

BOND RESOLUTION

A BOND RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF HOGANSVILLE (THE "CITY"), TO PROVIDE FOR THE ISSUANCE OF THE CITY OF HOGANSVILLE JUNIOR LIEN COMBINED PUBLIC UTILITY SYSTEM REVENUE BOND, SERIES 2018A, IN THE PRINCIPAL AMOUNT OF \$2,581,000 (THE "SERIES 2018A BOND"), AND THE CITY OF HOGANSVILLE JUNIOR LIEN COMBINED PUBLIC UTILITY SYSTEM REVENUE BOND, SERIES 2018B, IN THE PRINCIPAL AMOUNT OF \$2,025,000 (THE "SERIES 2018B BOND," AND TOGETHER WITH THE SERIES 2018A BOND, THE "BONDS"), PURSUANT TO AND IN CONFORMITY WITH THE CONSTITUTION AND STATUTES OF THE STATE OF GEORGIA, PAYABLE SOLELY FROM THE FUNDS HEREIN PROVIDED FROM THE OWNERSHIP AND OPERATION OF THE CITY'S COMBINED PUBLIC UTILITY SYSTEM, AS IT NOW EXISTS AND AS IT HEREAFTER MAY BE ADDED TO, EXTENDED, IMPROVED, AND EQUIPPED (THE "SYSTEM"); TO FINANCE, IN PART, THE COST OF CONSTRUCTING EXTENSIONS, ADDITIONS, AND IMPROVEMENTS TO THE SYSTEM AND TO ACQUIRE THE NECESSARY PROPERTY THEREFOR FOR ITS OWN USE AND FOR THE USE OF PUBLIC AND PRIVATE CONSUMERS BOTH WITHIN AND WITHOUT THE TERRITORIAL LIMITS OF THE CITY; TO SECURE PAYMENT OF THE BONDS BY A PLEDGE OF AND CHARGE OR LIEN ON THE NET REVENUES OF THE SYSTEM, SUBORDINATE TO THE FIRST LIEN ON THE NET REVENUES OF THE SYSTEM HELD BY, AND TO THE RIGHT OF PAYMENT OF, THE OUSTANDING COMBINED PUBLIC UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 1993; TO PROVIDE FOR THE CREATION OF CERTAIN FUNDS TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; TO PROVIDE FOR THE REMEDIES OF THE OWNERS OF THE BONDS; AND FOR OTHER PURPOSES.

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PREAMBLE

1. The City of Hogansville (the “**City**”) is a municipal corporation of the State of Georgia and a governmental body as defined in the Revenue Bond Law of Georgia, codified in Official Code of Georgia Annotated (“**O.C.G.A.**”) § 36-82-60 through § 36-82-85 (the “**Revenue Bond Law**”). The City owns a water and sewerage system, a gas distribution system, and an electric distribution system (collectively, the “**System**”) which provide water and sewerage service, gas service, and electric service to citizens and users within and without the territorial limits of the City, which systems are operated by the City as a combined system.

2. Under and by virtue of authority of the Revenue Bond Law, the Constitution of the State of Georgia, the general laws of the State of Georgia, and the laws of the State of Georgia relating to the City, the City is authorized to acquire, construct, and equip the System and to make extensions, additions, and improvements to the System as the same may hereafter be added to, extended, improved, and equipped, for its own use and for the use of public and private consumers both within and without the territorial limits of the City; to prescribe, fix, and collect rates, fees, tolls, or charges for the services, facilities, or commodities furnished by the System as added to, extended, improved, and equipped; and, in anticipation of the collection of revenue from the System, to issue revenue bonds to finance, in whole or in part, the cost of the contemplated acquisition and construction of additions, extensions, improvements, and equipment and to pay the expenses incident thereto, and to pledge to the punctual payment of such bonds and interest thereon all or any part of the revenues of such additions, extensions, and improvements to the System.

3. The City, by a bond ordinance adopted by the Mayor and Council of the City (the “**Governing Body**”) on July 15, 1993 (the “**1993 Ordinance**”), issued its CITY OF HOGANSVILLE COMBINED PUBLIC UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 1993, on July 29, 1993, in the original aggregate principal amount of \$8,525,000 (the “**Series 1993 Bonds**”). Proceeds from the Series 1993 Bonds were used to (i) construct extensions, additions, and improvements to and purchase equipment for the water and sewerage portion of the System, (ii) the refunding and defeasance of the City’s Combined Public Utility System Revenue Bonds, Series 1990; (iii) the repayment of certain loans made to the City by the Georgia Environmental Facilities Authority; (iv) the payment of premium for the purchase of a municipal bond insurance policy; (v) the funding, in part, of a debt service reserve; and (vi) pay the costs of issuance of the Series 1993 Bonds. The Series 1993 Bonds are outstanding and unpaid in the aggregate principal amount of \$2,950,000, bear interest at 6.0% per annum, and the principal of the Series 1993 Bonds matures on October 1, 2023, subject to scheduled mandatory redemption in the years 2018 through 2022. The Series 1993 Bonds are payable solely from the Net Revenues (as defined herein) of the System.

4. The principal of and interest on the Series 1993 Bonds and any combined public utility revenue bonds of the City issued on a parity therewith (the “**Additional Parity Bonds**”) have a first and prior pledge of and charge or lien on the revenues derived from the ownership and operation of the System, superior to any other charge or lien now existing or which may hereafter be created on such revenues except for the charge or lien thereon for payment of the reasonable and necessary expenses of operating, maintaining, and repairing the System (the “**Net Revenues**”).

5. The City has determined that it is necessary and desirable to acquire, construct, and equip certain additions and improvements to the System, specifically certain sewer system improvements (the “**Project**”), all substantially in accordance with engineering recommendations, plans, and specifications which define and describe the extensions, additions, and improvements to be made, which show the estimated costs thereof, and which plans, recommendations, and specifications were considered and approved by the City both prior to and simultaneously with the adoption of this resolution (the “**Resolution**”) and which are, by this reference, incorporated herein and made a part hereof as fully as if physically attached hereto.

6. The City has made its own investigation, study, and estimate and has determined that it is unable to finance the Project from its own resources or other credit at reasonable rates and terms and, therefore, the best and most feasible method of obtaining a portion of the funds necessary to finance construction of the Project is through the issuance of its combined public utility revenue bonds.

7. The City has applied to the United States of America, acting through the U.S. Department of Agriculture, Rural Development (the “**United States of America**”), for a loan to pay the cost of the Project. The City has accepted the terms and conditions of a letter of conditions dated August 30, 2013, as supplemented and amended by a letter dated April 4, 2018 (together, the “**Letter of Conditions**”), which Letter of Conditions has been filed in the office of the City Clerk of the City, and said Letter of Conditions, by this reference thereto, is incorporated herein and made a part hereof. The Letter of Conditions provides that upon the meeting of various conditions, the United States of America will lend a total of \$4,606,000 to the City. The City will provide for and secure its loan from the United States of America by the issuance of its CITY OF HOGANSVILLE JUNIOR LIEN COMBINED PUBLIC UTILITY SYSTEM REVENUE BOND, SERIES 2018A, in the principal amount of \$2,581,000 (the “**Series 2018A Bond**”), and its CITY OF HOGANSVILLE JUNIOR LIEN COMBINED PUBLIC UTILITY SYSTEM REVENUE BOND, SERIES 2018B, in the principal amount of \$2,025,000 (the “**Series 2018B Bond**,” and together with the Series 2018A Bond, the “**Bonds**”), each issued to the United States of America acting through the Department of Agriculture, as registered owner. The City, by resolution lawfully adopted, has authorized its proper officers to execute the Letter of Conditions and any other forms necessary to secure said loans. Further, the City has determined that it is in its best interests to issue the Bonds and has indicated its intent to meet all of said conditions by executing and delivering to the United States of America its Letter of Intent to Meet Conditions (Form RD 1942-46), dated September 4, 2013 and April 19, 2018.

8. The Letter of Conditions provides that the remaining costs of constructing and equipping the Project will be paid from a grant from the United States of America in the amount of \$2,500,000 and funds from Meriwether County in the amount of \$1,600,000.

9. The Letter of Conditions further provides that the City will arrange interim commercial financing to be used during the construction period for the loan rather than issuing the Bonds at the start of construction. In order to secure the interim financing for the Project prior to the issuance of the Bonds, the City has determined that it is necessary and desirable that it secure interim financing from the Georgia Environmental Finance Authority. When the funds secured through such interim financing have been substantially expended, the loan will be closed and the Bonds will be issued and delivered to the United States of America acting through the

Department of Agriculture, and the City, using proceeds from the sale of the Bonds, will pay in full the interim financing.

10. Upon the issuance of the Bonds, the Bonds shall constitute a second and subordinate pledge of and charge or lien on the Net Revenues derived from the ownership and operation of the System, subject to the first and prior right of payment, and first and prior pledge of and charge or lien on the Net Revenues of the Series 1993 Bonds and any Additional Parity Bonds hereafter issued.

11. The City is now in compliance with all covenants and undertakings in connection with the Series 1993 Bonds now outstanding, and the 1993 Ordinance is in full force and effect and has not been repealed, altered, or amended in any respect which will adversely affect the rights or interests of the owners of said bond.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Hogansville, in public meeting properly and lawfully called and assembled, and it is hereby resolved by authority of the same, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

Section 101. Definitions. The following words and phrases and other words and phrases evidently intended as the equivalent thereof, whenever used in this instrument, unless the context clearly indicates otherwise, shall be given the following respective meanings:

“**Additional Parity Bonds**” means any combined public utility revenue bonds which are issued pursuant to the terms of Section 408 of the 1993 Ordinance.

“**Assured Guaranty**” means Assured Guaranty Corp., its successors and assigns, as insurer of the Series 1993 Bonds.

“**Bonds**” means, together, the Series 2018A Bond and the Series 2018B Bond.

“**City**” means the City of Hogansville, a municipal corporation of the State, functioning through its governing body and any successor or successors in office to said governing body or any person, body, or authority to whom or to which may hereafter be delegated by law the duties, powers, authority, obligations, or liabilities of the present governing body, either in whole or in relation to the System.

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

“**Construction Fund**” means the CITY OF HOGANSVILLE COMBINED PUBLIC UTILITY SYSTEM CONSTRUCTION FUND authorized to be created by the provisions of Section 402(b) of this Resolution.

“**Fiscal Year**” means the period commencing on July 1 in each year and extending through June 30 of the following year.

“**Letter of Conditions**” shall have the meaning given such term in paragraph 7 of the preamble to this Resolution.

“**Monthly Installment Date**” shall have the meaning given such term in Section 203 hereof.

“**1993 Ordinance**” means the ordinance providing for the issuance of the Series 1993 Bonds and any Additional Parity Bonds, as defined in paragraph 3 of the preamble to this Resolution

“**Project**” shall have the meaning given such term in paragraph 5 of the preamble to this Resolution.

“**Project engineer**” and other terms making reference thereto, mean the engineer for the City or such other engineer, engineers, or engineering firm that may be hereafter employed by the City in relation to the supervision of the acquisition, construction, and equipping of the Project and in relation to other services to be rendered as in this Resolution provided.

“**Resolution**” means this bond resolution which authorizes issuance of the Bonds, including any amendments hereto.

“**Revenue Fund**” means the CITY OF HOGANSVILLE COMBINED PUBLIC UTILITY SYSTEM REVENUE FUND created by the 1993 Ordinance and referred to in Section 502(a) hereof.

“**Series 1993 Bonds**” means the CITY OF HOGANSVILLE COMBINED PUBLIC UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 1993, as defined in paragraph 3 of the preamble to this Resolution.

“**Series 2018A Bond**” means the \$2,581,000 CITY OF HOGANSVILLE JUNIOR LIEN COMBINED PUBLIC UTILITY SYSTEM REVENUE BOND, SERIES 2018A, authorized to be issued pursuant to the terms of this Resolution.

“**Series 2018B Bond**” means the \$2,025,000 CITY OF HOGANSVILLE JUNIOR LIEN COMBINED PUBLIC UTILITY SYSTEM REVENUE BOND, SERIES 2018B, authorized to be issued pursuant to the terms of this Resolution.

“**Short-Lived Assets Account**” means the account of such name created and described in Section 502 of this Resolution.

“**Sinking Fund**” means the CITY OF HOGANSVILLE COMBINED PUBLIC UTILITY SYSTEM SINKING FUND created by the 1993 Ordinance and referred to in Section 502(b) hereof.

“**Sinking Fund No. 2**” means the CITY OF HOGANSVILLE COMBINED PUBLIC UTILITY REVENUE BOND SINKING FUND NO. 2 created under the provisions of Section 502(c) herein.

“**Sinking fund year**” means, in connection with the Bonds, the period in each year commencing on the day after the date of issuance and delivery of the Bonds and ending on the anniversary of such issuance and delivery date in the next ensuing year.

“**State**” means the State of Georgia.

“**System**” means the water and sewerage system, a gas distribution system, and an electric distribution system of the City, which are operated by the City as a combined system, as the same now exists and as it may be hereafter extended, improved, and equipped.

Section 102. Rules of Construction. Unless the context clearly indicates to the contrary:

(a) The words “herein,” “hereby,” “hereunder,” “hereof,” “hereinbefore,” “hereinafter,” and other equivalent words refer to this Resolution as a whole and not solely to the particular portion thereof in which any such word is used;

(b) Any pronoun used herein shall be deemed to cover all genders;

(c) All references herein to particular Articles, Sections and subdivisions are references to Articles, Sections and subdivisions of this Resolution;

(d) The use of the singular shall include the plural and the plural shall include the singular; and

(e) All accounting terms not otherwise defined herein shall have the meanings assigned to them in accordance with generally accepted accounting principles.

[END OF ARTICLE I]

ARTICLE II

AUTHORIZATION; TERMS AND FORM OF BOND

Section 201. Bonds Authorized. There are hereby authorized to be issued for the purposes aforesaid pursuant to the Revenue Bond Law, the Constitution of the State of Georgia, the general laws of the State of Georgia, the laws of the State of Georgia relating to the City, and this resolution (this “**Resolution**”), a CITY OF HOGANSVILLE JUNIOR LIEN COMBINED PUBLIC UTILITY SYSTEM REVENUE BOND, SERIES 2018A, in the principal amount of \$2,581,000 and a CITY OF HOGANSVILLE JUNIOR LIEN COMBINED PUBLIC UTILITY SYSTEM REVENUE BOND, SERIES 2018B, in the principal amount of \$2,025,000, and all the covenants, agreements, and provisions of this Resolution shall be for the benefit and security of the owners of the Bonds.

Section 202. Dates, Interest Rates, and Series Designations.

(a) The Series 2018A Bond and the Series 2018B Bond will be dated their date of issuance and delivery thereof, will be issued as a single instrument bond in fully-registered form, without coupons, and will each be numbered R-1.

(b) The Series 2018A Bond shall bear interest at a rate not to exceed 2.125% per annum and the Series 2018B Bond shall bear interest at a rate not to exceed 2.375% per annum (with the exact rate of interest for each of the Bonds to be set forth in respective bond on the date of issuance and delivery). Interest will be calculated on the Bonds on the basis of a 365-day year.

(c) The series designation for the Bonds may be changed to the year of issuance and delivery of the Bonds, if such year is different from the designation as set forth herein.

Section 203. Payment of Principal and Interest. The principal of and interest on the Bonds shall be repayable over a period not to exceed 40 years from the date of issuance and delivery thereof. The first payment shall be made on the first anniversary of the issuance and delivery of the Bonds and will be an interest-only payment; provided, however, if said first anniversary date shall fall on the 29th, 30th, or 31st day of the month, said interest-only payment date shall be the 28th day of such month. Beginning in the month following said interest-only payment, and in each month thereafter, on the same day of the month in which said interest-only payment was made (each a “**Monthly Installment Date**”), a total of 468 payments of principal and interest shall be made in equal (except for the final payment which may be in a different amount), amortized monthly installments until the Bonds are paid in full. Assuming that the Series 2018A Bond bears interest at a rate of 2.125% per annum, the amortized monthly installments of principal and interest on the Series 2018A Bond shall be \$8,131; and assuming the Series 2018B Bond bears interest at the rate of 2.375% per annum, the amortized monthly installments of principal and interest on the Series 2018B Bond shall be \$6,642.

Section 204. Execution of Bonds.

(a) The Bonds shall be executed with the manually executed signature of the Mayor of the City with the official seal of the City impressed thereon and attested by the manually executed signature of the City Clerk of the City.

(b) The Bonds may be executed and sealed on behalf of the City by such officers who at the time of the execution of the Bonds may hold the proper offices of the City although on the date of the Bonds, or on the date of any lawful proceedings taken in connection therewith, such persons may not have held such offices.

Section 205. Mutilated, Lost, Stolen, or Destroyed Bonds. In the event a Bond is mutilated, lost, stolen, or destroyed, the City shall execute and deliver a new bond of like tenor as that mutilated, lost, stolen, or destroyed, provided that, in the case of such mutilated Bond, such Bond is first surrendered to the City and, in the case of any such lost, stolen, or destroyed Bond, there is first furnished evidence of such loss, theft, or destruction satisfactory to the City together with indemnity satisfactory to the City. No service charge shall be made for any such transaction, but a charge may be made to cover any actual expense incurred.

Section 206. Ownership of Bonds. The City may deem and treat the registered owner of the Bonds as the absolute owner of such Bond for the purpose of receiving payment of the principal thereof and the interest thereon and for all other purposes.

Section 207. Validation Certificate. A duly executed validation certificate of the Clerk of Superior Court of Troup County, State of Georgia, signed with the manually executed signature of such Clerk, shall be endorsed on each of the Bonds and shall be essential to their validity.

Section 208. Bond Registrar.

(a) The City Clerk of the City will be the registrar and transfer agent for the Bonds and will keep proper registry and transfer records including a Bond Registration Book, in which shall be registered the name and address of the owner of the Bonds as the same are presented for registration and transfer. Upon presentation of the Bonds for registration or transfer, the fact of such registration or transfer shall be noted on the Bonds and attested by the signature of the registrar. No such registration or transfer shall be valid unless made at the office of the registrar, noted on the Bonds, and attested by the signature of the registrar. The registrar shall not be required to register or transfer the Bonds during the period of ten days next preceding any Monthly Installment Date or the stated maturity date thereof.

(b) The Bond Registration Book shall show the date of registration and the name and address of the person in whose name the Bonds are registered. The latest chronological date of registration of the Bonds as the same shall appear in the Bond Registration Book shall be conclusive as to the name and address of the registered owner for all purposes.

(c) The Bonds shall be transferable only if presented for transfer by the registered owner, in person or by such owner's attorney, to the City Clerk of the City. The Bonds shall bear an endorsement by the City Clerk, as registrar, of transfer to the new owner so as to enable the City Clerk to enter the name and address of the new owner upon the Bond Registration Book.

Section 209. Place of Payment. The principal of and interest on the Bonds shall be payable at such place as may be designated by the registered owner and shall be payable in lawful money of the United States of America.

Section 210. Limited Obligation. The principal of and interest on the Bonds shall not be payable from or a charge upon any funds of the City other than the Net Revenues of the System as herein provided and the Bonds shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City, other than the Net Revenues of the System pledged to the payment thereof. The Bonds shall not be construed to constitute a debt or a pledge of the faith and credit of the State of Georgia or any political subdivision thereof, including the City, within the meaning of any constitutional or statutory provisions whatsoever, and the Bonds do not directly, indirectly, or contingently obligate the State of Georgia or any political subdivision thereof, including the City, to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for the payment thereof.

Section 211. Form of the Bonds. The Bonds and the validation certificate and provisions for registration thereon shall be in substantially the following terms and form, with such variations, omissions, and insertions as may be required to complete properly each of the Bonds and as may be approved by the officer or officers manually executing the Bonds, which approval shall be conclusively evidenced by such execution:

[Form of the Bonds]

This Bond shall not be sold or transferred if such sale or transfer would void the exemption, contained in U.S. Securities and Exchange Commission Rule 15c2-12(d)(1)(i), from the disclosure requirements of Securities and Exchange Commission Rule 15c2-12(b)(5) or any similar rules or statutes in effect at the time of such sale transfer.

No. R-1

UNITED STATES OF AMERICA
STATE OF GEORGIA

CITY OF HOGANSVILLE
JUNIOR LIEN COMBINED PUBLIC UTILITY SYSTEM
REVENUE BOND, SERIES 2018_

Maturity Date: _____, 20__
Principal Amount: \$_____
Interest Rate: _____%
Bond Date: [Date of Issuance and Delivery]
Registered Owner: United States of America acting through the Department of Agriculture

The City of Hogansville, Georgia (the “City”), a municipal corporation of the State of Georgia, for value received, hereby promises to pay, solely from funds provided therefor as hereinafter set forth, to the United States of America acting through the Department of Agriculture, as registered owner, or to its registered assigns, the principal sum of \$_____, together with interest on the outstanding principal amount of this Bond from the date hereof at the rate of _____% per annum, calculated on the basis of a 365-day year. The first payment shall be made on _____, 20__, and will be an interest-only payment. Beginning _____, 20__, and on the same day of each month thereafter (each a “Monthly Installment Date”), a total of 468 payments of principal and interest shall be made in equal, amortized monthly installments in the amount of \$_____ (except for the final payment, which may be in a different amount) until this Bond is paid in full. The final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable on _____, 20__.

The monthly installments shall be payable in lawful money of the United States of America at such place as may be designated by the registered owner.

This Bond is the duly authorized bond designated CITY OF HOGANSVILLE JUNIOR LIEN COMBINED PUBLIC UTILITY SYSTEM REVENUE BOND, SERIES 2018_, in the principal amount of \$_____ (this “Bond”). This Bond is being issued to provide funds needed to pay the cost, in part, of acquiring, constructing, and equipping improvements and additions to and extensions of the existing combined water and sewerage system, gas distribution system and electric distribution system of the City (collectively, the “System”). This Bond is issued pursuant to authority of and in accordance with the provisions of the Constitution of the State of Georgia, the Revenue Bond Law of Georgia, and the laws of the State of Georgia relating to the City, and was

duly authorized by a bond resolution adopted by the governing body of the City on June 18, 2018 (the “Resolution”).

The payment of this Bond is secured by a pledge of and charge or lien on the Net Revenues derived from the ownership and operation of the System, all in the manner and to the extent provided in the Resolution and as more particularly described below.

Contemporaneous with the issuance of this Bond, the City will issue its CITY OF HOGANSVILLE JUNIOR LIEN COMBINED PUBLIC UTILITY SYSTEM REVENUE BOND, SERIES 2018_, in the principal amount of \$_____ (the “Series 2018_ Bond”). The Series 2018_ Bond will be issued on a parity with this Bond.

Pursuant to a bond ordinance adopted on July 15, 1993 (the “1993 Ordinance”), the City issued its CITY OF HOGANSVILLE COMBINED PUBLIC UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 1993, on July 29, 1993, in the original aggregate principal amount of \$8,525,000 (the “Series 1993 Bonds”). The principal of and interest on the Series 1993 Bonds and any combined public utility revenue bonds of the City issued on a parity therewith (the “Additional Parity Bonds”) have a first and prior pledge of and charge or lien on the revenues derived from the ownership and operation of the System, superior to any other charge or lien now existing or which may hereafter be created on such revenues except for the charge or lien thereon for payment of the reasonable and necessary expenses of operating, maintaining, and repairing the System (the “Net Revenues”).

This Bond and the Series 2018_ Bond shall constitute a second and subordinate pledge of and charge or lien on the Net Revenues derived from the ownership and operation of the System, subject to the first and prior right of payment, and first and prior pledge of and charge or lien on the Net Revenues of the Series 1993 Bonds and any Additional Parity Bonds hereafter issued.

Reference to the Resolution is made for a complete description of the funds charged with and pledged to the payment of the principal of and the interest on this Bond, a complete description of the nature and extent of the security provided for the payment of this Bond, a statement of the rights, duties, and obligations of the City, the rights of the owner of this Bond, and the terms and conditions under which additional bonds may be issued, to all the provisions of which the owner hereof, by the acceptance of this Bond, assents.

The Resolution provides, among other provisions, for prescribing and revising rates and collecting fees, tolls, and charges for the services, facilities, and commodities furnished by the System as it now exists and as it hereafter may be added to, extended, and improved, sufficient in amount to provide funds (a) to pay the costs of maintaining, repairing, and operating the System; (b) to pay into a special fund an amount sufficient to pay the principal of and interest on the Series 1993 Bonds and any Additional Parity Bonds, and to create and maintain a reserve for such purpose; and (c) to pay into a special fund designated the CITY OF HOGANSVILLE COMBINED PUBLIC UTILITY SYSTEM REVENUE BOND SINKING FUND NO. 2 (“Sinking Fund No. 2”) an amount sufficient to pay the principal of and interest on this Bond and the Series 2018_ Bond and to create and maintain a reserve for such purpose. Sinking Fund No. 2, by the provisions of the Resolution, is pledged to and charged with the payment of the principal and interest installments of this Bond and the Series 2018_ Bond.

This Bond does not constitute a debt of the City within the meaning of any constitutional or statutory limitation or provision nor a pledge of the faith and credit of the City nor shall the City be subject to any pecuniary liability hereon, and the taxing power of the City is not pledged to the payment hereof, either as to principal or interest. This Bond shall not be payable from nor a charge upon any funds other than the funds pledged to the payment hereof and is payable solely from the funds provided therefor from the revenue to be derived from the ownership and operation of the System, including all future additions thereto. No owner of this Bond shall ever have the right to compel the exercise of the taxing power of the City to pay the same or the interest hereon or to enforce payment hereof against any property of the City nor shall this Bond or any interest hereon constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City other than such revenue.

The principal of this Bond is subject to prepayment at any time without penalty at the option of the City, either in whole or in part, from any money which may be available for such purpose. Such prepayment shall be upon at least 30 days prior notice and otherwise as provided in the Resolution by the payment of the principal amount to be prepaid together with the accrued interest thereon to the date of prepayment. Interest on the principal amount so prepaid shall abate as of the date of payment. Any such prepayment in part shall not affect, prior to the payment of the entire principal balance, the amount or payment date of any monthly installment, but shall be applied against the outstanding principal amount of this Bond, which may shorten its final maturity.

This Bond is issued with the intent that the laws of the State of Georgia shall govern its construction, and in case of default, the owner hereof shall be entitled to the remedies provided by the Resolution and by all applicable laws.

The City has designated this Bond as a “qualified tax-exempt obligation” pursuant to § 265(b)(3) of the Internal Revenue Code of 1986, as amended.

It is hereby recited and certified that all acts, conditions, and things required to exist, happen, or be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due and legal time, form, and manner as required by law and that provision has been made for the allocation of the anticipated revenue and receipts to be derived from the operation of the System in amount sufficient to pay the principal of and the interest on this Bond as the same shall become due and to create and maintain a reserve for that purpose and that said funds are irrevocably allocated and pledged to the payment of this Bond and the interest thereon.

IN WITNESS WHEREOF, the City of Hogansville, Georgia, acting by and through its governing body, has caused this Bond to be executed with the manually executed signature of the Mayor of the City, has caused its corporate seal to be hereunto impressed and attested with the manually executed signature of the City Clerk of the City, and has caused this Bond to be dated as of the day first above written.

CITY OF HOGANSVILLE, GEORGIA

(S E A L)

By: _____ (FORM)
Mayor

Attest: _____ (FORM)
City Clerk

* * * * *

STATE OF GEORGIA)
)
TROUP COUNTY)

VALIDATION CERTIFICATE

I, the undersigned Clerk of Superior Court of Troup County, State of Georgia, keeper of the records and seal thereof, hereby certify that this Bond was validated and confirmed by judgment of the Superior Court of Troup County, Georgia, on _____, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand and have impressed the seal of the Superior Court of Troup County, Georgia.

(S E A L)

_____ (FORM)
Clerk of Superior Court
Troup County, Georgia

CERTIFICATE OF REGISTRATION

This Bond shall be registered in the name of the owner as to both principal and interest on books to be kept for that purpose by the City Clerk of the City of Hogansville, as bond registrar, and the bond registrar shall make proper notation in the registration blank below that this Bond is so registered, after which the bond registrar shall pay all principal and interest installments as the same shall mature hereon only to the registered owner, with the final payment of principal and interest to be made only upon surrender of this Bond for cancellation, and no transfer hereof shall then be valid unless made on the bond registrar's books by authority of the registered owner or such owner's attorney duly authorized in writing and similarly noted in the registration blank below. The bond registrar shall not be required to register this Bond during the period of ten days next preceding any interest or principal and interest payment date hereof.

(No writing shall be entered on this Bond except by the above designated registrar.)

<u>Date of Registration</u>	<u>Name and Address of Registered Owner</u>	<u>Signature of Registrar</u>
_____	United States of America acting through the Department of Agriculture 355 East Hancock Avenue Athens, Georgia 30601 _____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

[End of Bond Form]

[END OF ARTICLE II]

ARTICLE III

PREPAYMENT OF BONDS BEFORE MATURITY

Section 301. Prepayment of Bonds.

(a) The principal of the Bonds is subject to prepayment without penalty at any time, at the option of the City, either in whole or in part, from money in Sinking Fund No. 2 not required for paying the principal of and interest on the Bonds coming due in the then current sinking fund year and not required for creating and currently maintaining at the required level of deposit a reserve in said fund in the amount hereinafter provided, or from any money which may be available for such purpose on or before the date fixed for prepayment.

(b) The Bonds may not be prepaid or redeemed in part unless and until Sinking Fund No. 2 is at its proper balance and there shall exist no default in the payment of the interest or principal and interest on the Bonds; provided, however, that the City shall have the right to acquire as a whole, by prepayment, redemption, or otherwise, the outstanding Bonds from any funds which may be available for that purpose.

(c) At least 30 days before any date upon which any such prepayment or redemption is to be made, a notice of intention so to prepay or redeem, designating the prepayment or redemption date and the amount of the Bonds to be prepaid or redeemed, signed by the Mayor of the City, shall be mailed, postage prepaid, to the registered owner of the Bonds to be prepaid or redeemed at the address of such registered owner as the same shall appear upon the books of registration.

(d) Prepayment of the Bonds under this Article shall be made by the payment of the principal amount of the Bonds to be prepaid plus accrued interest thereon to the date fixed for prepayment.

Section 302. No Interest After Prepayment. Notice of prepayment having been given in the manner and under the terms and conditions hereinabove provided, the Bonds being prepaid shall become due and payable on the prepayment date designated in such notice to the extent of the principal amount to be prepaid and interest on such Bonds shall cease to accrue from and after the date of prepayment unless default shall be made in the amount to be so prepaid. Any such prepayment in part shall not affect, prior to the payment of the entire principal balance, the amount or payment date of any monthly installment, but shall be applied against the outstanding principal amount of the Bonds being prepaid, which may shorten their final maturity.

[END OF ARTICLE III]

ARTICLE IV

CONSTRUCTION OF PROJECT; APPLICATION OF BOND PROCEEDS; CONSTRUCTION FUND

Section 401. Construction of Project. The City will proceed with the acquisition, construction, and equipping of the Project substantially in accordance with plans, specifications, and recommendations prepared for and on file with the City. Any contracts for labor or material for construction shall provide that payments thereunder shall not be made by the City in excess of 90% of the current estimates made by the project engineer, except the payment of the final balance due under any such contract upon proper certificate of the project engineer that the work has been completed in compliance therewith.

Section 402. Application of Bond Proceeds. The proceeds derived from the sale of the Bonds shall be applied by the City concurrently with the delivery of the Bonds to the initial purchaser, as follows:

(a) When the funds secured by interim financing have been substantially expended, the loan will be closed and the Bonds represented by such loan will be issued by the City and delivered to the United States of America acting through the Department of Agriculture. Upon receipt of the purchase price of the Bonds, a portion of the proceeds shall be applied by the City to the payment of all costs and expenses incurred in connection with the issuance and sale of the Bonds, including without limitation the fees and expenses of attorneys; and

(b) The balance of the proceeds will be deposited in the CITY OF HOGANSVILLE COMBINED PUBLIC UTILITY REVENUE BOND CONSTRUCTION FUND (the “**Construction Fund**”), and into which shall be deposited all funds acquired by gift, donation, grant, or otherwise for the construction of the Project and any additional funds which the City may be required to furnish in order to assure the payment of all costs of the Project. The City is authorized to establish one or more subaccounts within the Construction Fund, if necessary to segregate any funds. Community Bank & Trust, in the City of Hogansville, Georgia, is hereby designated as the Construction Fund Custodian. Such money as is deposited in the Construction Fund shall be held by the Construction Fund Custodian and withdrawn only in accordance with the provisions and restrictions set forth in this Resolution, and the City will not cause or permit to be paid therefrom any sums except in accordance herewith; provided, however, that any money in the Construction Fund not needed at the time for the payment of the current obligations during the course of the acquisition, construction, and equipping of the Project may be invested and reinvested by the Construction Fund Custodian, upon direction of an authorized officer of the City, in such investments as are set forth in Section 604(a) of this Resolution. Any such investments shall mature not later than such times as shall be necessary to provide money when needed for payments to be made from the Construction Fund, and shall be held by said custodian for the account of the Construction Fund until maturity or until sold, and at maturity or upon such sale, the proceeds received therefrom, including accrued interest and premium, if any, shall be immediately deposited by said custodian in the Construction Fund and shall be disposed of in the manner and for the purposes hereinafter provided.

Section 403. Lien on Construction Fund for Holder. All proceeds from the Bonds held in the Construction Fund, and obligations held for such fund, shall be subject to a lien or charge in favor of the holder of the Bonds and shall be held for the future security of such holder until paid out as herein provided.

Section 404. Project Costs. For the purposes of this Article, the cost of acquiring, constructing, and equipping the Project shall include the costs shown in the engineering recommendations, plans, and specifications which have been filed in the office of the City Clerk, which describe and define the Project, including the equipment to be acquired, and which may but shall not necessarily include the purchase and condemnation of land, easements, and rights-of-way; construction of access roads; drilling of wells; laying and extending of water and sewerage or gas distribution mains and lines and water or gas supply mains to sources of supply; acquisition and construction of filtration and purification plants, storage tanks, and reservoirs; installation of fire hydrants and drainage facilities; grading; filling; paving; turfing; the acquisition of operating tools, trucks, and supplies; and any and all appurtenant facilities and necessary materials for the acquisition, construction, and equipping of a modern and efficient water and sewerage system, gas distribution system, and electric distribution system without intending hereby to limit, restrict, or extend any proper definition of such cost as contained in the Revenue Bond Law or as usual and incident to the acquisition, construction, and equipment of an efficient water and sewerage system gas distribution system, and electric distribution system, which, in addition, shall include the cost of the construction work for the Project being undertaken; costs of indemnity and fidelity bonds; cost of land acquisition; necessary travel expenses; necessary engineering services; legal, administrative and clerical costs; and all expenses incident to the financing of the Project, expenses preliminary to construction of the Project, and other necessary miscellaneous expenses.

Section 405. Requisition Procedure. All payments from the Construction Fund shall be made upon checks signed by an officer of the City properly authorized to sign in its behalf, but before such officer shall sign any such checks (other than checks issued in payment for the costs incident to the issuance of the Bond which shall not require the hereinafter described requisition and certificate, but shall require an invoice for such payment) there shall be filed with the United States of America and the custodian of the Construction Fund a requisition and certificate for such payment signed by the project engineer and an officer of the City, certifying:

(a) each amount to be paid and the name of the person, firm, or corporation to whom payment thereof is due;

(b) that an obligation in the stated amount has been incurred by the City and that the same is a proper charge against the Construction Fund and has not been paid, and stating that the bill, invoice, or statement of account for such obligation, or a copy thereof, is on file in the office of the project engineer and in the records of the City;

(c) that the project engineer and said officer of the City have no notice of any vendor's, mechanic's, or other liens or rights to liens, chattel mortgages, or conditional sales contracts which should be satisfied or discharged before such payment is made;

(d) that such requisition contains no item representing payment on account or any retained percentages (other than any percentages required by the State of Georgia to be retained) which the City, at the date of such certificate, is entitled to retain; and

(e) that insofar as such obligation was incurred for work, material, supplies, or equipment in connection with the Project, such work was actually performed or such material, supplies, or equipment was actually installed in or about the construction or delivered at the site of the work for that purpose.

Section 406. Insurance During Construction. Any contract relating to construction of the Project shall provide that:

(a) *Workers' Compensation.* The contractor shall procure and shall maintain during the life of his contract workers' compensation insurance as required by applicable state law for all of his employees to be engaged in work at the site of the Project under his contract, and in case of any such work sublet, the contractor shall require the subcontractor similarly to provide workers' compensation insurance for all of the latter's employees to be engaged in such work unless such employees are covered by the protection afforded by the contractor's workers' compensation insurance. In case any class of employees engaged in hazardous work on the Project under such contract is not protected under the workers' compensation statute, the contractor shall provide or shall cause such subcontractor to provide adequate employer's liability insurance for the protection of such of his employees as are not otherwise protected.

(b) *Liability and Property Damage.* The contractor shall procure and shall maintain during the life of his contract adequate contractor's public liability insurance, adequate vehicle liability insurance, and adequate contractor's property damage insurance.

(c) *Subcontractors' Insurance.* The contractor shall either (i) require each of his subcontractors to procure and to maintain during the life of his subcontract subcontractors' public liability and property damage insurance of the type and in the same amounts as specified in the contractor's policy or (ii) insure the activities of his subcontractors in his own policy.

(d) The insurance required under subparagraphs (b) and (c) hereof shall provide adequate protection for the contractor and his subcontractors, respectively, against damage claims which may arise from operations under the contract, whether such operations be by the insured or by anyone directly or indirectly employed by him.

(e) *Fire and Extended Coverage.* The contractor shall procure and shall maintain during the life of his contract builder's risk insurance (fire and extended coverage) on a 100% completed value basis on the insurable portion of the Project. The City, the contractor, and subcontractors, as their interest may appear, shall be named as the insured.

(f) The contractor shall furnish the City with certificates showing the type, amount, class of operations covered, effective dates, and dates of expiration of all policies. Such certificates shall also provide that the insurance covered by the certificate will not be cancelled or materially altered, except after ten days written notice has been received by the City.

Section 407. Performance and Payment Bonds. The contractor shall be required to furnish a performance bond in an amount at least equal to 100% of the contract price as security for the faithful performance of his contract and also a payment bond in an amount not less than 100% of the contract price as security for the payment of all persons performing labor on the Project under the contract and furnishing materials in connection with the contract.

Section 408. Balance of Proceeds of the Bonds. When the Project shall have been completed, should there then be any balance from the proceeds of the Bonds remaining in the Construction Fund, such balance shall be applied, to the extent permitted and practicable, to the Revenue Fund as defined in Article V hereof.

[END OF ARTICLE IV]

ARTICLE V

REVENUE AND FLOW OF FUNDS; ADDITIONAL PARITY BONDS

Section 501. Fiscal Year. The City is now operating and will continue to operate its System on a fiscal year basis that begins on July 1 in each year and extends through June 30 of the following year, but should the City desire to change its Fiscal Year at some future date it may do so by proper resolution of its governing body so authorizing.

Section 502. Creation and Continuance of Certain Funds.

(a) *Revenue Fund.* The City will continue to maintain for so long as the Series 1993 Bonds, any Additional Parity Bonds, or the Bonds are outstanding and unpaid, a special fund designated CITY OF HOGANSVILLE COMBINED PUBLIC UTILITY SYSTEM REVENUE FUND (the “**Revenue Fund**”), which shall continue to be held by the Trustee for the Series 1993 Bonds (the “**Trustee**”) for so long as any of the Series 1993 Bonds remain outstanding, into which it will deposit promptly as received all income and revenue of every nature derived from the ownership and operation of the System, and such revenue will be disbursed in the manner and order set forth in Article IV of the 1993 Ordinance and Article V of this Resolution. The Revenue Fund shall be kept separate and apart from other funds of the City. The Trustee and the City, as appropriate, are authorized to establish within the Revenue Fund such subaccounts as may be necessary to properly account for the revenues from the System.

(b) *Sinking Fund; Debt Service Account; Debt Service Reserve Account; Debt Service Reserve Account No. 2; Sinking Fund No. 2.* The City will continue to maintain with the Trustee, for so long as the Series 1993 Bonds or any Additional Parity Bonds are outstanding and unpaid, a special fund designated CITY OF HOGANSVILLE COMBINED PUBLIC UTILITY SINKING FUND (the “**Sinking Fund**”). The Sinking Fund shall be kept as a trust account with the Trustee for the Series 1993 Bonds for so long as any Series 1993 Bonds remain outstanding, separate and apart from other funds of the City. The Sinking Fund shall continue to consist of a **Debt Service Account**, a **Debt Service Reserve Account**, and a **Debt Service Reserve Account No. 2**. Money in the Debt Service Account shall continue to be used to pay principal of and interest on the Series 1993 Bonds and any Additional Parity Bonds. The Debt Service Reserve Account and Debt Service Reserve Account No. 2 shall continue to be maintained for the purpose of paying, and shall be used at any time to pay, the principal of and interest on the Series 1993 Bonds and any Additional Parity Bonds coming due in any year as to which there otherwise would be a default.

(c) *Sinking Fund No. 2.* The City shall establish and will maintain, for so long as the Bonds are outstanding and unpaid, a special fund designated CITY OF HOGANSVILLE COMBINED PUBLIC UTILITY SYSTEM SINKING FUND NO. 2 (the “**Sinking Fund No. 2**”). The Sinking Fund No. 2 shall be kept as a trust account with the Trustee, separate and apart from other funds of the City. The Sinking Fund No. 2 shall consist of a **Debt Service Account No. 2** and a **Debt Service Reserve Account No. 3**. Money in Debt Service Account No. 2 shall be used to pay principal of and interest on the Bonds. Debt Service Reserve Account No. 3 shall be maintained for the

purpose of paying, and shall be used at any time to pay, the principal of and interest on the Bonds coming due in any year as to which there otherwise would be a default.

Section 503. Flow of Funds. The revenues of the System shall be disbursed from the Revenue Fund each month in the following order:

(a) There will first be paid from the Revenue Fund the reasonable and necessary costs of operating, maintaining, and repairing the System, including salaries, wages, payment of any contractual obligations incurred pertaining to the operation of the System, the cost of materials and supplies, rentals of leased property, insurance, and such other charges as may properly be made for the purpose of operating, maintaining, and repairing said System in accordance with sound business practice, but before making provision for depreciation.

(b) There shall next be paid from the Revenue Fund all money required to be deposited into the Sinking Fund through the first day of the next succeeding month as provided by the provisions of the 1993 Ordinance, including all money required to be deposited into the Debt Service Account for payment of the Series 1993 Bonds and any Additional Parity Bonds and all money required to maintain the Debt Service Reserve Account and Debt Service Reserve Account No. 2 in accordance with Section 402 of the 1993 Ordinance. Notwithstanding any other provision hereof, any amounts to be paid or withdrawn pursuant to (c), (d) or (e) below will be subject to the following conditions: (i) there shall be no continuing payment default with respect to the Series 1993 Bonds or continuing default in transferring amounts in accordance with the foregoing sentence for such month or any preceding month and (ii) for so long as any Series 1993 Bonds remain outstanding or any other amounts are owed to Assured Guaranty under the 1993 Ordinance, any withdrawals pursuant to (e) below shall be made only to the extent permitted by the last paragraph of Section 402 of the 1993 Ordinance.

(c) After making the payments required in (a) and (b) above, on or before each Monthly Installment Date, there will be withdrawn from the Revenue Fund and deposited in Sinking Fund No. 2:

(i) in Debt Service Account No. 2, the monthly installment of principal and interest coming due on the Bond; and

(ii) in Reserve Account No. 3, an amount equal to 10% of said monthly installment of principal and interest coming due on the Bonds. Said monthly deposits shall continue to be made into Debt Service Reserve Account No. 3 until there is established and maintained a debt service reserve sufficient to pay the principal and interest due on the Bonds in the next succeeding sinking fund year.

Money on deposit in Sinking Fund No. 2 at the end of each sinking fund year, after payment of all principal and interest due, if any, on the last day of such year, in excess of the amount required to fund fully the required Debt Service Reserve Account No. 3, shall be credited back to the Revenue Fund.

(d) There shall next be paid from the Revenue Fund, to the credit of a special trust fund to be created after the date of the issuance and delivery of the Bonds, the CITY OF HOGANSVILLE RESERVE ACCOUNT FOR SHORT-LIVED ASSETS (the “**Short-Lived Assets**”

Account”). A monthly installment of \$1,250 (or such amount to credit \$15,000 on an annual basis) is to be deposited into said account until the Bonds are paid in full. The Short-Lived Assets Account will be used to replace equipment for the System in the future and is not pledged to make any principal and interest payments on the Series 1993 Bonds, the Bonds, or any Additional Parity Bonds.

(e) Such funds as from time to time shall remain in the Revenue Fund after the payment of all amounts hereinabove required to be paid may be withdrawn from the Revenue Fund and used by the City for any lawful purpose; provided, however, that due provision has been made for reasonable working capital and that the payments required to be made into the Sinking Fund and Sinking Fund No. 2 have been made.

Section 504. Net Revenue Pledged. All revenue remaining in the Revenue Fund after the payment or setting aside of the sums required to be paid or set aside under the provisions of the 1993 Ordinance and Section 503 hereof will be held by the Trustee or the City, as appropriate, in trust under the terms and conditions of the 1993 Ordinance and hereof, and to the extent herein provided, all such funds are hereby pledged, subject to the first and prior lien securing the Series 1993 Bonds, to secure the payment of the amounts herein agreed to be paid for the payment of the principal of and interest on the Bonds, and the City hereby pledges such Net Revenues to secure the payment of such amounts. The Net Revenues so pledged shall immediately be subject to the charge or lien of this pledge without any physical delivery thereof or other act, and the charge or lien of this pledge shall be valid and binding against the City and against all parties having claims of any kind against the City whether such claims shall have arisen from a tort, contract, or otherwise and irrespective of whether such parties have notice of such pledge.

Section 505. Sinking Fund No. 2 for Benefit of Bondowners. The Sinking Fund No. 2 will be maintained and held in trust by the City for the benefit of the owners of the Bonds and the beneficial interest therein shall be considered to be in such owners.

Section 506. Additional Deposits to Sinking Fund No. 2. Nothing contained herein shall be construed to prohibit the City, at its option, from making additional deposits or payments into Sinking Fund No. 2 from any funds which may be made available for such purpose; provided, however, that the Bonds shall be subordinate in right of payment to the Series 1993 Bonds.

Section 507. Disbursements from Sinking Fund No.2. Subject to the terms and conditions of this Resolution, money in Sinking Fund No. 2 shall be disbursed for:

(a) payment of interest or principal and interest on the Bonds as such interest or principal and interest falls due;

(b) prepayment or redemption of the Bonds before maturity under the conditions provided therefor in Article III; and

(c) the purchase, at prices not to exceed the then current redemption price and retirement, of the Bonds before their maturity.

Section 508. Investment of Money in the Revenue Fund and Sinking Fund No. 2.

Money in the Revenue Fund and the Sinking Fund No. 2 not currently needed for one or more of the purposes thereof may be invested in the investments described in Section 604(b), which investments shall mature and be payable at such times and in such manner as will make funds available for the payment of the sums due from the Revenue Fund and Sinking Fund No. 2. Any such securities so purchased shall be held in the respective account or fund until paid at maturity, redeemed, or sold, and the proceeds thereof, including interest, principal, and premium, if any, shall be immediately deposited to the credit of such account or fund. When a fixed amount is required to be maintained in either account or fund, the investments shall be valued in terms of current market value as of June 30 and December 31 next preceding the determination of value. Money in each respective account or fund and all securities held in and for such account or fund, and the income therefrom, are hereby pledged to and charged with the payments required by this Article to be made from such account or fund.

Section 509. Cancelled Bonds. When the Bonds shall be paid in full, the same shall be cancelled and delivered to the City, and the Bonds shall not be reissued. The Bonds shall be mutilated and destroyed, and a record of such mutilation and destruction shall be kept by the governing body of the City.

Section 510. Priority of Series 1993 Bonds and Additional Parity Bonds and the Bonds Preserved. The Series 1993 Bonds and any Additional Parity Bonds issued under the provisions of the 1993 Ordinance have a first and prior right of payment and first and prior pledge of and charge or lien on the Net Revenues derived from the ownership and operation of the System. The Bonds are being issued as subordinate bonds to the Series 1993 Bonds and any Additional Parity Bonds and shall constitute a second and subordinate pledge of and charge or lien on the Net Revenues derived from the ownership and operation of the System. Except for the Series 1993 Bonds and any Additional Parity Bonds, the City will not hereafter issue any other bonds or obligations of any kind or nature payable from or enjoying a charge or lien on the revenue of the System prior to the charge or lien herein created for the payment of the Bonds. Nothing contained herein, however, shall restrict the issuance of additional bonds or obligations from time to time payable from the revenue of the System and secured by a charge or lien on such revenue junior and subordinate to the charge or lien herein created.

Section 511. Additional Parity Bonds. The City may issue additional bonds ranking as to the charge or lien on the revenue of the System on a parity with the Series 1993 Bonds, provided all of the conditions of Section 408 of the 1993 Ordinance are met. The City shall not issue additional bonds on a parity with the Bonds, without the express written consent of the owner of the Bonds.

Section 512. Defeasance. As long as the Bonds are held by the United States of America, they will not be defeased except in the manner set forth in this Resolution. Subject to the foregoing sentence, the following provisions shall govern payment and defeasance of the Bonds:

(a) Any funds paid to or received by the City at any time for the purchase or retirement of the Bonds shall be placed in a special fund to be created by the governing body of the City and designated the CITY OF HOGANSVILLE JUNIOR LIEN COMBINED PUBLIC UTILITY

SYSTEM REVENUE BONDS REDEMPTION FUND (the “**Redemption Fund**”) and applied to such purpose so far as possible in the same manner as funds in Sinking Fund No. 2 are applied. If and when sufficient funds are irrevocably deposited in the Redemption Fund to pay all principal and interest due or to become due thereon such deposits shall constitute payment in full of the Bond, and anything herein contained to the contrary notwithstanding, the sole right of the owner of the Bond shall be, thereafter, against such deposit. The series designation of the aforesaid Redemption Fund may be redesignated to the year of issuance and delivery of the Bonds, if such year is different from the designation as set forth herein, in order to more appropriately reflect the nature of said fund.

(b) Payment in full of the Bonds shall also be accomplished if and when sufficient funds are deposited in such Redemption Fund to constitute, in the aggregate, a sum which, when invested in direct and general obligations of the United States of America or obligations secured by the unconditional guarantee of the United States of America, will create, from the principal of and interest on such investments, funds sufficient in amount to pay all principal and interest due or to become due on the Bonds.

(c) After provision shall have been made for the payment of the Bonds and the interest thereon and all expenses and charges herein required to be paid, any balance attributable solely to the Bonds issued hereunder and remaining in such fund shall be paid to the City.

(d) At such time as payment in full of the Bonds shall be accomplished in accordance with the provisions of this Section, the lien of the Bonds created by this Resolution on the revenue of the System shall be discharged, and the Bonds shall no longer be considered to be outstanding for any purpose except for the payment of the principal thereof and the interest thereon and for the registration and transfer thereof.

[END OF ARTICLE V]

ARTICLE VI

DEPOSITORIES OF FUNDS AND SECURITIES FOR DEPOSIT

Section 601. Funds Constitute Trust Funds. All money deposited in any account or fund created hereby shall constitute trust accounts or funds for which the City shall be responsible as trustee and shall be applied by the City only in accordance with the terms hereof and for the purposes set forth herein and shall not be subject to lien or attachment by any creditor of the City, and, except as otherwise provided herein, all funds received by the City under the terms hereof shall, subject to the giving of security as hereinafter provided, be deposited with a depository in the name of the City.

Section 602. Deposits in Excess of FDIC Guarantee. No money belonging to any of the accounts or funds created hereunder shall be deposited or remain on deposit with any depository or custodian in an amount in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency succeeding to the functions thereof unless such institution shall have pledged for the benefit of the City and the owner of the Bond, as collateral security for the amount of such excess deposit, direct and general obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, having a market value exclusive of accrued interest at least equal to the amount of such excess; provided, however, that it shall not be required for any such depository to secure any portion of the funds invested pursuant to the provisions hereof.

Section 603. Depositories.

(a) U.S. Bank National Association, in the City of Atlanta, Georgia, is hereby reaffirmed as the Trustee for the funds created under the 1993 Ordinance and is hereby designated as the depository for the Sinking Fund No. 2. A depository or depositories for any other account or fund provided for or described herein shall be designated by resolution or ordinance of the governing body of the City.

(b) The City, from time to time, may designate a successor depository for or custodian of any fund or account, provided said depository or custodian complies with all of the applicable provisions of this Resolution.

Section 604. Authorized Investments.

(a) *Construction Fund Money.* Subject to the provisions of this Resolution, money in the Construction Fund may be invested and reinvested by the Construction Fund Custodian in any of the following investments allowed by O.C.G.A. § 36-82-7, if and to the extent the same are at the time legal for investment of bond proceeds:

- (i) the local government investment pool created in O.C.G.A. § 36-83-8; or
- (ii) the following securities and no others:

(A) bonds or other obligations of the City, or bonds or obligations of the State or other states or of counties, municipal corporations, and political subdivisions of the State;

(B) bonds or other obligations of the United States or of subsidiary corporations of the United States government, which are fully guaranteed by such government;

(C) obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank, Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence; provided, however, that all such obligations shall have a current credit rating from nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

(D) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(E) certificates of deposit of national or state banks located within the State which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any proceeds of the Bonds; provided, however, that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State or with a trust office within the State, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State or other states or any county or municipal corporation in the State, obligations of the United States or subsidiary corporations included in subparagraph (B) above, obligations of the agencies and instrumentalities of the United States government included in

subparagraph (C) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities included in subparagraph (D) above; and

(F) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

(1) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referenced in subparagraph (B) and (C) above and repurchase agreements fully collateralized by any such obligations;

(2) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian;

(3) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value; and

(4) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State; and

(G) interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall permit the money so placed to be available for use at the time provided with respect to the investment or reinvestment of such money.

(b) *Revenue Fund, Sinking Fund, and Sinking Fund No. 2 Money.* Money in the Revenue Fund, the Sinking Fund, and Sinking Fund No. 2, if any, may be invested by the custodian of each such fund in the following investments, if and to the extent the same are at the time legal for investment of such money:

(i) any of the following investments (presently authorized by O.C.G.A. § 36-80-3 and O.C.G.A. § 36-83-4), if and to the extent the same are at the time legal for investment of such money:

(A) obligations of the United States and of its agencies and instrumentalities, or obligations fully insured or guaranteed by the United States government or by one of its agencies;

(B) obligations of any corporation of the United States government;

(C) bonds or certificates of indebtedness of the State and of its agencies and instrumentalities, or of other states;

(D) obligations of other political subdivisions of the State;

(E) certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured;

(F) prime bankers' acceptances;

(G) repurchase agreements; and

(H) the local government investment pool established by O.C.G.A. § 36-83-8; and

(ii) any other investments to the extent at the time hereafter permitted by the applicable law of the State for the investment of public funds.

[END OF ARTICLE VI]

ARTICLE VII

PARTICULAR COVENANTS OF THE CITY

Section 701. Rate Covenant. The City has established heretofore or will establish and it will at all times keep in effect a schedule of rates, fees, tolls, and charges for the services, facilities, and commodities furnished by the System and, as often as it shall be necessary, it will revise and adjust such schedule of rates, fees, tolls, and charges to the extent necessary to produce funds sufficient at all times to maintain and operate the System on a sound businesslike basis and to provide sufficient revenue for the maintenance of the special funds created or maintained by this Resolution in order to discharge the purposes thereof in accordance and in compliance with the terms and conditions of this Resolution.

Section 702. Failure to Adopt Rates. In the event the City shall fail to revise and adopt a schedule or schedules of rates, fees, tolls, and charges in accordance with the provisions of this Article, the owner of the Bonds, without regard to whether any default, as hereinafter defined, shall have occurred, may institute and prosecute in any court of competent jurisdiction an appropriate action to compel the City to adopt such schedule or schedules or to revise such schedule or schedules in accordance with the requirements of this Article.

Section 703. Maintenance of System; Fidelity Bond.

(a) The City will continuously maintain the System in good order and repair and will enforce reasonable rules and regulations governing the System and the operation thereof. All compensation, salaries, fees, and wages paid in connection with the maintenance, repair, and operation of the System will be reasonable, and no more persons will be employed than are necessary. The City will not dispose of or encumber the System or any part thereof, except in accordance with the provisions of this Resolution, and it will continue to operate the System in an efficient and economical manner, will at all times maintain the same in sound operating condition, will make all necessary repairs, renewals, and replacements, and will comply with all valid acts, rules, regulations, orders, and directions of any legislative, executive, administrative, or judicial body applicable to such undertaking.

(b) The City will at all times carry a fidelity bond on all of its officers and employees who may handle funds derived from the System, and such bond shall be in such amount, not less than the maximum annual principal and interest on the Bonds coming due in any future calendar year.

Section 704. Compliance with Loan and Grant Agreements. The City, in every respect, will perform and comply with the Loan and Grant Agreements which it may have with the United States of America acting through the U.S. Department of Agriculture and any other governmental agency and applicable state laws and regulations, including compliance with the provisions of 7 U.S.C.A. § 1983(c) regarding repayment of loans made pursuant to Chapter 50, Title 7, United States Code Annotated, and, so long as the United States of America shall be the owner of the Bonds, the City will take any and all action which may be lawfully required by the United States of America in connection with the Project and the Bonds to the extent the City is authorized to take such action under the Constitution and laws of the State of Georgia.

Section 705. Uniform Rates. Such rates, fees, tolls, and charges will be classified in a reasonable manner to cover users of the services and facilities furnished by the System so that, as nearly as practicable, such rates, fees, tolls, and charges will be uniform in application to all users falling within any reasonable class.

Section 706. No Free Service; Meters; Water Connections. No free services will at any time be furnished from the System. All services will be furnished in accordance with rates now or hereafter established, including services furnished to any political subdivision or other public body. No customer will be connected to the System or be served from the System without a proper meter having been first installed, and the City will undertake, to the extent authorized by law, to require the owner of all improved property abutting any water, sewerage, gas or electric line, if any, constituting a part of the System to connect thereto.

Section 707. System Free of Liens. Except for the Series 1993 Bonds and any Additional Parity Bonds and the Bonds, the City will not create or permit to be created in the operation and maintenance of the System any lien or charge thereon or on any part thereof or upon the revenue derived therefrom as the System now exists or as it may hereafter be extended and improved ranking equally with, except as herein provided, or prior to the lien or charge herein created upon such revenue, and it will pay or cause to be discharged or will make adequate provisions to satisfy and discharge, within 60 days after the same shall accrue, all lawful claims and demands for labor, materials, supplies, or other objects which, if unpaid, might by law become a lien upon the System or any part thereof or upon the revenue therefrom; provided, however, that nothing contained in this Section shall require the City to pay, or cause to be discharged, or make provisions for the discharge of any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings unless, by such action, the lien or charge created hereby on any part of the System or the revenue therefrom shall be materially endangered or any part thereof will be subject to loss or forfeiture, in which event, any such lien shall be promptly satisfied or discharged by the filing of a bond or taking other action as prescribed by law to effect such discharge.

Section 708. Insurance.

(a) *Fire and Extended Coverage.* The City will, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portions of the System, the revenues of which are pledged to the security of the Bonds. The foregoing fire and extended coverage insurance will be maintained so long as the Bonds are outstanding and will be in such amounts as may be recommended by the project engineer. In the event of any damage to or destruction of any of the System or any part thereof, the City will promptly arrange for the application of the insurance proceeds for the repair, reconstruction, or replacement of the damaged or destroyed portion unless it shall be determined by the City, with the concurrence of the project engineer that:

- (i) such repair, reconstruction, or replacement is not economically feasible for the reason that the revenue of the System would not be increased thereby sufficiently to justify, in good business practice, the expenditure therefor of such insurance proceeds;
- (ii) the efficient utilization of the System is not impaired by such damage; and

(iii) such damage will not result in the loss of a significant amount of revenue from the System.

(b) *Liability and Property Damage.* Upon receipt of any funds acquired pursuant to the sale of the Bonds, the City will, if such insurance is not already in force, procure and maintain public liability insurance relating to the operation of the System and relating to any vehicle owned or operated for the benefit of the System in such amount as may be determined by the governing body of the City upon recommendation of counsel to the issuer.

(c) *Workers' Compensation.* The City will procure and maintain workers' compensation insurance as required by law, on written advice of its counsel, for all its employees engaged in work on the System.

(d) *Application of Insurance Proceeds.* The proceeds of all such insurance policies, except the public liability policies and workers' compensation insurance, are pledged as security for the payment of (i) on a first lien basis, the Series 1993 Bonds and (ii) on a subordinate lien basis, the Bonds, but such proceeds shall be available for and may be applied to the cost of repair and replacement of the damaged or destroyed property, provided that any portion of such proceeds remaining after payment in full of such costs shall be paid into the Sinking Fund or, if the property is not repaired or replaced, the proceeds shall be placed in the Sinking Fund.

Section 709. Condemnation. If the System or any part thereof or any portion of the premises upon which any part of the System is located shall be taken by the exercise of the power of eminent domain, the whole compensation therefor shall be paid to the City and applied as follows:

(a) *Condemnation of all or substantially all of the System.* Condemnation proceeds related to a taking of all or substantially all of the System or such premises shall be paid into the Sinking Fund for the prepayment of (i) first, all Series 1993 Bonds and any Additional Parity Bonds, and (ii) then, the Bonds or, if all the principal and interest on the Series 1993 Bonds, any Additional Parity Bonds and the Bonds shall have been paid, or if sufficient funds will be placed in the Sinking Fund for the prepayment of all principal and interest payable from the Sinking Fund by the payment therein of a portion of such condemnation proceeds, then any excess of such proceeds over the amount required for such payment shall be paid to the City.

(b) *Condemnation of less than substantially all of the System.* Condemnation proceeds referable to a taking of less than substantially all the System shall be applied as follows:

(i) If no part of the improvements constituting a part of the System shall be taken or damaged or if the City, with the concurrence of its project engineer, shall determine that the efficient utilization of the System is not impaired by such taking and there will be no significant loss of revenue by reason thereof, the net condemnation award shall be paid to the Sinking Fund.

(ii) If any part of the improvements or premises is taken or if no such determination is made with the concurrence of such project engineer, then the net condemnation award will be applied to the repair, rebuilding, and restoration of the System or to the rearrangement of the System, insofar as may be possible, so as to make

the System suitable for the use intended and to prevent a loss of revenue therefrom, and any balance of the net condemnation award will be paid into the Sinking Fund unless the City, with the concurrence of its project engineer, shall determine that the efficient utilization of the System is not impaired by such taking and that such repair, rebuilding, or restoration is not economically feasible for the reason that the revenue of the System would not be increased thereby sufficiently to justify, in good business practice, the expenditure of such condemnation award therefor, and, if such repair, rebuilding, restoration, or rearrangement is not possible or is not undertaken so as to make such System suitable for the use intended, all the net condemnation award will be paid into the Sinking Fund.

(iii) If all principal and interest on the Series 1993 Bonds and any Additional Parity Bond and the Bonds payable from the Sinking Fund shall have been paid or if sufficient funds will be placed in the Sinking Fund for the payment in full of the Series 1993 Bonds and any Additional Parity Bonds and the Bonds by the payment therein of a portion of such condemnation proceeds, then the excess, if any, of such proceeds over the amount required for such payment, shall be paid to the City.

(c) All condemnation proceeds are pledged as security for the payment of (i) first, all Series 1993 Bonds and any Additional Parity Bonds and (ii) then, the Bonds and bonds which may be now or hereafter outstanding on a parity therewith in accordance with the provisions hereof, but such proceeds shall be available for and may be applied to the cost of repair, restoration, and replacement of the condemned property; provided, however, that any portion of such proceeds remaining after payment in full of such costs shall be paid into the Sinking Fund, or, if the property is not repaired or replaced, the proceeds shall be placed in the Sinking Fund.

Section 710. Construction Fund After Loss. If, in accordance with any of the foregoing provisions of this Article, the System is to be repaired, renewed, rebuilt, restored, or rearranged after such damage, destruction, or taking, all proceeds from such insurance or compensation for such taking will be paid into a special trust fund to be then created and designated as a construction fund. Such trust will be administered during such repairing, renewing, rebuilding, restoring, or rearranging in accordance with, and the money held in such construction fund will be disbursed in accordance with, sound business principles.

Section 711. Meaning of Efficient Utilization. Whenever reference is made herein to impairment of the efficient utilization of the System, such reference shall mean that the System following damage or the exercise of the power of eminent domain, will be of such a character as to be capable or as not to be capable, as the case may be, of rendering service substantially of quantity and quality comparable to that being rendered by the System immediately prior to such damage or the exercise of the power of eminent domain.

Section 712. Disposition or Encumbrance of System.

(a) So long as the Bonds issued hereunder are outstanding and unpaid, the City will not sell, lease, or otherwise dispose of or encumber the System or any of its facilities or any of the premises on which any facilities are located as a whole or substantially as a whole unless the proceeds of such sale, lease or other disposition together with other funds available for that

purpose in the Sinking Fund No. 2 shall be at least sufficient to provide for the payment of the principal of and the interest on the Bonds.

(b) The City, however, from time to time may sell or dispose of any machinery, fixtures, apparatus, tools, instruments, or other movable property constituting a part of the System as the same may be added to, extended, and improved, if the City shall determine that such articles are no longer needed or have become inadequate, obsolete, worn out or unsuitable, or are no longer useful in connection with the operation of the System, and if the proceeds of any such sale or disposition shall be applied to the replacement of the property and material so sold or disposed of or shall be deposited to the credit of the Sinking Fund so long as the Series 1993 Bonds or any Additional Parity Bonds are outstanding and thereafter to the Sinking Fund No. 2.

(c) The City may also lease or sell any part of the System, provided (i) such lease or sale will not in any way adversely affect the revenue from the System, (ii) the City shall make a determination that such property or facility is not needed and serves no useful purpose in connection with the maintenance and operation of the System, (iii) the proceeds from such lease or sale are used for extensions to or improvements of the System or are deposited to the credit of the Sinking Fund so long as the Series 1993 Bonds or any Additional Parity Bonds are outstanding and thereafter to Sinking Fund No. 2, and (iv) the City is in compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the revenue of the System.

Section 713. Additional Deposits to Sinking Fund No. 2. Any deposits to the Sinking Fund No. 2 made pursuant to any provision of this Article shall be in addition to all other payments or deposits required to be made to the Sinking Fund No. 2 and shall be used, to the extent permitted and practicable, for the purchase or prepayment of the Bonds in accordance with the terms and conditions applicable to such purchase or prepayment.

Section 714. Records. The City will keep the funds and accounts of the System separate from all other funds and accounts of the City or of any of its departments, and it will keep accurate records and accounts of all items of cost and all expenditures relating to the System and of the revenue collected and the application thereof and of the number of customers, and it will keep said records and accounts with respect to its physical property in such manner that it will be possible at all times to identify both the amounts and the items of all additions and retirements.

Section 715. Accounting, Management, and Audit Reports.

(a) The City will maintain its accounting records on an accrual basis; provided, however, the same may be kept on an accounting basis other than accrual with adjustments made so that the financial statements of the City are presented on an accrual basis. The City shall retain all records, books, and supporting material for a period of three years following issuance of any required audit reports and financial statements.

(b) Prior to the issuance and delivery of the Bonds, the City shall have received approval from the Rural Development Area Director of its accounting and financial reporting system and an agreement for services with the City's auditor. The City shall submit management

data to the United States of America on Form RD 442-2, "Statement of Budget, Income and Equity" (Schedule 1, "Statement of Budget, Income and Equity," and Schedule 2, "Projected Cash Flow") and on Form RD 442-3, "Balance Sheet."

(c) Quarterly Management reports of the City will be required to be submitted to the United States of America until the processing office waives the required reports. Audited financial statements of the City together with audit reports will be submitted on an annual basis to the United States of America.

(d) The City will appoint one member of its governing body to serve as liaison with the United States of America.

Section 716. Non-Arbitrage and Tax Covenant.

(a) The City covenants not to make or permit the use of, nor direct any depository or custodian to make any investment of, any proceeds of the Bonds which, if such use or investment had been reasonably expected on the date of issuance of the Bonds, would have caused the Bonds to be "arbitrage bonds" within the meaning of the Code and such regulations promulgated from time to time as may be applicable to the Bonds. The City further covenants that it will comply throughout the term of the Bonds with the requirements of the Code and any applicable regulations to the end of preventing the Bonds from becoming "arbitrage bonds." In addition, the City will take or cause to be taken all actions required to comply with all provisions of federal law applicable to the Bonds necessary to be complied with in order for the interest on the Bonds to be excludable from gross income for federal income purposes and it will not take nor permit anyone under its direction or control to take any action which would cause the exclusion from gross income to be lost. The City shall not knowingly invest or participate in the investment of any money held hereunder which investment would render interest on the Bonds subject to federal income taxation. Nothing contained in this Section shall be construed to impose contractual obligations on the City which are more onerous or burdensome than the requirements (as they shall exist from time to time) of the Code and any applicable regulations which must be observed in order to prevent the Bonds from becoming "arbitrage bonds" and in order to prevent the interest on the Bonds from becoming subject to federal income taxation.

(b) The Mayor of the City is hereby authorized and directed to execute, for and on behalf of the City, a certification based upon facts, estimates, and circumstances which may be provided by the City as to reasonable expectations regarding the amount, expenditure, and use of the proceeds of the Bonds, as well as such other documents as may be necessary or desirable in connection with the issuance and delivery of the Bonds.

Section 717. Designation as Qualified Tax-Exempt Obligation. In accordance with § 265(b)(3) of the Code, the Bonds are hereby designated as "qualified tax-exempt obligations." The Bonds are not private activity bonds within the meaning of the Code. The reasonably anticipated amount of qualified tax-exempt obligations which the City and any of its subordinate entities will issue during the calendar year in which the Bonds are issued and delivered will not exceed \$10,000,000.

Section 718. Exemption from Disclosure Requirements. The City covenants that the initial and continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12(b)(5) do not apply to the Bonds because the issuance of the Bonds to the United States of America complies with the exemption contained in § 15c2-12(d)(1)(i) of said Rule.

[END OF ARTICLE VII]

ARTICLE VIII

REMEDIES

Section 801. Events of Default. Each of the following events is hereby declared an event of default, that is to say if:

(a) Payment of interest or principal and interest on the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for prepayment or redemption;

(b) The City, for any reason, shall be rendered incapable of fulfilling its obligations hereunder;

(c) An order or decree shall be entered with the consent or acquiescence of the City appointing a receiver or receivers of the System or of the revenue therefrom or any proceedings shall be instituted with the consent or acquiescence of the City for the purpose of effecting a composition between the City and its creditors or for the purpose of adjusting claims of such creditors pursuant to any federal or state statute now or hereafter enacted if the claims of such creditors are, under any circumstances, payable out of the revenue of the System, or if such order or decree, having been entered without the consent and acquiescence of the City, shall not be vacated or discharged or stayed on appeal within 60 days after entry thereof or if such proceeding, having been instituted without its consent or acquiescence, shall not be withdrawn or any orders entered shall not be vacated, discharged or stayed on appeal, within 60 days after the institution of such proceedings or the entry of such order;

(d) Final judgment for the payment of money shall be rendered against the City if such judgment, under any circumstances, is payable out of the revenue derived from the ownership and operation of the System, and any such judgment shall not be discharged within 60 days from the entry thereof or no appeal shall be taken therefrom or from the order, decree, or process upon which or pursuant to which such judgment was granted or entered in such manner as to set aside conclusively any execution of or levy under such judgment, order, decree, or process for the enforcement thereof; or

(e) The City shall default in the due and punctual performance of any other of the covenants, conditions, agreements, or provisions contained in the Bonds or in this Resolution on its part to be performed, and such default shall continue for 30 days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the owner of the Bonds unless action to remedy such default shall have been undertaken and more than 30 days is required for its completion in which event the City may permit such default to remain undischarged during the time required for the completion of such action and any appeal therefrom, irrespective of whether such period extends beyond the 30 day period after the giving of notice, unless by such action, the lien or charge hereof on any part of the revenue of the System shall be materially endangered or the System or the revenue therefrom or any part thereof shall be subject to loss or forfeiture, in which event, such default shall be promptly remedied.

Section 802. Remedies. Upon the happening and continuance of any event of default by the City in any one of the ways specified in the preceding Section, then and in every such case the owner of the Bonds may proceed, subject to the provisions of Section 804, to protect and enforce its rights hereunder by suit, action or special proceedings in equity or at law in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy deemed most effectual to protect and enforce such rights, insofar as such may be authorized by law, or for the right to the appointment, as a matter of right and without regard to the sufficiency of the security afforded by the System, of a receiver for all or any part of the System and the earnings, revenues and income therefrom, and the rights to enforce remedies afforded to bondowners under the Georgia Revenue Bond Law.

Section 803. Proceedings Discontinued, Abandoned, or Adversely Determined. In case any proceeding taken by the owner on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to such owner of the Bonds, then and in every such case, the City and the owner of the Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers, and duties of the owner of the Bonds shall continue as though no such proceeding had been taken.

Section 804. Limitation on Rights. Notwithstanding any other provision of this Resolution, for so long as any Series 1993 Bond remains outstanding or any other amounts are owed to Assured Guaranty under the 1993 Ordinance, the Bonds shall not be subject to acceleration and there shall be no exercise of remedies under the Bonds or this Resolution without the prior written consent of Assured Guaranty. No owner of the Bonds secured hereby shall have any right in any manner whatever to affect, disturb, or prejudice the security granted and provided herein or to enforce any right hereunder except in the manner herein provided.

Section 805. Remedies Cumulative. No remedy herein conferred upon the owner of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 806. Delay or Omission Not a Waiver. No delay or omission by any owner of the Bonds to exercise any right or power accruing upon any default occurring and continuing as aforesaid shall impair any such right or power or be construed as a waiver of any default or an acquiescence therein and every power and remedy given by this Article to the owner of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Section 807. Right to Enforce Payment. Subject to Section 804 hereof, nothing in this Resolution or in the Bonds shall affect or impair the right of action of the owner of the Bonds, which is absolute and unconditional, to enforce payment of the Bonds in accordance with the provisions of this Resolution.

[END OF ARTICLE VIII]

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 901. Resolution Constitutes Contract. The provisions, terms, and conditions of this Resolution constitute a contract by and between the City and the owner of the Bonds and, after the issuance of the Bonds, this Resolution will not be repealed or amended in any respect which will adversely affect the rights and interests of the owner of the Bonds nor will the governing body of the City adopt any ordinance or resolution in any way ever adversely affecting the rights of such owner so long as the Bonds authorized by this Resolution or the interest thereon shall remain unpaid; provided, however, that the right to waive or modify the provisions of Section 511(b), as set out therein, shall not be affected by the provisions of this Section. Assured Guaranty, as the insurer of the Series 1993 Bonds, in consideration of its consent to issue the Bonds, is an express third-party beneficiary of the provisions of this contract providing for the subordination of the Bonds, the application of revenues of the System, the timing of the payment of the Bonds, and the limitation on remedies available with respect to the Bonds, and is entitled to enforce such provisions, for so long as the Series 1993 Bonds remain outstanding (the “**Subordination Provisions**”), and no provisions of this Resolution will be waived, repealed, or amended in any respect which will adversely affect the benefit of the Subordination Provisions without the prior written consent of Assured Guaranty.

Section 902. Subsequent Proceedings. Any subsequent proceeding or proceedings authorizing the issuance of additional bonds as permitted under the provisions of the 1993 Ordinance or this Resolution shall in nowise conflict with the terms and conditions of this Resolution, but shall for all legal purposes contain all the covenants, agreements, and provisions of this Resolution for the equal protection and benefit of owner of the Bonds.

Section 903. Limitation on Liability.

(a) Should the Bonds not be presented for payment when due, either at final maturity or for prepayment, the City will retain in Sinking Fund No. 2, from the funds transferred thereto for the purpose of paying the Bonds, for the benefit of the owner thereof, a sum of money sufficient to pay the Bonds when the same are presented by the owner thereof for payment. All liability of the City to the owner of the Bonds and all rights of such owner against the City under the Bonds or under this Resolution shall thereupon terminate, and the sole right of such owner shall thereafter be against such deposit.

(b) If the Bonds shall not be presented for payment within the period of five years following the date when the Bonds become due, either at maturity or by redemption, the City may transfer to its Revenue Fund all funds theretofore held by it in Sinking Fund No. 2 for payment of the Bonds, and, thereafter, subject to the defense of any applicable statute of limitations, the Bonds shall be an unsecured obligation of the City.

Section 904. Validation. The Bonds shall be validated in the manner provided by law, and, to that end, notice of the adoption of this Resolution and a copy hereof shall be served upon the District Attorney of the Coweta Judicial Circuit of Georgia in order that proceedings for the above purpose may be instituted in the Superior Court of Troup County, and said notice shall be

executed by the Mayor of the City and the seal of the City shall be thereunto affixed and attested by its City Clerk.

Section 905. Partial Invalidity. In case any one or more of the provisions of this Resolution or of the Bonds shall for any reason be held to be illegal or invalid by a court of competent jurisdiction, such illegality or invalidity shall not affect any other provisions hereof or of the Bonds unless expressly so held, but this Resolution and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein, and this Resolution shall be construed to adopt, but not to enlarge upon, all the applicable provisions of the Georgia Revenue Bond Law, and, if any provisions hereof conflict with any applicable provision of said law, the latter as adopted by the legislature and as interpreted by the courts of this state shall prevail and shall be substituted for any provision hereof in conflict or not in harmony therewith.

Section 906. Article and Section Titles. Article and Section titles are for convenience of reference only and neither limit nor amplify the provisions of this Resolution. All references herein to designated Articles, Sections, and other subdivisions are to the designated Articles, Sections, and other subdivision of this Resolution.

Section 907. Repealer. Any and all ordinances or resolutions or parts of ordinances or resolutions in conflict with this Resolution shall be and the same hereby are repealed, and this Resolution shall be in full force and effect from and after its adoption. The 1993 Ordinance remains in full force and effect as of the date hereof.

Section 908. Official Intent.

(a) Prior to issuance of the Bonds, the City reasonably expects to expend funds on the acquisition, construction, and equipping of the Project and wishes to be reimbursed for such expenditures from proceeds from the sale of the Bonds. Therefore, the City hereby declares its official intent to issue the Series 2018A Bond in the principal amount of \$2,581,000 and the Series 2018B Bond in the principal amount of \$2,025,000 and to reimburse original expenditures on the Project in the maximum principal amount of \$4,606,000 with proceeds from the sale of the Bonds (to the extent permitted by § 1.150-2 of the Treasury Regulations).

(b) The City shall make its reimbursement allocations not later than 18 months after the later of (i) the date the original expenditure is paid or (ii) the date the Project is placed in service or abandoned, but in no event more than three years after the original expenditure is paid.

Section 909. Authorization of Execution of 8038-G, Tax and Non-Arbitrage Certificate, and Other Documents. The Mayor of the City is hereby authorized to execute and file with the Internal Revenue Service an Information Return for Tax-Exempt Governmental Obligations, Form 8038-G. The Mayor of the City is hereby authorized to execute and deliver the Tax and Non-Arbitrage Certificate and all other documents, including but not limited to the Bonds and certificates necessary to effectuate the transactions contemplated by this Resolution. All actions heretofore taken and all documents heretofore executed in connection with the issuance of the Bonds are ratified and approved.

Section 910. Environmental Requirements. In accordance with Section 17 of the Letter of Conditions, during construction of the Project, the City will follow all erosion and sedimentation control requirements and all activities will be monitored for compliance. If the Project or any project element deviates from or is modified from the original approved Project, additional environmental review may be required by the U.S. Department of Agriculture, Rural Development.

[END OF ARTICLE IX]

APPROVED AND ADOPTED, this June 18, 2018.

CITY OF HOGANSVILLE, GEORGIA

By: _____
Mayor

Attest: _____
City Clerk

CITY CLERK'S CERTIFICATE

I, the undersigned City Clerk of the City of Hogansville, (Georgia (the "City")), keeper of the records and seal thereof, hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Mayor and Council of the City in public meeting properly and lawfully assembled on June 18, 2018, the original of which resolution has been entered in the official records of the City under my supervision and is in my official possession, custody, and control.

I further certify that the meeting was held in conformity with the requirements of Title 50, Chapter 14 of the Official Code of Georgia Annotated.

(S E A L)

City Clerk