessary to conduct the reviews specified in Section XVIII.F. The Monitor shall communicate any request for documents, materials, or access to staff to the Chief Diversion Control Officers or their designees.

3. If at any time the Monitor believes there is undue delay, resistance, interference, limitation, or denial of access to any records or to any employee or former employee deemed necessary by the Monitor to conduct the reviews specified in Section XVIII.F, the Monitor shall notify the Chief Diversion Control Officer of the Injunctive Relief Distributor and they shall meet and confer to resolve such issue. If the Monitor believes that the matter was not resolved, the Monitor shall immediately report the issue to the State Compliance Review Committee.

4. To the extent any of the documents requested by the Monitor contain material protected from disclosure by any legal privilege, including the attorney-client privilege or attorney work product protections, an Injunctive Relief Distributor may redact such material before providing the documents to the Monitor, but must provide the Monitor with a privilege log describing the redacted information and identifying the basis for redaction.

5. Notwithstanding any other information referenced and produced pursuant to Section XVIII, the Monitor shall have access to, and each Injunctive Relief Distributor's Chief Diversion Control Officer shall produce to the Monitor, any settlement agreements with government entities entered into after the Effective Date specifically concerning the requirements contained in the Injunctive Relief Terms and an Injunctive Relief Distributor's distribution of Controlled Substances (as opposed to distribution of pharmaceutical products in general).

E. Settling States' Access to Monitor

1. Other than in connection with the initiation of a Notice of Potential Violation set forth in Section XIX.B.2, should the Monitor believe it needs to initiate communication with the State Compliance Review Committee regarding an Injunctive Relief Distributor's compliance with the Injunctive Relief Terms, the Monitor's communications should include the Chief Diversion Control Officer or counsel of the affected Injunctive Relief Distributor, regardless of the form of communication.

2. The State Compliance Review Committee shall have access to any settlement agreements produced to the Monitor pursuant to Section XVIII.D.5.

F. Reviews to be Conducted by the Monitor

1. There shall be two (2) types of reviews to be conducted by the Monitor:

a. Customer-specific reviews, as set forth in Section XVIII.F.2; and

b. System reviews, as set forth in Section XVIII.F.3.

2. Customer-Specific Reviews

a. The following Customer-specific reviews will be conducted by the Monitor for each Injunctive Relief Distributor for each of the Reporting Periods:

(i) Threshold Change Request Review ("*TCR Review*");

(ii) Onboarding New Customer Review ("*Onboarding Review*");

(iii) Ongoing Due Diligence Review ("*Ongoing Diligence Review*");

(iv) Customer Termination Review ("*Termination Review*"); and

(v) Orders that Exceed Thresholds but are Shipped Review ("*Exceeded Threshold Review*").

b. Sample selection and audit periods for TCR Reviews, Onboarding Reviews, Ongoing Diligence Reviews, Termination Reviews, and Exceeded Threshold Reviews:

(i) For each Reporting Period, the Monitor will review a representative sample of files for the performance of the TCR Reviews, Onboarding Reviews, and Ongoing Diligence Reviews. The Monitor shall select a sample representative of various geographic regions, customer types (Independent Retail Pharmacy Customers or Chain Customer), and distribution centers.

(ii) The Monitor will meet and confer with each of the Injunctive Relief Distributors to determine the appropriate audit period within each Reporting Period from which the samples will be selected (e.g. samples will be selected from the first six (6) months of a reporting period to allow the Monitor time to perform its review during the remainder of the reporting period).

(iii) Within thirty (30) calendar days following the close of the agreed-upon audit period, the Injunctive Relief Distributors (or the Clearinghouse once operational, if able to do so) will provide the Monitor with the following lists of relevant Customers for each type of review:

(a) A list of all Customers that requested at least one Threshold increase for a Highly Diverted Controlled Substance during the relevant audit period, including the number of such requests by each Customer;

(b) A list of all Customers that were onboarded during the relevant audit period and, during that period, ordered and received Highly Diverted Controlled Substances;

(c) A list of all Customers that were the subject of an Ongoing Diligence Review during the relevant audit period;

(d) A list of all Customers that, for reasons related to Controlled Substance regulatory compliance, were terminated during the relevant audit period; and

(e) A list of all Orders for Highly Diverted Controlled Substances where a decision was made to ship the Order even though the order exceeded the otherwise applicable Threshold, with number of such shipped orders.

(iv) Within fifteen (15) calendar days of compiling this Customer information for sample selection, each Injunctive Relief Distributor shall propose a reasonable number of customer files for each review to the Monitor.

(v) Within fifteen (15) calendar days of receiving the lists specified above from the Injunctive Relief Distributors, the Monitor shall choose representative files to be reviewed from these lists. Each list will include the Customers' zip code, geographic region, distribution center, and customer type (Independent Retail Pharmacy Customer or Chain Customer).

c. TCR Reviews

(i) For each Reporting Period, the Monitor shall conduct a TCR Review for a sample review of Customers who requested at least one Threshold increase for Highly Diverted Controlled Substances for each Injunctive Relief Distributor. For the TCR Reviews, the Monitor shall review the information contained in the files of the sample Customers and determine whether the information reflects substantial compliance with the requirements of Section XII.C.3.

d. Onboarding Reviews

(i) For each Reporting Period, the Monitor shall conduct an Onboarding Review of a sample of Customers that were onboarded during the applicable audit period and, during that period, ordered and received Highly Diverted Controlled Substances from the Injunctive Relief Distributor. For the Onboarding Reviews, the Monitor shall review the information contained in the files of the sample Customers and determine whether the information reflects substantial compliance with the requirements of Section IX.

e. Ongoing Diligence Reviews

(i) For each Reporting Period, the Monitor shall conduct an Ongoing Diligence Review of a sample of Customers for each Injunctive Relief Distributor that was the subject of an Ongoing Diligence Review during the relevant audit period. For the Ongoing Diligence Reviews, the Monitor shall review the information contained in the files of the sample of Customers and determine whether the information reflects substantial compliance with the requirements of Section X.

f. Termination Reviews

(i) For each Reporting Period, the Monitor shall conduct a review of a sample of Customers that were terminated by each Injunctive Relief Distributor during the audit period. For the Termination Reviews, the Monitor shall review the information contained in the files of the sample of Customers and determine whether the information reflects substantial compliance with the requirements of Section XIV.

g. Exceeded Threshold Review

(i) For each Reporting Period, the Monitor shall conduct a review of a sample of Orders for Highly Diverted Controlled Substances where a decision was made by the Injunctive Relief Distributor to ship the Order even though the Order exceeded the applicable Threshold. For the Exceeded Threshold Reviews, the Monitor shall review the information contained in the Customer files related to the Orders and determine whether the information reflects substantial compliance with the requirements of Section XIII.B.

3. Annual System Reviews:

a. The following system reviews will be conducted by the Monitor for each Injunctive Relief Distributor for each of the Reporting Periods:

(i) CSMP Review;

(ii) Threshold Setting Process Review;

(iii) Suspicious Orders and Suspicious Order Report Review;

(iv) Compensation Review;

(v) Red Flag Review; and

(vi) Review of CSMP Integration with Clearinghouse.

b. CSMP Review

(i) For each Reporting Period, the Monitor shall conduct a review of the following materials from each Injunctive Relief Distributor:

(a) Current CSMP policies and procedures;

(b) Organizational charts for the departments that are relevant to the CSMP organization;

(c) Logs and/or summaries of any reports received on the "hot line" required by Section V.E and the action or response of an Injunctive Relief Distributor to any such reports;

(d) Copies of the quarterly reports provided by the Chief Diversion Control Officer to the CSMP Committee as required by Section IV.C;

(e) Copies of the quarterly reports provided by the CSMP Committee to senior management and the Board of Directors as required by Section VI.C; and

(f) Copies of the materials used for the training required by Section VII and lists of the attendees of the training.

c. Threshold Setting Process Review:

(i) For each Reporting Period, each Injunctive Relief Distributor or its outside consultants shall prepare a summary report describing how its Threshold-setting methodology for Independent Retail Pharmacy Customers and Chain Customers complies with Section XII (the "*Annual Threshold Analysis and Assessment Report*").

(ii) For each Reporting Period, the Monitor shall review the Annual Threshold Analysis and Assessment Report, determine whether the information reflects substantial compliance with the requirements of Section XII, and include any Observations and Recommendations, as defined in Section XVIII.G, in its annual Audit Report.

d. Suspicious Orders and Suspicious Order Reporting Review:

(i) For each Reporting Period, each Injunctive Relief Distributors will provide the Monitor with a report containing summary metrics for the Suspicious Orders that were reported to the DEA and the Settling States (the "*Suspicious Order Metrics Report*"). In the Suspicious Order Metrics Report, the Injunctive Relief Distributors will also provide summary metrics for Orders of Highly Diverted Controlled Substances that exceeded a Threshold but were still shipped.

(ii) For each Reporting Period, the Monitor shall review the Suspicious Order Metrics Report, determine whether the information reflects substantial compliance with the requirements of Section XIII, and include any Observations and Recommendations in its annual Audit Report.

e. Compensation Reviews:

(i) For each Reporting Period, the Monitor will review compensation-related policy documents for each Injunctive Relief Distributor for sales personnel. The Monitor shall analyze those documents and determine whether the compensation policies of each

Injunctive Relief Distributor comply with the requirements contained in Section V.

f. Red Flags Review:

(i) For each Reporting Period, the Monitor shall review the Red Flags defined in Section VIII and their incorporation into each Injunctive Relief Distributor's policies and procedures. The Monitor shall determine whether the information reflects substantial compliance with the requirements of Section VIII and include any Observations and Recommendations, as called for by Section VIII.C, about those definitions in its annual Audit Report.

g. Review of CSMP Integration with the Clearinghouse:

(i) For each Reporting Period, each Injunctive Relief Distributor shall prepare a report summarizing the status of the Injunctive Relief Distributor's CSMP integration with the operation of the Clearinghouse ("*Clearinghouse Integration Report*"). The Monitor shall review each Injunctive Relief Distributor's Clearinghouse Integration Report, determine whether the information reflects substantial compliance with the requirements of Section XVII, and include any Observations and Recommendations in its annual Audit Report.

G. Observations and Recommendations:

1. If the Monitor notes any areas for potential improvement during the course of the reviews conducted pursuant to the Injunctive Relief Terms, the Monitor shall include any such recommendations in the Audit Report. Collectively, any such questions, concerns or recommendations will be referred to as "*Observations and Recommendations*."

H. Audit Reports:

1. No later than one hundred and twenty (120) calendar days prior to the end of a Reporting Period and/or at any other time deemed reasonably necessary by the Monitor, the Monitor shall provide each Injunctive Relief Distributor with a draft report detailing any instances of substantial non-compliance with the applicable provisions of the Injunctive Relief Terms from the reviews in Section XVIII.F (the "*Draft Report*"). The Draft Report will also describe any Observations and Recommendations.

2. Within thirty (30) calendar days of its receipt of the Draft Report, the Injunctive Relief Distributor will provide comments and responses to the Draft Report. The Injunctive Relief Distributor will, among other things:

a. Respond to each instance of substantial non-compliance, including, where appropriate, describing any corrective action taken (or to be taken).

b. Respond to each Observation and Recommendation.

3. Within thirty (30) calendar days of its receipt of the Injunctive Relief Distributors' responses to the Draft Report, the Monitor shall provide a final report (the "*Audit Report*") to each Injunctive Relief Distributor and the State Compliance Review Committee. The Monitor shall provide the State Compliance Review Committee with a copy of an Injunctive Relief Distributor's response to the Draft Report.

4. No action or lack of action by the Settling States regarding information received from the Monitor concerning an Injunctive Relief Distributor's conduct shall be considered affirmation, acceptance, or ratification of that conduct by the Settling States.

I. Confidentiality:

1. Materials and information provided by the Injunctive Relief Distributors to the Monitor that are designated "*Confidential*" (and any parts, portions, or derivations thereof) (the "*Confidential Information*") will be kept confidential and not be shown, disclosed, or distributed to any other party, including any other Injunctive Relief Distributor.

2. The Monitor will not use materials or information received from one Injunctive Relief Distributor, or information or analysis developed using the Confidential Information of an Injunctive Relief Distributor, in its assessment of any other Injunctive Relief Distributor. Because each Injunctive Relief Distributor operates pursuant to its own unique policies and procedures intended to comply with legal and other requirements of the Injunctive Relief Terms, the Monitor shall apply the standards of each Injunctive Relief Distributor to its reviews without preference to the practices or standards applied by any other Injunctive Relief Distributor.

3. If any of the Settling States or the Monitor receive a request for disclosure of any material or information created or shared under the Injunctive Relief Terms, pursuant to a Third Party Request, the Settling State or the Monitor, respectively, shall notify the Injunctive Relief Distributors of the Third Party Request and the Confidential Information to be disclosed so that the Injunctive Relief Distributors may seek a protective order or otherwise challenge or object to the disclosure. The Settling State or the Monitor will provide the Injunctive Relief Distributors with at least ten (10) days' advance notice before complying with any Third Party Request for Confidential Information, except where state law requires a lesser period of advance notice.

4. Nothing herein will be deemed to prevent any party from claiming any applicable exemption to the public information act, freedom of information act, public records act, or similar law.

XIX. Enforcement of Injunctive Relief Terms

A. State Compliance Review Committee:

1. Any Settling State may initiate a review of a Potential Violation consistent with the process set forth in Section XIX.

2. The State Compliance Review Committee shall assign the Monitor the responsibilities set forth in Sections XIX.B.3 through XIX.B.7, regarding review of a Potential Violation and an opportunity to cure, except with respect to matters requiring interpretation of the Injunctive Relief Terms subject to Section XIX.C.2. The objective of the Monitor shall be to facilitate a resolution among the parties, providing an opportunity to cure, as applicable, for the party against whom a Potential Violation has been alleged.

3. No less than six (6) months before the Monitor's term expires pursuant to Section XVIII, the State Compliance Review Committee and Injunctive Relief Distributors shall meet and confer in good faith to determine the parameters and processes for continued enforcement, consistent to the maximum extent possible with the provisions set forth in Section XIX, for the period after the Monitor's term has ended. Absent agreement between the State Compliance Review Committee and Injunctive Relief Distributors, all provisions set forth in Section XIX involving the Monitor are excused after the Monitor's term has ended.

4. Should an Injunctive Relief Distributor allege in good faith that a Settling State or the Monitor has impaired the ability of the Injunctive Relief Distributor to meet the Injunctive Relief Terms, the Injunctive Relief Distributor may request the State Compliance Review Committee to mediate any dispute in an effort to avoid the time and expense of litigation regarding interpretation and enforcement of the Injunctive Relief Terms.

B. Process for Review of Potential Violations and Opportunity to Cure:

1. <u>Definition of "Potential Violation"</u>: A Potential Violation occurs when an Injunctive Relief Distributor is alleged to not be in substantial compliance with (i) the Injunctive Relief Terms or (ii) a Corrective Action Plan adopted consistent with the process set forth in Section XIX.B.7.

2. <u>Submission of Notice of Potential Violation</u>. An allegation of a Potential Violation shall be submitted to the State Compliance Review Committee in writing by one or more Settling States ("*Notice of Potential Violation*" or "*Notice*") and shall include the following to the extent practicable:

a. Specification of the particular Injunctive Relief Term(s) and/or Corrective Action Plan(s) implicated by the Potential Violation;

b. Description of the Potential Violation with specificity;

c. The reasoning for and, if available, any documentation supporting the allegation that a Potential Violation has occurred, including whether the Potential Violation is a matter identified by the Monitor in an Audit Report; and

d. Description of the time-sensitivity of the Potential Violation, if relevant.

3. Assignment to Monitor. The State Compliance Review Committee shall review every Notice. If the State Compliance Review Committee reasonably believes that further review is warranted, the State Compliance Review Committee shall forward the Notice to the Monitor. The Monitor shall ensure that the Injunctive Relief Distributor that is the subject of the Notice receives a copy of the Notice and a proposed schedule consistent with the process set forth in Sections XIX.B.4 and XIX.B.5.

4. Response to Notice of Potential Violation. Within thirty (30) days of receipt of the Notice of Potential Violation, the Injunctive Relief Distributor that is the subject of the Notice shall provide a written response to the referring Settling State(s), the Monitor, and the State Compliance Review Committee. The response (a) shall set forth the reasons the Injunctive Relief Distributor that is the subject of the Notice believes that it is in substantial compliance with the relevant Injunctive Relief Term(s) and/or Corrective Action Plan(s), and (b) as applicable, shall explain efforts undertaken to cure the Potential Violation and a schedule for completing the efforts to cure.

5. Conference for Parties re Notice of Potential Violation. The parties to the Notice shall meet or otherwise confer regarding the Potential Violation. The parties and the Monitor shall make themselves available for such a meeting (which may at any party's election be a virtual or technology-based meeting), provided, however, that the meeting is not required to take place sooner than fifteen (15) days after a written response to the Notice of Potential Violation.

6. Process for Previously-Submitted Notices of Potential Violation. At the request of the parties to a Notice, the Monitor shall determine whether the Notice implicates the same or similar issues as a previously submitted Notice or is a matter previously identified by the Monitor in an Audit Report involving the same party alleged to have engaged in a Potential Violation, and make an initial determination as to whether the issues needs to be addressed anew. The Monitor shall inform the Settling State and Injunctive Relief Distributor involved in the previous Notice or the subject of a matter previously identified by the Monitor in an Audit Report of its determination within five (5) business days of receipt of the Notice. The Settling State and Injunctive Relief Distributor shall have five (5) business days to object to the determination. If an objection is made, the Monitor shall respond to the objection within five (5) business days. If no objection is made, the party involved in the prior Notice may rely on the response to the previously submitted Notice or matter previously identified by the Monitor in an Audit Report and no further action shall be required.

7. Monitor Resolution of Potential Violation and Opportunity to Cure. Within thirty (30) days of the meeting pursuant to Section XIX.B.5, the Monitor, taking into consideration the submissions of the parties involved in the Notice and other information available to the Monitor, shall resolve the Notice as follows:

a. If the Monitor reasonably believes that a Potential Violation is not ongoing or has been substantially resolved as of thirty (30) days from the meeting pursuant to Section XIX.B.5, the Monitor shall provide written notice to the State Compliance Review Committee and the Settling State(s) and Injunctive Relief Distributor involved in the Notice.

b. If the Monitor reasonably believes that a Potential Violation is ongoing and has not been substantially resolved as of thirty (30) days from the meeting pursuant to Section XIX.B.5, the Monitor shall provide written notice to the State Compliance Review Committee and the Settling State(s) and Injunctive Relief Distributor involved in the Notice and request that the Injunctive Relief Distributor prepare, within thirty (30) days of the receipt of such written notice, a Corrective Action Plan to remedy such Potential Violation, including a reasonable period for implementation of such plan. The Monitor may extend the period of time to submit a Corrective Action Plan up to ninety (90) days based on a reasonable request by the affected party.

c. A Corrective Action Plan may address multiple Potential Violations, and an existing Corrective Action Plan may be amended to address additional Potential Violations.

d. Within ten (10) business days of submission of a Corrective Action Plan regarding a Potential Violation, the Monitor shall confer with the State Compliance Review Committee and the Settling State(s) and Injunctive Relief Distributor involved in the Notice regarding the proposed Corrective Action Plan. The Monitor may recommend revisions in its discretion. The conference required by this paragraph may at any party's election be a virtual or technology-based meeting.

e. Within thirty (30) days of the conference in Section XIX.B.7.d, the Monitor shall advise the State Compliance Review Committee and the Settling State(s) and Injunctive Relief Distributor involved in the Notice whether the Monitor has adopted the proposed Corrective Action Plan or whether the Monitor has adopted it after making modifications. The Monitor shall also set forth a reasonable period for implementation of any such plan that has been adopted. The Injunctive Relief Distributor that is subject to a Corrective Action Plan adopted by the Monitor must begin to comply with the Corrective Action Plan within five (5) business days of receiving notice of the Corrective Action Plan has been adopted, unless it seeks review by the State Compliance Review Committee pursuant to Section XIX.C.1.

C. Enforcement Responsibilities of State Compliance Review Committee:

1. The Settling State(s) or Injunctive Relief Distributor involved in a Notice may request the State Compliance Review Committee to review the resolution (including a resolution pursuant to Section XIX.B.7.a) and/or Corrective Action Plan adopted by the Monitor regarding that Notice. Any such request must be made within five (5) business

days of a resolution or adoption of a Corrective Action Plan by the Monitor. The State Compliance Review Committee, taking into consideration the resolution by the Monitor, submissions of the Settling State(s) or Injunctive Relief Distributor, and other information available to the Committee, shall within thirty (30) days of receipt of the request resolve the matter by written notice to the affected parties, which shall include the State Compliance Review Committee's reasoning in reaching its resolution. The State Compliance Review Committee may agree, disagree, or modify any resolution or Corrective Action Plan that it reviews. An Injunctive Relief Distributor that is subject to a Corrective Action Plan that is affirmed or affirmed as amended by the State Compliance Review Committee must within five (5) business days begin to comply with the Corrective Action Plan.

2. The State Compliance Review Committee shall review any issues raised by a Notice regarding the interpretation of the Injunctive Relief Terms at the request of the Settling State(s), Injunctive Relief Distributor involved in a Notice, or the Monitor. Such a request may be made at any time after the Notice's submission, and the request will not extend the timelines set forth in Sections XIX.B and XIX.C.1. The State Compliance Review Committee shall notify the Monitor, Settling State(s) and Injunctive Relief Distributor involved in the Notice of its determination. Settling States and Injunctive Relief Distributors do not waive their rights to challenge the interpretation of the Injunctive Relief Terms by the State Compliance Review Committee in any subsequent proceeding pursuant to Section XIX.E.2.

3. The State Compliance Review Committee may, independent of a Notice of Potential Violation, review requests by a Monitor, Settling State, or Injunctive Relief Distributor regarding the interpretation of the Injunctive Relief Terms. The State Compliance Review Committee shall notify the Monitor and requesting party of its interpretation, including the State Compliance Review Committee's reasoning in reaching its conclusion. Settling States and Injunctive Relief Distributors do not waive their rights to challenge the interpretation of the Injunctive Relief Terms by the State Compliance Review Committee in any subsequent proceeding pursuant to Section XIX.E.2.

4. The State Compliance Review Committee shall make available to all Settling States and Injunctive Relief Distributors any interpretation it issues pursuant to Sections XIX.C.2 and XIX.C.3.

D. Composition of State Compliance Review Committee:

1. A Settling State on the State Compliance Review Committee that is in active litigation with one or more of the Injunctive Relief Distributors, or in another potential conflict of interest involving compliance with Controlled Substances laws and regulations, may not serve on the State Compliance Review Committee for matters involving the affected Injunctive Relief Distributor, and the remaining Settling States on the State Compliance Review Committee shall within five (5) business days select an alternate Settling State as a replacement.

2. If the affected state on the State Compliance Review Committee disputes that it has a disqualifying active litigation or other conflict of interest, the determination of whether that state has a conflict disqualifying it from serving on the State Compliance Review Committee shall be made by the remaining states on the State Compliance Review Committee.

E. Enforcement Actions:

1. Any written notice or resolution by the State Compliance Review Committee regarding the matters set forth in Sections XIX.B and XIX.C shall provide the State Compliance Review Committee's assessment of the matter but will not be an official opinion of any individual Settling State.

2. Following the issuance of a written notice or resolution of the State Compliance Review Committee pursuant to Section XIX.C, a Settling State or Injunctive Relief Distributor may take whatever action it deems necessary related to the written notice or resolution issued by the State Compliance Review Committee, provided that the Settling State or Injunctive Relief Distributor is either (a) the Settling State that sought review by the State Compliance Review Committee, or (b) the Injunctive Relief Distributor that is the subject of the Potential Violation at issue. Such action may include but is not limited to bringing an action to enforce the settlement agreement, filing a new original action, or, the parties to a Notice attempting to negotiate a Corrective Action Plan directly with each other.

3. The Settling States agree that prior to taking any court or administrative action, other than an action that is necessary to address an immediate threat to the health, safety, or welfare of the citizens of the Settling State, or that a public emergency requiring immediate action exists, it will follow the process outlined in Sections XIX.B and XIX.C.

4. A Settling State or Injunctive Relief Distributor must bring a court or administrative action within six (6) months of any resolution of the State Compliance Review Committee, unless the alleged violation is also an independent violation of state or federal law, or an action that a Settling State concludes is necessary to address an immediate threat to the health, safety, or welfare of the citizens of the State, or that a public emergency requiring immediate action exists, in which cases, the applicable statute of limitations (if any) for sovereign actions shall apply.

CARDINAL AND CENCORA
ALLOCATION AGREEMENT

The State of Alabama, acting through its Attorney General, has reached an agreement with Cardinal Health and Cencora (formerly AmerisourceBergen) to resolve the State's claims against Cardinal Health, Cencora, and their related entities. That agreement is dependent on participation by litigating subdivisions, certain litigating county health departments and/or boards of health, certain litigating public hospitals, and certain non-litigating subdivisions. Accordingly, the State of Alabama and its Political Subdivisions, subject to Council, Commission, or Board resolution or other formal action as may be required, hereby enter into this Agreement relating to the execution of the settlement agreement between the State, Cardinal Health, and Cencora and the allocation and use of the proceeds to be paid pursuant to that settlement.

A. Definitions

As used in this Agreement:

1. "The State" shall mean the State of Alabama acting through its Attorney General.

2. "Political Subdivision(s)" shall mean any Alabama municipality, county, municipal agency, county agency, or any combination of two or more Alabama municipalities, counties, or municipal agencies, which are identified in Exhibit C to the settlement agreement, as it may be from time-to-time amended.

3. "Special District(s)" shall mean the litigating public hospitals and litigating county health departments and/or boards of health that are identified in Exhibit C to the settlement agreement, as it may be from time-to-time amended, or that are otherwise included in the definition of "Special District" within the settlement agreement.

4. "The Parties" shall mean the State of Alabama, the Political Subdivisions, and the Special Districts.

5. "Cardinal Health" shall mean Cardinal Health, Inc. and any other entity qualifying as a "released entity" under Section I, Paragraph Y of the settlement agreement, including those entities identified in Exhibit D to the agreement.

6. "Cencora" shall mean Cencora, Inc. and any other entity qualifying as a "released entity" under Section I, Paragraph Y of the settlement agreement, including those entities identified in Exhibit D to the agreement.

7. "Settlement Funds" shall mean funds obtained pursuant to the State of Alabama's February 2024 settlement agreement with Cardinal and Cencora.

8. The "Subdivision and Special District Share" shall mean the allocation percentage earmarked for the Political Subdivisions as set forth in Section B.1.

9. The "Receiver" shall mean the State of Alabama Qualified Settlement Fund administrator or other vendor as agreed upon by the Office of the Attorney General that shall take possession of the Subdivision Share and distribute it as set forth herein.

B. Allocation of Settlement Proceeds

1. Under the settlement agreement, Cardinal and Cencora will pay $220,000,000 to be used for opioid remediation around the State. The State, Political Subdivisions, and Special Districts shall divide settlement funds recovered by the State with 40% ($88,000,000) going to the Political Subdivisions, 10% ($22,000,000) going to the Special Districts, and 50% ($110,000,000) going to the State.

2. Cardinal and Cencora will make payment of the Subdivision and Special District Share directly to the Receiver appointed to distribute the Subdivision Share. The Receiver shall place those funds in trust until the Special Master provides instructions as to the allocation percentages for each Political Subdivision and Special District eligible to receive a settlement payment.

3. It is anticipated that Joseph Tann, who has been appointed by the Montgomery County Circuit Court as Special Master, will continue in that role and that he shall set allocation percentages with finality for all Alabama Political Subdivisions and Special Districts as defined herein that are eligible to receive an award payment. The Special Master's allocation to the Political Subdivisions will be calculated on a pro rata basis utilizing the allocation metrics developed within MDL 2804 for purposes of illustrating how a proposed Negotiation Class would have worked in that litigation ("the MDL Calculator") for each town, city, and county entitled to share in the Subdivision Share. The Special Master's allocation to the Special Districts will be calculated using a methodology to be determined in the discretion of the Special Master. The Parties may not cancel or terminate this Agreement based on the Special Master's allocation.

4. The Special Master shall provide his final recommendation to the Parties as soon as practicable.

5. Counsel for each Political Subdivision and Special District will be responsible for providing to the Receiver all necessary instructions for effectuating payment, such as check or wiring instructions, signed W-9s, and any other documentation required for accounting or distribution purposes.

6. Irrespective of allocation, all Settlement Funds, other than those amounts apportioned to pay Subdivision Fees and Costs pursuant to Section VII.B of the Settlement Agreement, shall be used in a manner consistent with the Approved Abatement Strategies set out in Exhibit B to the settlement agreement. document, with the exception of those funds that may be paid to counsel under the terms of the settlement agreement.

C. Payment of Counsel and Litigation Expenses

1. The settlement agreement provides that up to $25,000,000 of the Subdivision and Special District Share in Section B.1 of this Agreement may be apportioned by the Court-appointed Special Master towards attorneys' fees for counsel for litigating political subdivisions and litigating public health care authorities, as those terms are used in the Cardinal and Cencora Settlement Agreement. The attorneys' fees will be paid by the Receiver to counsel for the Political Subdivisions and Special Districts pro rata based upon the allocations determined by the Special Master in accordance with Section B.3. herein. The Special Master will calculate attorneys' fees owed to attorneys for each Political Subdivision and Special District and will provide those calculations to the Receiver.

2. The Special Master, any payment vendor contemplated by Section B.2. herein, and the State of Alabama bear no responsibility or liability for any Political Subdivision's counsel's fee arrangements with referral attorneys, affiliated counsel, and the like.

D. Conflicts With Other Agreements

By entering into this Agreement, the Parties agree and acknowledge that the distribution, expenditure, and oversight of Settlement Funds as discussed herein shall be governed by this Agreement. In the event that any term contained in this Agreement conflicts with any allocation plan, apportionment plan, distribution methodology, or abatement plan that is created by, or subject to the discretion of, some other individual, entity, or court outside the State of Alabama, the Parties agree that the terms of this Agreement, including any exhibits attached hereto, shall govern.

E. Jurisdiction

The Parties agree to submit and consent to the exclusive jurisdiction of the Montgomery County Circuit Court, Judge J.R. Gaines, for the resolution of any disputes arising under this agreement.

CARDINAL AND CENCORA
ALLOCATION AGREEMENT SIGN-ON

The undersigned, as a duly appointed representative of the County/City of _____________________, has read the attached Cardinal and Cencora Allocation Agreement, understands its terms, and agrees to be bound by those terms.

Done, this ______ day of _____________, 2024.

____
Title

City/County of _______________

REGULAR COMMITTEE OF THE WHOLE MEETING
APRIL 16, 2024

Departments: City Clerk

Description of Topic: Resolution authorizing a reduction in rental fees for the Orange Beach Event Center for the 2024 AHSAA Officials Training. (JL)

Background/Description:

Action Options/Recommendation:

Source of Funding (if applicable):

ATTACHMENTS:

1. 05-07-24 24-xxx Authorize Reduced Rental Rate Event Center AHSAA Officials Training

RESOLUTION NO. 24-xxx

A RESOLUTION AUTHORIZING A REDUCTION IN RENTAL FEES FOR THE ORANGE BEACH EVENT CENTER FOR THE 2024 AHSAA OFFICIALS TRAINING

FINDINGS:

1. The City of Orange Beach, Alabama hosts a variety of sports teams of varying skill level (recreational leagues, middle school, junior varsity, varsity, and college) throughout the year for practices, games, and tournaments. In turn, Sports Tourism makes up a significant portion of the economic impact that overall Tourism brings to the City and surrounding areas through lodging, retail, and the food industry.
2. The games that draw this economic impact are officiated by referees and umpires who require training and certifications to ensure safety and fairness for the players. Offering training for officials in the surrounding area would help to ensure that all games were covered and allow for an increase in the number of games hosted locally.
3. Representatives of the Southeastern District for AHSAA wish to rent the Orange Beach Event Center at The Wharf for their annual AHSAA Camp for Officials at a discounted rate. The AHSAA officials receive a stipend from the State of Alabama for their services and training to provide same.
4. The City Council has determined allowing the AHSAA representatives to rent the OBEC at a reduced rate serves a public purpose through promotion of the local Sports Tourism infrastructure; promotion of public safety; and creating a sense of public morale and is in the best interest of the City of Orange Beach, Alabama.
5. The City Council has determined that it serves a public purpose to reduce the rental rate by twenty-five percent (25%) for the OBEC for AHSAA representatives so they may host their 2024 Camp for officials in our area.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ORANGE BEACH, ALABAMA, AS FOLLOWS:

1. That the City Council, having determined that it serves a public purpose and is in the best interest of the City, hereby reduces the rental rate by twenty-five percent (25%) for the OBEC for AHSAA representatives for the one-time purpose of the 2024 AHSAA Camp for officials; and
2. That this Resolution shall become effective immediately upon its adoption.

ADOPTED THIS 7th DAY OF MAY, 2024.

____
Renee Eberly
City Clerk

C E R T I F I C A T E

I, Renee Eberly, City Clerk of the City of Orange Beach, Alabama, do hereby certify that the foregoing is a true and correct copy of Resolution No. 24-xxx, which was duly and legally adopted at a regular meeting of the City Council on May 7, 2024.

____
City Clerk

ITEM 9.

REGULAR COMMITTEE OF THE WHOLE MEETING
APRIL 16, 2024

Departments: City Clerk

Description of Topic: Resolution declaring a vehicle owned by the City of Orange Beach as surplus and unneeded and authorizing the donation of said property to the Alabama Gulf Coast Zoo. (RE)

Background/Description:

Action Options/Recommendation:

Source of Funding (if applicable):

ATTACHMENTS:

1. 05-07-24 24-xxx Donate Surplus Vehicle Zoo
2. 2024.02.01 Letter of Request - Zoo Minivan

RESOLUTION NO. 24-xxx

**A RESOLUTION DECLARING A VEHICLE
OWNED BY THE CITY OF ORANGE BEACH AS SURPLUS AND UNNEEDED
AND AUTHORIZING THE DONATION OF SAID PROPERTY
TO THE ALABAMA GULF COAST ZOO**

FINDINGS:

1. That the following personal property owned by the City of Orange Beach, Alabama, is no longer needed for public or municipal purposes:

DEPARTMENT	ITEM DESCRIPTION	QTY	NOTES
POLICE	2002 DODGE GRAND CARAVAN (#103)	1	VIN 2B4GP44302R767276

2. Section 11-43-56 of the Code of Alabama of 1975 authorizes the municipal governing body to dispose of unneeded personal property.
3. The City of Orange Beach has received a request from the Alabama Gulf Coast Zoo, a non-profit organization, for assistance.
4. Orange Beach City Council has determined that donating a surplus vehicle to the local zoo serves a public purpose.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ORANGE BEACH, ALABAMA, AS FOLLOWS:

1. That the aforementioned personal property owned by the City of Orange Beach, Alabama, is not needed for public or municipal purposes;
2. That the Mayor and City Clerk are hereby authorized and directed to execute the documents necessary to donate and convey surplus items, as described above, to the Alabama Gulf Coast Zoo on behalf of the City of Orange Beach; and
3. That this Resolution shall become effective immediately upon its adoption.

ADOPTED THIS 7th DAY OF MAY, 2024.

____
Renee Eberly
City Clerk

C E R T I F I C A T E

I, Renee Eberly, City Clerk of the City of Orange Beach, Alabama, do hereby certify that the foregoing is a true and correct copy of Resolution No. 24-xxx, which was duly and legally adopted at a regular meeting of the City Council on May 7, 2024.

____
City Clerk

CITY OF ORANGE BEACH

Renee Eberly <reberly@orangebeachal.gov>

Surplus Van

Joel M Hamilton <director@algulfcoastzoo.org> Thu, Feb 1, 2024 at 3:17 PM
To: Renee Eberly <reberly@orangebeachal.gov>

Thank you again for your help in getting this transfer completed for the vehicle going to the Zoo. Staff is already excited about it. The new van has created quite the buzz and excitement. This van will be beneficial to the Zoo particularly when we have to move large animals between the Zoo property and the veterinary clinic. We will begin looking at options to retrofit the back to accommodate some of our larger crates to make those transports easier and safer for the animals and our staff.

While we were at the Public Works Facility, Jason showed us a minivan that has sat unclaimed for quite some time. Jason suggested that I let you know that the Zoo would be interested in that van also if it is still available. Similar to what we had originally proposed, that van could be useful for our offsite education programs. Please let me know if that van is still available and if the City would consider the Zoo to receive the vehicle.

Thanks again to you and the City of Orange Beach for considering us and your ongoing support of the Zoo.
[Quoted text hidden]

REGULAR COMMITTEE OF THE WHOLE MEETING
APRIL 16, 2024

Departments: City Clerk

Description of Topic: Resolution authorizing a franchise for Ryan Ahearn LLC, dba Perdido Key Party Bus, to operate a shuttle service within the city limits and police jurisdiction of the City of Orange Beach. (TC)

Background/Description:

Action Options/Recommendation:

Source of Funding (if applicable):

ATTACHMENTS:

1. 05-07-24 24-xxx Authorize Franchise Taxi Ryan Ahearn Perdido Key Party Bus
2. 2024.04.12 Franchise Application - Taxi - Ryan Ahearn Perdido Key Party Bus

RESOLUTION NO. <u>24-xxx</u>

A RESOLUTION AUTHORIZING A FRANCHISE FOR RYAN AHEARN LLC (DBA PERDIDO KEY PARTY BUS) TO OPERATE A SHUTTLE SERVICE WITHIN THE CITY LIMITS AND POLICE JURISDICTION OF THE CITY OF ORANGE BEACH

FINDINGS:

1. Ryan Ahearn LLC, a Florida limited liability company doing business as Perdido Key Party Bus, has made application for a non-exclusive franchise for the use of city streets to operate a shuttle service within the city limits and police jurisdiction.
2. The City of Orange Beach is willing to grant a non-exclusive franchise on the terms and conditions set out in the City's taxi and limousine service ordinance.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ORANGE BEACH, ALABAMA, AS FOLLOWS:

1. That the Council authorizes the Mayor and City Clerk to execute and attest, respectively, the attached franchise agreement by and between the City of Orange Beach and Ryan Ahearn LLC, a Florida limited liability company doing business as Perdido Key Party Bus, subject to final review by the City Attorney; and
2. That Ryan Ahearn LLC, a Florida limited liability company doing business as Perdido Key Party Bus, within 30 days, shall file its acceptance of the terms of the franchise in the form attached.

ADOPTED THIS 7th DAY OF MAY, 2024.

____
Renee Eberly
City Clerk

C E R T I F I C A T E

I, Renee Eberly, City Clerk of the City of Orange Beach, Alabama, do hereby certify that the foregoing is a true and correct copy of Resolution No. 24-xxx, which was duly and legally adopted at a regular meeting of the City Council on May 7, 2024.

____
City Clerk

**FRANCHISE AGREEMENT AUTHORIZING
RYAN AHEARN LLC (DBA PERDIDO KEY PARTY BUS)
TO OPERATE A TAXI SERVICE WITHIN THE CITY LIMITS AND
POLICE JURISDICTION OF THE CITY OF ORANGE BEACH**

This Franchise Agreement is made and entered into by and between the City of Orange Beach, Alabama (hereinafter "City") and **RYAN AHEARN LLC, dba PERDIDO KEY PARTY BUS** (hereinafter "Franchisee").

The City, as a municipal corporation of the State of Alabama, has determined that public convenience and necessity warrants the grant of a franchise for the operation of a taxicab service within the corporate limits of the City.

Franchisee desires to acquire, and the City desires to grant, a franchise for the operation of a taxicab service within the City on the terms and conditions hereinafter set out.

In consideration of the foregoing and of the mutual covenants and agreements hereinafter set out, the receipt and sufficiency of which is hereby mutually acknowledged, it is hereby understood, acknowledged, covenanted, and agreed by and between the parties as follows:

SECTION 1 - Definitions

As used in this franchise, the following terms shall have the meaning assigned as follows:

Bus: Any vehicle designed, constructed or used for the transportation of 16 or more passengers, including the driver, or any vehicle required to obtain commercial licenses and permits pursuant to state and federal laws governing commercial vehicles.

Business: A single act of transporting a passenger or passengers for hire, excluding transportation provided by any public transit agencies.

Business License: The license required by Article III, Sections 50-51 thru 50-63 of the Code of the City of Orange Beach, to operate a taxicab or limousine within the City.

City: The City of Orange Beach and its police jurisdiction.

City Driver's Permit: A permit issued by the police department for the operation of a taxicab or limousine by an applicant thereof.

Driver / Operator: Any person engaged in the business of operating a taxicab or limousine within the City or its police jurisdiction.

Franchise: The right or special privilege to conduct business in accordance with the methods, procedures, ordinances and regulations of the City of Orange Beach. The franchise is conferred upon the individual or corporation wishing to do business within the City or its police jurisdiction by signed agreement of the franchise applicant on a form provided by the City of Orange Beach, following acceptance and approval of the governing body.

Limousine: A motor vehicle used in the business of transporting passengers for hire in the City or its police jurisdiction, not operated on a fixed route. Limousines are unmetered, unmarked, ground transportation vehicles regularly engaged in the business of transporting passengers on a pre-reserved basis only. Provided, however, the classification "limousine" shall not apply to any motor vehicle which is:

(1) Classified as a taxicab as herein defined.

(2) Used exclusively by or under a written agreement with a hotel, motel, airport, hospital, club or other such entity for the transportation of its members, guests, patients or clients; provided, that each vehicle under such agreement will have the same distinctive visible outside painted

appearance as each other vehicle under the agreement to any such hotel, motel, airport, hospital, club or other such entity.

(3) Operated as a bus under a franchise granted by the City.

Owner: A person owning or controlling one or more taxicabs or limousines and driving or causing any such vehicle to be driven within the City or its police jurisdiction.

Passenger: A person or persons other than the driver, who is an occupant of a taxicab or limousine, who for the purposes of this ordinance, is presumed to be a passenger or passengers for hire.

Person: An individual, partnership, firm, association, corporation or any other legal entity.

Taxicab: A metered general transportation vehicle regularly engaged in the business of transporting passengers. Any automobile or similar vehicle having a regular seating capacity limited to the number of passengers for which there is an operational, manufacturer installed seatbelt for each individual passenger, engaged in carrying passengers for hire other than along a fixed route. Provided, however, the classification "taxicab" shall not apply to any motor vehicle which is:

(1) Classified as a limousine as herein defined.

(2) Used exclusively by or under a written agreement with a hotel, motel, airport, hospital, club or other such entity for the transportation of its members, guests, patients or clients; provided, that each vehicle under such agreement will have the same distinctive visible outside painted appearance as each other vehicle under the agreement to any such hotel, motel, airport, hospital, club or other such entity.

(3) Operated as a bus under a franchise granted by the City.

Terminal: The fixed base of operations from which the applicant proposes to conduct the taxicab or limousine business.

SECTION 2 - Grant of Franchise

Franchisee is hereby granted a franchise to operate a taxicab service on the public rights of way of the City for the term and upon the terms and conditions set out herein and according to the requirements of Chapter 70, Article VI, Code of Ordinances, City of Orange Beach, the terms of which are incorporated in the statute.

SECTION 3 - Term of Franchise

Unless sooner terminated, suspended, or revoked, the term of this Franchise shall begin upon the day of execution and expire on December 31, 2024.

SECTION 4 - Fares and Receipts

Fare rates, drop fees and mileage rates for any metered taxicab shall be posted in a place in such taxicab that is well lighted and clearly visible to any passenger within such vehicle. A receipt in writing for the amount of metered taxicab fare paid shall be given by the operator or driver of the taxicab to whom such fare is paid, or request of any person paying the same. Such receipt shall show the exact amount of the fare paid, the origin, destination, date and hour of the trip; the state license tag number of the taxicab; the name of the taxicab company and the name of the operator or driver.

SECTION 5 - Termination or Suspension of Franchise Rights

Franchisee's rights under this Franchise may be terminated or suspended by the City in its sole discretion upon Franchisee or any agent or employee of Franchisee violating or failing to comply with any of the provisions of this Franchise Agreement or City Code.

SECTION 6 - Compliance with All Applicable Laws and Regulations

Franchisee shall at all times be and remain in compliance with City Code, all other municipal laws and regulations, and all other State and Federal laws and regulations applicable to its business and operations, including, without limitation, all licensing and taxation laws and regulations.

SECTION 7 - **General Provisions**

(a) The rights of Franchisee hereunder may not be assigned or transferred in whole or in part.

(b) The rights of Franchisee hereunder are non-exclusive, and the City fully retains the right to grant additional franchises for the same or similar activities.

(c) Nothing in this Franchise is to be construed as a limitation on the City's authority to further regulate the business or operation of taxicabs or other incidences of Franchisee's business or operations by municipal ordinance or on the City's plenary authority to regulate and control the use of its streets, alleys, and public ways.

(d) The grant and continuance of this Franchise is expressly conditioned on payment of the appropriate franchise fees in the amount of 2% of gross receipts on the 15^{th} day of the month following the end of each quarter during the term of this Franchise, on the payment of all expenses of publication of this Franchise and on the payment to the City of the expense of preparation of this Franchise upon its execution in the amount of $250.00. A 25% penalty will be assessed if payment is not received within ten (10) days of the due date. Failure to make any such payment when due shall automatically render this Franchise void.

(e) Franchisee shall indemnify the City and its officers, agents and employees from any actions or damages of any character to any person, including personal injuries resulting in death or property damage by the conduct of Franchisee's business. Franchisee shall pay any judgment, with costs, obtained against the City, its officers, agents, or employees arising out of any such injury or damage, including costs and expenses of defense.

(f) In the event the City finds it necessary to employ legal counsel in connection with the enforcement of this Franchise Agreement or the defense of actions taken with regard to the termination of this Franchise Agreement, Franchisee shall reimburse the City for all expenses incurred, including reasonable attorneys' fees.

____
Tony Kennon, Mayor

ATTEST:

____
Renee Eberly, City Clerk

____
RYAN AHEARN LLC
dba PERDIDO KEY PARTY BUS
Franchisee

By: ________________________________

Its: ________________________________

ACCEPTANCE OF A FRANCHISE
IN THE CITY OF ORANGE BEACH, ALABAMA

RECITALS:

1. The City of Orange Beach, Alabama ("City") by action of its City Council on May 7, 2024, adopted Resolution No. 24-xxx ("Resolution") approving a non-exclusive franchise for the use of the public streets to provide taxicab services under the terms and conditions set out in the Franchise Agreement for Ryan Ahearn LLC, dba Perdido Key Party Bus ("Provider").
2. The Resolution requires the Provider to accept the terms of the Resolution in a form and substance acceptable to the City.

NOW, THEREFORE, pursuant to the terms and requirements of the Resolution, and in consideration of the City's approval of the Franchise, Provider accepts the Franchise and makes the following representations and warranties to the City:

1. Provider is authorized to do business in Alabama and has full power, authority, and legal capacity to execute, deliver, and perform this Acceptance and perform the terms and conditions of the Franchise;
2. All actions necessary to authorize the execution and delivery of this Acceptance and the performance of the Franchise, have been duly authorized;
3. Provider has carefully read the terms and conditions of the Franchise and accepts all of the terms and conditions imposed thereunder, and agrees to abide by the same;
4. Provider acknowledges by acceptance of the Franchise that it has not been induced to accept the Franchise by reason of any promise, verbal or written, by or on behalf of the City, or by any third person, regarding any term or condition of the Franchise not expressed therein;
5. The Provider agrees to comply with all of the terms and conditions of the City's Ordinances and other laws and rules applicable to Providers' business;
6. Provider will immediately notify the City if it be engages in an activity that is neither contemplated nor authorized under the terms of the Agreement; and
7. Concurrent with this acceptance of the Agreement, Provider agrees to perform the following tasks within thirty (30) days of the adoption of the Resolution and any necessary publication, unless another date is specified in the Agreement:
   A. Pay all required application fees required under the terms of the Agreement;
   B. Pay the costs of any necessary publication;
   C. File a certificate of insurance as required under the terms of the Agreement; and
   D. Acquire a business license from the City of Orange Beach.

Failure to perform all such actions within a timely manner shall be deemed to be a rejection and repudiation of the Franchise Agreement.

Dated: ________________

____
RYAN AHEARN LLC
dba PERDIDO KEY PARTY BUS

By: ________________________________

Its: ________________________________

S

CR 027153 9472
250.00
#43470

CITY of ORANGE BEACH
FRANCHISE APPLICATION
For Taxi,Shuttle and/or Limousine Service

☑ NEW
☐ RENEWAL

Legal Name of Business Ryan Ahearn LLC DBA Perdido Key party bus

Applicant's Name Ryan Ahearn

Mailing Address 12360 Standing Stone dr. pensacola, FL, 32506

Physical Address of Terminal (Office) 12360 Standing Stone dr.

Physical Address Vehicle Storage 12360 Standing Stone dr.

Telephone (850) 748-7474 E-Mail Ryanpahearn@gmail.com

Type of Franchise Requested Limousine Service, Shuttle

Number of Vehicles Operating 1

Owner/Officers	Address	DOB
Ryan Ahearn	12360 Standing Stone dr.	05/16/88

Drivers	Address	DOB
Ryan Ahearn	12360 Standing Stone dr.	05/16/88

$250.00 NON-REFUNDABLE APPLICATION FEE SHALL BE PAID WITH APPLICATION

DATE PAID ___________

1. Attach copy of driver's license for ALL owners, officers and drivers.
2. Attach at least two (2) completed Applicant Reference Forms, for applicant and each owner/officer.
3. Attach a copy of proof of insurance showing City of Orange Beach as additional insured.
4. Attach a financial statement showing in detail applicant's current financial condition.

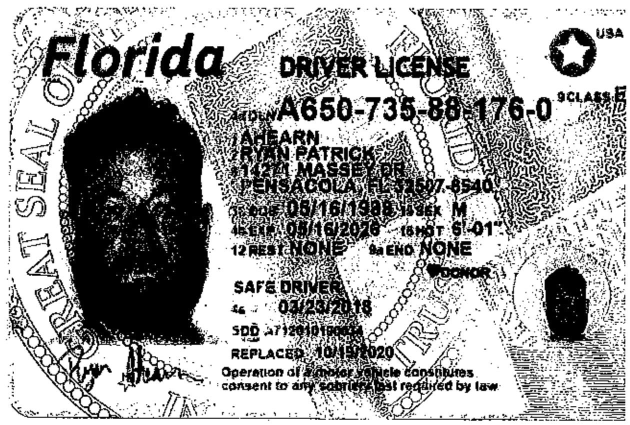
7.23.2015

Applicant has read and understands City of Orange Beach Code of Ordinance Chapter 70 article VI and agrees to comply with all requirements to operate in the city.

Applicant agrees to pay all costs and expenses incurred by the City in preparation of the Franchise agreement and the enactment of the enabling ordinance, to include attorney's fees for drafting of the Franchise agreement.

APPLICANT UNDERSTANDS THAT THE FILING OF THIS APPLICATION DOES NOT, IN ITSELF, CONSTITUTE AUTHORITY TO OPERATE AND WILL SUBMIT SUCH ADDITIONAL INFORMATION IN CONNECTION WITH THIS APPLICATION AS THE COUNCIL MAY REQUIRE.

Applicant Signature: Ryan Ahern Date: 03/22/2024


Florida
DRIVER LICENSE
USA
4d DLN A650-735-88-176-0
9 CLASS E
1 AHEARN
2 RYAN PATRICK
MASSEY DR
PENSACOLA, FL
3 DOB 05/16/1988
15 SEX M
4b EXP 05/16/2026
16 HGT 5'-01"
12 REST NONE
9a END NONE
DONOR
SAFE DRIVER
4a 03/23/2018
SDD
REPLACED 10/19/2020
Operation of a motor vehicle constitutes consent to any sobriety test required by law
GREAT SEAL OF THE STATE OF FLORIDA
IN GOD WE TRUST

The State of Florida retains all property rights herein. 051688

Rev. 03/01/2020

21

CLASS: E - Any non-commercial veh with a GVWR < 26.001 lbs. or any RV

REST: None

END: None

REPLACEMENT LICENSE REQUIRED WITHIN 30 DAYS OF ADDRESS OR NAME CHANGE.

WWW.FLHSMV.GOV

City of

Orange Beach

Life is better here

Finance

TAXI AND/OR LIMOUSINE SERVICE APPLICANT REFERENCE FORM

NOTICE TO APPLICANT: You must submit two (2) Applicant Reference Forms filled out and signed by two (2) separate individuals who are not related to you in any way, including through marriage. This form must be signed by the character reference and his/her signature must then be notarized. **Supplying false information on this document may result in criminal charges being filed.**

Ryan Ahearn (name of applicant), has filed an application to operate a for-hire vehicle/business in Orange Beach, AL. As a character reference for the applicant, please complete this form and return it to the applicant for submission with his/her Franchise Application.

1. Is the applicant related to you by blood or marriage? ___YES _✓_NO
   If yes, stop here and return form to applicant.
2. I have known the applicant for 10+ years. Must exceed one (1) year.
3. Describe your relationship with the applicant: friend
4. How would you rate the applicant in the following areas? Place a check mark where appropriate:
   Character _✓_very high ___high ___average ___below average ___not acceptable
   Honesty _✓_very high ___high ___average ___below average ___not acceptable
   Reliability _✓_very high ___high ___average ___below average ___not acceptable
5. To the best of your knowledge, does the applicant use intoxicating beverages or drugs?
   ___YES _✓_NO IF YES, please describe the extent of use:____________________
6. Would you recommend that the City of Orange Beach, AL grant the applicant a franchise/license? _✓_YES ___NO
7. Please provide any further comment that you feel is relevant on the back of this form.

Print Name of Character Reference: Jeff Walker
Address of Character Reference: 5651 Cruzat Way
(city) Pensacola (state) Fl (zip) 32506
Cell phone 205-399-9291 Home phone — Business Phone —

Dated: 3/19/2024 Signature of Character Reference: Jeff Walker

Sworn before me this 19 day of March, 2024

Notary Public Signature: Vicky Jo Chandler

VICKY JO CHANDLER
Notary Public - State of Florida
Commission # GG 950952
My Comm. Expires May 9, 2024

P.O. Box 458 ● Orange Beach, AL 36561 ● 4151 Orange Beach Blvd
(251) 981-6096 ● FAX 981-2551 ● www.cityoforangebeach.com

City of
Orange Beach
Life is better here

Finance

TAXI AND/OR LIMOUSINE SERVICE APPLICANT REFERENCE FORM

NOTICE TO APPLICANT: You must submit two (2) Applicant Reference Forms filled out and signed by two (2) separate individuals who are not related to you in any way, including through marriage. This form must be signed by the character reference and his/her signature must then be notarized. **Supplying false information on this document may result in criminal charges being filed.**

Ryan Ahearn (name of applicant), has filed an application to operate a for-hire vehicle/business in Orange Beach, AL. As a character reference for the applicant, please complete this form and return it to the applicant for submission with his/her Franchise Application.

1. Is the applicant related to you by blood or marriage? ___YES ✓ NO
   If yes, stop here and return form to applicant.
2. I have known the applicant for 8 years. Must exceed one (1) year.
3. Describe your relationship with the applicant: friend
4. How would you rate the applicant in the following areas? Place a check mark where appropriate:
   Character ✓ very high ___high ___average ___below average ___not acceptable
   Honesty ✓ very high ___high ___average ___below average ___not acceptable
   Reliability ✓ very high ___high ___average ___below average ___not acceptable
5. To the best of your knowledge, does the applicant use intoxicating beverages or drugs?
   ___YES ✓ NO IF YES, please describe the extent of use:________________
6. Would you recommend that the City of Orange Beach, AL grant the applicant a franchise/license? ✓ YES ___NO
7. Please provide any further comment that you feel is relevant on the back of this form.

Print Name of Character Reference Benjamyn Anderson
Address of Character Reference 4700 Condado Circle
(city) Pensacola (state) FL (zip) 32507
Cell phone 8502923925 Home phone — Business Phone —

Dated: 3/19/24 Signature of Character Reference: [signature]

Sworn before me this 19 day of MARCH, 2024.

Notary Public Signature Vicky Jo Chandler

VICKY JO CHANDLER
Notary Public - State of Florida
Commission # GG 950952
My Comm. Expires May 9, 2024

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 03/21/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
State Farm
John Shaffer
117 N Palafox Street
Pensacola FL 325024838

CONTACT NAME: John Shaffer
PHONE (A/C, No, Ext): 850-433-4343 FAX (A/C, No):
E-MAIL ADDRESS: john.shaffer.p6k2@statefarm.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : State Farm Fire and Casualty Company	25143
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Ahearn, Ryan
12360 STANDING STONE DR
PENSACOLA FL 325069458

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY; ☐ CLAIMS-MADE ☐ OCCUR; GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC; OTHER:						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
								$
A	AUTOMOBILE LIABILITY; ☐ ANY AUTO; ☐ OWNED AUTOS ONLY ☒ SCHEDULED AUTOS; ☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY	Y	N	L93 3059-A02-59A	01/02/2024	07/02/2024	COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$ 250,000
							BODILY INJURY (Per accident)	$ 500,000
							PROPERTY DAMAGE (Per accident)	$ 100,000
								$
	☐ UMBRELLA LIAB ☐ OCCUR; ☐ EXCESS LIAB ☐ CLAIMS-MADE; DED ☐ RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N; ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ (Mandatory in NH); If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					☐ PER STATUTE ☐ OTH-ER	$
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

City of Orange Beach
4099 Orange Beach Blvd
Orange Beach AL 36561

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

John Shaffer

This form was system-generated on 03/21/2024

Perdido Key Party Bus, Ryan Ahearn LLC

	Assets	Liabilities
Navy Federal Checking	$ 40,000.00	
Bank of America Checking	$ 8,000.00	
Condo Property	$ 70,000.00	
Credit Card Debt		$ 4,000.00
Sprinter Van Equity	$ 50,000.00	
Yearly Income	$ 30,000.00	
Rental Property	$ 5,000.00	
Yearly Sprinter Van Insurance		$ 3,240.00
Total	**$195,760.00**	

ITEM 11.

REGULAR COMMITTEE OF THE WHOLE MEETING
APRIL 16, 2024

Departments: City Clerk

Description of Topic: Resolution authorizing the approval of a wetland permit for the CoastAL employee parking lot. (WS)

Background/Description:

Action Options/Recommendation:

Source of Funding (if applicable):

ATTACHMENTS:

1. 05-07-24 24-xxx Authorize Wetland Permit Approval CoastAL Employee Parking Lot

RESOLUTION NO. <u>24-xxx</u>

A RESOLUTION AUTHORIZING THE APPROVAL OF A WETLAND PERMIT FOR THE COASTAL EMPLOYEE PARKING LOT

FINDINGS:

1. The City of Orange Beach Alabama (hereinafter "the City") Is the administrator of City Code, Chapter 30, Article V which states that any wetland to be destroyed within the corporate limits of the City of Orange Beach south of the ICW shall be mitigated on the same island within the corporate limits.
2. Orange Beach Land Company, LLC, is in receipt of permits from Alabama Department of Environmental Management and the U.S. Army Corps of Engineers regulatory division to fill 0.5 acres of wetlands for the purposes of constructing an employee and overflow parking lot.
3. As stated in the permits, the applicant was required to mitigate for the authorized wetland fill through the creation of approximately 0.18 acres of wetlands from onsite uplands and enhancement of 0.088 acres of on-site wetlands. In addition, the applicant has provided proof of purchase of 1.5 credits from the Alabama Port Mitigation Bank for the proposed impacts to 0.5 acres of wetland impacts.
4. Section 30-122 of the City Code states that, "No projects requiring—by the relevant federal and state regulatory agencies—wetland mitigation will be permitted unless the federal and state mitigation plan is to be executed in the City of Orange Beach south of the ICW and approved by majority vote of the municipal council, or an in-lieu fee payment is made to the city in order to replace the lost ecological or stormwater functions of the impacted wetland.
5. As stated above, the applicant has partially mitigated within the city limits with on-site creation and enhancement, however, the remaining mitigation requirements were addressed via purchase of credits from a wetland mitigation bank outside of the city limits. Therefore, the in-lieu fee payment to the City's Mitigation Fund would need to be equal to the mitigation credits dollar amount ($14,250).

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ORANGE BEACH, ALABAMA, AS FOLLOWS:

1. That Orange Beach Land Company, LLC, is authorized to pay and the City is authorized to accept an in-lieu fee in the amount of $14,250.00 to be paid into the City's Wetland Mitigation Bank to offset lost ecological or stormwater functions of impacted wetlands; and
2. That this Resolution shall become effective immediately upon its adoption.

ADOPTED THIS 7th DAY OF MAY, 2024.

____
Renee Eberly
City Clerk

C E R T I F I C A T E

I, Renee Eberly, City Clerk of the City of Orange Beach, Alabama, do hereby certify that the foregoing is a true and correct copy of Resolution No. 24-xxx, which was duly and legally adopted at a regular meeting of the City Council on May 7, 2024.

____
City Clerk

REGULAR COMMITTEE OF THE WHOLE MEETING
APRIL 16, 2024

Departments: City Clerk

Description of Topic: Reminder: Public hearing and first reading for an ordinance to amend Ordinance No. 172, the Zoning Ordinance, Case No. 0406-ZT-24, Section 4.01, Water Recreational Rentals on May 7, 2024.

Background/Description:

Action Options/Recommendation:

Source of Funding (if applicable):

ATTACHMENTS:
None

ITEM 2.

REGULAR COMMITTEE OF THE WHOLE MEETING
APRIL 16, 2024

Departments: City Clerk

Description of Topic: Reminder: Public hearing and first reading for an ordinance amending Ordinance No. 172, the Zoning Ordinance, Case No. 0407-ZT-24, Section 4.06, Alabama Highway 180 Frontage Roadway Requirement on May 7, 2024.

Background/Description:

Action Options/Recommendation:

Source of Funding (if applicable):

ATTACHMENTS:
None

ITEM 3.

REGULAR COMMITTEE OF THE WHOLE MEETING
APRIL 16, 2024

Departments: City Clerk

Description of Topic: Reminder: Public hearing and first reading for an ordinance amending Ordinance No. 172, the Zoning Ordinance, Case No. 0304-ZT-24, Zoning Text Amendments, Sections 4.01 & 5.13, Charter Boat Home Occupations on May 7, 2024.

Background/Description:

Action Options/Recommendation:

Source of Funding (if applicable):

ATTACHMENTS:
None