



CITY OF  
**Swainsboro**  
*Crossroads of the Great South*



**City Council Meeting**

**March 07, 2011**

The regular meeting of the Mayor and City Council, held Monday, March 07, 2011, at 6:00 P.M. at Swainsboro City Hall.

**Members Present:** Collins, Edenfield, Stroud, Parker, Stafford & Faulkner

**Members Absent:** None

**Prayer of Invocation:** Councilperson Parker

Mayor Schwabe presented the “Our Home Town Hero” Award. He explained that the city would be giving this award each month to a citizen who displays an extra effort to make our town better. Mayor Schwabe presented the March Home Town Hero to an Emanuel County native who has had a very successful Naval Career. He explained that Adm. Lawson presented the award to Rear Admiral Roger Rich at the Exchange Club meeting where he was the guest speaker last Tuesday. Admiral Rich donate a lot of his time to look after a lot of the elderly in our community. Although he does not reside in Swainsboro he still calls Swainsboro home. For his love of his community he is the perfect “Home Town Hero”.

Motion to accept minutes from the previous meeting was made.

**Motion: by Stroud Seconded: by Stafford 6-0**

**A. Consensus Business**

Motion was made to approve the following consensus items:

1. A 2011 Budgeted Grant to The Pine Tree Festival Committee for \$5,000.00
2. A 2011 Budgeted Grant to the Emanuel Arts Council for \$18,886.00
3. A 2011 Budgeted Grant to the American Cancer Society for \$1,000.00

**Motion: by Parker Seconded: by Stroud 6-0**

**B. New Business**

1. Administrator Lawson presented a Memorandum of Agreement between the Department of Homeland Security and the City of Swainsboro for the city to participate in the Systematic Alien Verification for Entitlements (SAVE) Program. This program is to verify citizenship and immigration status of non-citizen and naturalized or derived U. S. citizen applicants applying for retirement benefits, health benefits, disability benefits, contracts, alcoholic beverage licenses, occupation tax certificates, taxicab licenses, insurance co. licenses, auctioneer licenses, pawn broker licenses, massage therapist license, billiard room operational licenses, precious metals and gems dealer licenses, conducting of flea market licenses, and transient business licenses. Motion was made to enter in the agreement.

**Motion: by Faulkner Seconded: by Edenfield 6-0**

2. Administrator Lawson presented the bids for the sludge removal of the existing polishing pond. He stated the city had received two bids as follows:

1. DRT Biosolids - \$ 799,800.00
2. Land Care Services - \$1,623,560.00

Adm. Lawson stated that the low bid was submitted to the USDA and they were an acceptable vendor and had a bid bond that was accepted. Motion was then made to accept the low bid as presented. (Below is resolution accepting the bid)

**Motion: by Faulkner Seconded: by Stroud 6-0**

## RESOLUTION

WHEREAS bids were received by the City of Swainsboro December 16, 2010, for Sewerage System Improvements, Holding Pond Sludge Removal, and

WHEREAS the low, responsible, responsive bidder is DRT Biosolids, Inc. of Bloomer, Wisconsin with a bid of \$1,122,300.00, and

WHEREAS all bids were higher than budgeted, and whereas the low bidder has submitted a revised proposal in the amount of \$799,800,

BE IT THEREFORE resolved the Mayor and Council hereby awards the contract to DRT Biosolids, Inc. in the amount of \$799,800. This contract award is subject to the approval of USDA Rural Development.

THIS RESOLUTION was passed by a vote of 6 to 0 at a meeting of the Mayor and Council on March 7, 2011

3. Administrator Lawson presented a bond resolution that is required by USDA to secure the repayment of the loan for the waste water treatment plant upgrade. These bonds will be sold to repay the USDA loan in the amount of \$6,413,000.00. The bond package is as follows:

### BOND RESOLUTION

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SWAINSBORO (THE "CITY"), TO PROVIDE FOR THE ISSUANCE OF THE CITY OF SWAINSBORO WATER AND SEWER SYSTEM REVENUE BOND, SERIES 2011, IN THE PRINCIPAL AMOUNT OF \$6,413,000 (THE "SERIES 2011 BOND"), 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 WATER AND SEWER SYSTEM OF THE CITY, 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; 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 SERIES 2011 BOND BY A PLEDGE OF AND CHARGE OR LIEN ON THE NET REVENUE OF THE SYSTEM; TO PROVIDE FOR THE ISSUANCE, UNDER CERTAIN CIRCUMSTANCES, OF ADDITIONAL BONDS ON A PARITY, AS TO THE PLEDGE OF AND CHARGE OR LIEN ON THE EARNINGS OF THE SYSTEM, WITH THE SERIES 2011 BOND; TO PROVIDE FOR PRESCRIBING RATES AND COLLECTING FEES, TOLLS AND CHARGES FOR THE SERVICES OF THE SYSTEM; TO PROVIDE FOR THE CREATION OF CERTAIN FUNDS TO PAY THE PRINCIPAL OF AND INTEREST ON THE SERIES 2011 BOND; TO PROVIDE FOR THE REMEDIES OF THE OWNER OF THE SERIES 2011 BOND; AND FOR OTHER PURPOSES.

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PREAMBLE

The City of Swainsboro (the "City") is a political subdivision and municipality of the

1. 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**").

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 a water and sewer system and to make extensions, additions and improvements to said water and sewer 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 has heretofore acquired, constructed, and equipped a water and sewer system (the "**System**"), and it appears that it is now necessary and desirable for the City to extend, improve and equip its System by renovating the existing water pollution control plant, rehabilitating the existing plant outfall line, extending the force main to a new discharge point, and making other various improvements at a total cost of approximately \$13,680,000 (the "**Project**"), substantially in accordance with the Preliminary Engineering Report dated January 2009, which report has been filed in the office of the City Clerk and describes and defines the additions and improvements to be made and which shows the estimated cost thereof and which report was considered and approved by the governing body of the City both prior to and concurrently with the adoption of this resolution and which, by this reference, is incorporated herein and made a part hereof as fully as if physically attached hereto.

4. 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 a portion of the costs of the Project and has accepted a letter of conditions dated November 9, 2009 (the "**Letter of Conditions**"), which Letter of Conditions has been filed in the office of the City Clerk, 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 \$6,413,000 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 SWAINSBORO WATER AND SEWER SYSTEM REVENUE BOND, SERIES 2011, in the principal amount of \$6,413,000 (the "**Series 2011 Bond**"), issued to the United States of America, 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 loan. Further, the City has determined that it is in its best interests to issue the Series 2011 Bond 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 November 18, 2009.

5. The City has made its own investigation, study, and estimate and has determined that the City is unable to finance construction of 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 the Series 2011 Bond and the hereinafter described GEFA Loan.

6. The Letter of Conditions provides that the remaining costs of the Project will be paid from a grant from the United States of America in the amount of \$7,267,000.

7. The Letter of Conditions further provides that the City will arrange interim financing to be used during the construction period for the loan rather than issuing the Series 2011 Bond at the start of construction. In order to secure the interim financing for the Project prior to the issuance of the Series 2011 Bond, the City has determined that it is necessary and desirable to enter into an intergovernmental contract with the Georgia Environmental Finance Authority ("GEFA") (the "GEFA Loan"). When the funds secured through such GEFA Loan have been substantially expended, the loan will be closed and the Series 2011 Bond will be issued and delivered to the United States of America, and the City, using proceeds from the sale of the Series 2011 Bond, will pay in full the GEFA Loan. The GEFA Loan shall then be paid in full with cancellation of such directed to the City for their records.

8. The Series 2011 Bond will be secured by a first and prior pledge of and charge or lien on the net revenues derived from the ownership and operation of the System as the same now exists and as the same may be added to, extended, improved, and equipped. The pledge of and charge or lien on the revenues of the System shall be superior to any other charge or lien now existing or which may hereafter be created thereon, subject only to the charge or lien on such revenues to provide for the operation, maintenance, and repair of the System and except as the charge or lien of the Series 2011 Bond may be opened and extended to secure the payment of any parity bonds which may be issued hereafter in accordance with the provisions of this Resolution.

NOW, THEREFORE, it is hereby resolved by the Mayor and Council of the City of Swainsboro in public meeting assembled, 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 water and sewer revenue bonds which might be issued hereafter pursuant to the terms of Section 511 of this Resolution.

**"Bonds"** means the outstanding Series 2011 Bond and, from and after the issuance of any additional parity bonds, unless the context clearly indicates otherwise, such additional parity bonds.

**"City"** means the City of Swainsboro, 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 SWAINSBORO WATER AND SEWER SYSTEM CONSTRUCTION FUND authorized to be created by the provisions of Section 402 of this Resolution.

**"Fiscal Year"** means the period commencing on December 1 in each year and extending through November 30 of the same year.

**"GEFA"** means the Georgia Environmental Finance Authority.

**"GEFA Loan"** means the interim loan from the Georgia Environmental Finance Authority to the City secured by an intergovernmental contract between GEFA and the City.

**"Letter of Conditions"** shall have the meaning given such term in paragraph 4 of the preamble to this Resolution.

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

**"Project"** shall have the meaning given such term in paragraph 3 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.



**"Renewal and Extension Fund"** means the CITY OF SWAINSBORO WATER AND SEWER SYSTEM RENEWAL AND EXTENSION FUND provided for in Section 502(e) hereof.

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

**"Revenue Fund"** means the CITY OF SWAINSBORO WATER AND SEWER SYSTEM REVENUE FUND referred to in Section 502 hereof.

**"Series 2011 Bond"** means the CITY OF SWAINSBORO WATER AND SEWER SYSTEM REVENUE BOND, SERIES 2011, authorized to be issued pursuant to the terms of this Resolution.

**"Short-Lived Assets Fund"** means the CITY OF SWAINSBORO WATER AND SEWER SYSTEM RESERVE ACCOUNT FOR SHORT-LIVED ASSETS, created pursuant to Section 502(d) of this Resolution.

**"Sinking Fund"** means the CITY OF SWAINSBORO WATER AND SEWER SYSTEM SINKING FUND created pursuant to Section 502(b) of this Resolution.

**"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 sewer system of the City 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:

The words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and

(a) 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;

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

(b)

All references herein to particular Articles, Sections and subdivisions are

(c)

references to Articles, Sections and subdivisions of this Resolution;

The use of the singular shall include the plural and the plural shall include the

(d)

singular; and

All accounting terms not otherwise defined herein shall have the meanings

(e)

assigned to them in accordance with generally accepted accounting principles.

[END OF ARTICLE I]

**ARTICLE H**  
**AUTHORIZATION, TERMS AND FORM OF BOND**

**Section 201. Bond Authorized.** There is 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 (the "**Resolution**"), a CITY OF SWAINSBORO WATER AND SEWER SYSTEM REVENUE BOND, SERIES 2011, in the principal amount of \$6,413,000 (the "**Series 2011 Bond**"), and all the covenants, agreements, and provisions of this Resolution shall be for the benefit and security of the owner of the Series 2011 Bond.

**Section 202. Date, Interest Rate and Series Designation.**

The Series 2011 Bond will be dated the date of issuance and delivery thereof, will

(a) be issued in fully registered form, without coupons, and will be numbered R-1.

The Series 2011 Bond will bear interest at a rate not to exceed two and one-half percent

(b) (2.50%) per annum (with the exact rate of interest to be set forth in the Series 2011 Bond on the date of its issuance and delivery). Interest will be calculated on the Series 2011 Bond on the basis of a 365-day year.

The series designation for the Series 2011 Bond may be changed to the year of

(c) issuance and delivery of the Series 2011 Bond, 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 Series 2011 Bond shall be repayable over a period not to exceed forty (40) years from the date of issuance and delivery thereof. The first payment shall be made one month following the date of closing on the Series 2011 Bond and will be a fully amortized installment of both principal and interest. Thereafter, all payments will be due on the same day of the month in which said first payment was made, with each being a fully amortized installment of both principal and interest (each a "**Monthly Installment Date**"), a maximum of 480 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 Series 2011 Bond is paid in full. If the loan closed on the 29th, 30th, or 31st of the month, said due date of the installment shall be made on the 28th day of such month.

**Section 204. Execution of Bonds.**

The Bonds shall be executed with the manually executed signature of the Mayor of the

(a) City with the official seal of the City impressed thereon and attested by the manually executed signature of the City Clerk of the City.

The Bonds may be executed and sealed on behalf of the City by such officers who,

(b) 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 any 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 Bonds 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 the Superior Court of Emanuel 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.**

The City Clerk of the City will be the registrar and transfer agent for the Bonds and

(a) 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 is presented for registration and transfer. Upon presentation of a Bond for registration or transfer, the fact of such registration or transfer shall be noted on the Bond 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 Bond, 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.

The Bond Registration Book shall show the date of registration and the name and

(b) address of the person in whose name the Bonds are registered. The latest chronological date of registration of the Bond, 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.

The Bonds shall be transferable only if presented for transfer by the registered owner,

(c) 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. Form of Bond.** The Series 2011 Bond 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 Series 2011 Bond and as may be approved by the officer or officers manually executing the Series 2011 Bond, which approval shall be conclusively evidenced by such execution:

[FORM OF BOND]

*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 SWAINSBORO  
WATER AND SEWER SYSTEM REVENUE BOND, SERIES 2011

Date:

Principal Amount: \$6,413,000

The City of Swainsboro, 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, as registered owner, or to its registered assigns, the principal sum set forth above, together with interest on the outstanding principal amount of this Bond from the date hereof at the rate of % per annum. The first payment shall be made one month following the date of closing and will be a fully amortized installment of both principal and interest. All payments thereafter will be due monthly with each being a fully amortized installment of both principal and interest (each a "Monthly Installment Date"), a maximum of 480 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 of \_\_\_\_\_ 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 SWAINSBORO WATER AND SEWER SYSTEM REVENUE BOND, SERIES 2011 (this "Bond"), issued in the principal amount of \$6,413,000 to provide funds needed to pay the cost, in part, of acquiring, constructing, and equipping improvements and additions to and extensions of the existing water and sewer system of the City (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 March 7, 2011 (the "Resolution").

The payment of this Bond is secured by a pledge of and charge or lien on the revenues derived from the ownership and operation of the System superior to all other charges or liens 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; provided, however, the charge or lien securing the payment of this Bond may be opened and extended to secure the payment of additional water and sewer system revenue bonds which, if issued in accordance with the Resolution, will rank on a parity with this Bond with respect to the pledge of and charge or lien on the net revenues of the System.

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 designated the CITY OF SWAINSBORO WATER AND SEWER SYSTEM REVENUE BOND SINKING FUND (the "Sinking Fund"), an amount sufficient to pay the principal of and interest on this Bond, and any additional bonds hereafter issued on a parity therewith, as such principal and interest shall become due and be payable, and to create and maintain a reserve for such purpose. The Sinking Fund, by the provisions of the Resolution, is pledged to and charged with the payment of the principal and interest installments of this 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 Section 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 Swainsboro, 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 SWAINSBORO, GEORGIA

(S E A L)

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

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

STATE OF GEORGIA

VALIDATION CERTIFICATE

EMANUEL COUNTY

I, the undersigned Clerk of the Superior Court of Emanuel 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 Emanuel County, Georgia, on , 2011.

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

(S E A L)

\_\_\_\_\_  
Clerk of Superior Court of Emanuel County

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 Swainsboro, 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.)

Date of Registration	Name and Address of Registered Owner	Signature of Registrar
_____ _____	United States of America 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.**

The principal of the Series 2011 Bond is subject to prepayment without penalty at any

(a) time, at the option of the City, either in whole or in part, from money in the Sinking Fund not required for paying the principal of and interest on the Series 2011 Bond 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 in such larger amount as may be required in any future resolution authorizing the issuance of additional parity bonds, or from any money which may be available for such purpose on or before the date fixed for prepayment.

Bonds may not be prepaid or redeemed in part unless and until the Sinking Fund is

(b) at its proper balance and there shall exist no default in the payment of the interest or principal and interest on the Bonds then outstanding; provided, however, that the City shall have the right to acquire as a whole, by prepayment, redemption or otherwise, all outstanding Bonds from any funds which may be available for that purpose.

At least 30 days before any date upon which any such prepayment or redemption is

(c) to be made, a notice of intention so to prepay or redeem, designating the prepayment or redemption date and series designation 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.

Prepayment of the Series 2011 Bond under this Article shall be made by the payment

(d) of the principal amount of the Series 2011 Bond to be prepaid plus accrued interest thereon to the date fixed for prepayment.

Should parity bonds be issued hereafter pursuant to and in accordance with authority

(e) therefor herein contained, the Bonds of any such future issue or issues may be prepaid or redeemed in whole or in part before the Series 2011 Bond is prepaid or the Series 2011 Bond may be prepaid in whole or in part before the prepayment or redemption of any Bonds of any such future series or the Series 2011 Bond may be prepaid, in whole or in part, and some of the Bonds from any such future series may be prepaid or redeemed at the same time, subject to the requirements of the Sinking Fund prescribed by the provisions of this Article.

**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**  
**APPLICATION OF 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 Proceeds; Construction Fund; Draws of Principal Amount.** Upon receipt of the purchase price of the Bond, the proceeds therefrom will be deposited in the CITY OF SWAINSBORO WATER AND SEWER SYSTEM 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. Citizens Bank of Swainsboro, in the city of Swainsboro, Georgia, is hereby designated as the Construction Fund Custodian. Such moneys as are 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 moneys 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 moneys when needed for payments to be made from the Construction Fund, and shall be held by said custodian for the account of the Constiuction 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 Bond proceeds 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 Bond 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 distribution mains and lines and water 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 sewer 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 sewer 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 Government 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:

each amount to be paid and the name of the person, firm or corporation to whom

(a) payment thereof is due;

that an obligation in the stated amount has been incurred by the City and that the same

(b) 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;

that the project engineer and said officer of the City have no notice of any vendor's,

(c) 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;

that such requisition contains no item representing payment on account or any retained

(d) 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

that insofar as such obligation was incurred for work, material, supplies or equipment

(e) 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.

Liability and Property Damage. The contractor shall procure and shall maintain

(b) during the life of his contract adequate Contractor's Public Liability Insurance, adequate Vehicle Liability Insurance, and adequate Contractor's Property Damage Insurance.

Subcontractors' Insurance. The contractor shall either require each of his sub-

(c) contractors 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 insure the activities of his sub-contractors in his own policy.

The insurance required under subparagraphs (b) and (c) hereof shall provide adequate

(d) 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.

Fire and Extended Coverage. The contractor shall procure and shall maintain during

(e) 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.

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 Bond.** When the Project shall have been completed, should there then be any balance from the proceeds of the Bond 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; 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 December 1 in each year and extends through November 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. Flow of Funds.** The Bonds issued hereunder shall be secured by the charge or lien on the revenue of the System created by the provisions of this Resolution. So long as Bonds are outstanding and unpaid, the City will establish and maintain a special fund hereby designated as the CITY OF SWAINSBORO WATER AND SEWER SYSTEM REVENUE FUND (the "**Revenue Fund**"). Into the Revenue Fund the City will deposit promptly as received all income and revenue of every nature derived from the ownership and operation of the System as the same now exists and may hereafter be added to, extended, enlarged, improved and equipped. The Revenue Fund will be held in the custody of the finance officer of the City, separate and apart from all other funds, and will be expended and used only in the manner and order specified as follows:

There will first be paid from the Revenue Fund the reasonable and necessary costs of

(a) 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.

At or prior to the delivery of the Series 2011 Bond, the City will establish and maintain,

(b) for so long as Bonds are outstanding and unpaid or provision for the payment thereof has not been made in accordance with the provisions hereof, a special fund designated as the

CITY OF SWAINSBORO WATER AND SEWER SYSTEM REVENUE BONDS SINKING FUND ("**Sinking Fund**"). The City will establish and maintain two accounts within the Sinking Fund known as the DEBT SERVICE ACCOUNT and the RESERVE ACCOUNT. After making the payments required in (a) above, on or before each Monthly Installment Date, there will be withdrawn from the Revenue Fund and deposited:

in the Debt Service Account the monthly installment of principal and

(i) interest coming due on the Series 2011 Bond; and

in the Reserve Account an amount equal to 10% of said monthly installment

(ii) of principal and interest coming due on the Series 2011 Bond. Said monthly deposits shall continue to be made into the Reserve Account until there is established and maintained a debt service reserve sufficient to pay the principal and interest due on the Series 2011 Bond in the next succeeding sinking fund year.

Money on deposit in the Sinking Fund 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, shall be credited against the monthly installments of principal and interest next due until said excess funds are depleted.

If, for any reason, the City shall fail to pay all or any part of the money it has herein

(c)

covenanted to pay into Sinking Fund the amount of such deficiency shall be added to and shall become a part of the amount next due and payable into the Sinking Fund.

At or prior to the delivery of the Series 2011 Bond, the City will establish and

(d)

maintain a special fund designated as the CITY OF SWAINSBORO WATER AND SEWER SYSTEM RESERVE ACCOUNT FOR SHORT-LIVED ASSETS (the "**ShortLived Assets Fund**"). The Short-Lived Assets Fund is to be funded with \$26,700 each year until \$165,500 is accumulated. The Short-Lived Assets Account will be used for short-lived asset replacement for the System for a period of **10** years following issuance and delivery of the Series 2011 Bond and is not pledged to make any principal and interest payments on the Bonds.

At or prior to the delivery of the Series 2011 Bond, the City, in its discretion, may

(e)

establish and maintain, for so long as Bonds are outstanding, a special fund designated as the CITY OF SWAINSBORO WATER AND SEWER SYSTEM RENEWAL AND EXTENSION FUND (the "**Renewal and Extension Fund**"). If the City establishes the Renewal and Extension Fund, then after fulfilling all the requirements set out in the foregoing provisions of this Section, and after retaining in the Revenue Fund such amounts as may be required to pay the reasonable and necessary costs of operating, maintaining, and repairing the System prior to the anticipated collection of revenues sufficient to pay the same in the next succeeding month, the City shall transfer, on a monthly basis, any balance remaining in the Revenue Fund into the Renewal and Extension Fund and said fund shall be used to pay the cost of making necessary renewals, replacements, improvements, additions and extensions of capital assets required for the proper maintenance and efficient operation of the System. Payments to the Renewal and Extension Fund may be subordinated to any payments which may be required to pay debt service on any bonds hereafter issued payable from the revenues of the System, as the same may be hereafter enlarged, extended and improved, and secured by a charge or lien on said revenues on a parity with or subordinate to the charge or lien herein created. Anything herein to the contrary notwithstanding, money in the Renewal and Extension Fund shall be first used to pay the principal of or the interest on the Bonds when money for such purpose is not otherwise available.

**Section 503. 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 Section 502(a) hereof will be held by the City in trust under the terms and conditions hereof, and, to the extent herein provided, all such funds are hereby pledged 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 revenue to secure the payment of such amounts. The revenue 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 504. Sinking Fund Enlarged for Parity Bonds.** The City covenants and agrees that in the event it hereafter elects to issue additional bonds on a parity with the Series 2011 Bond as to the pledge of and charge or lien on the revenue of the System, as it has a right to do pursuant to the provisions of this Resolution, it will enlarge and extend the Sinking Fund and, to the extent necessary, increase and extend said monthly payments into the Sinking Fund to pay the principal of and the interest on all Bonds then outstanding and on the bonds then proposed to be issued as the same shall mature and become due, and to create a reserve for that purpose in such manner and amount as is consistent with the requirements of this Resolution and with the requirements of any succeeding resolution providing for the issuance of parity bonds.

**Section 505. Sinking Fund for Benefit of Bondowners.** The Sinking Fund 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.** Nothing contained herein shall be construed to prohibit the City, at its option, from making additional deposits or payments into the Sinking Fund from any funds which may be made available for such purpose.

**Section 507. Disbursements from Sinking Fund.**

(a) Subject to the terms and conditions of this Resolution, money in the Sinking Fund shall be disbursed for:

- (i) payment of interest or principal and interest on the Bonds as such interest or principal and interest falls due;
- (ii) prepayment or redemption of Bonds before maturity under the conditions provided therefor in Article III; and
- (iii) the purchase, at prices not to exceed the then current redemption price and retirement, of such Bonds before their maturities.

(b) The pledge of and charge or lien created hereby on the Sinking Fund may be opened and extended to secure the payment of future parity bonds as may be issued in accordance with the terms hereof.

**Section 508. Investment of Money in the Revenue Fund, Sinking Fund, Short-Lived Assets Fund and Renewal and Extension Fund.** Money in the Revenue Fund, Sinking Fund, Short-Lived Assets Fund and Renewal and Extension Fund not currently needed for one or more of the purposes thereof may be invested in the investments described in Section 604(b), which investments, in the case of investments for the Revenue Fund and the Sinking Fund, 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 the Sinking Fund, and which investments, in the case of investments for the Renewal and Extension Fund, are either readily marketable or are subject to redemption at any time. 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. Canceled Bonds.** When Bonds shall be paid in full, the same shall be canceled 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 Bonds Preserved.** 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 Series 2011 Bond and any future parity bonds herein authorized to be issued. 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. 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 2011 Bond provided all of the following conditions are met:

The payments covenanted by the provisions of this Resolution to be made into the

(a)  
Sinking Fund must have been made as required.

The net earnings of the System for the Fiscal Year immediately preceding the year in

(b)  
which such additional bonds are to be issued must have been equal to at least one and two-tenths times (1.20x) the average annual debt service requirements in any succeeding sinking fund year on (i) all parity bonds then outstanding, including the Series 2011 Bond, and (ii) the bonds then proposed to be issued; provided, however, that all principal and interest requirements for the payment of any bonds to be redeemed or provision for the payment of which is to be made from any or all of the funds to be made available by the sale of the bonds then proposed to be issued shall be disregarded and shall not be taken into account in making the determination of such [coverage. Net](#) earnings for the purpose of this provision shall be the amount by which the aggregate of the gross earnings of the System shall exceed the expenses of operating, repairing and maintaining the System in accordance with the provisions of Section 502(a); provided, further, that the requirements of this subparagraph (b) may be waived or modified by the written consent of the owners of at least seventy-five percent in principal amount of the bonds then outstanding.

The City is in compliance with all covenants and undertakings in connection with

(c)  
all of its bonds then outstanding and payable from the revenue of the System or any part thereof.

(d) The governing body of the City shall pass proper proceedings reciting that all of the above requirements have been met and authorizing the issuance of such bonds, which proceedings shall provide, among other things, for the date and rate or rates of interest, maturity dates and redemption provisions. Any such proceedings shall require the City to increase the monthly payments then being made into the Sinking Fund to the extent necessary to pay the principal of and interest on all Bonds then outstanding, and on the bonds proposed to be issued and to create, within not more than ten years from the date of delivery of the bonds to be issued, a reserve of not less than the highest combined principal and interest requirements in any succeeding sinking fund year on the then outstanding Bonds and on the bonds proposed to be issued, and to maintain said reserve in an amount sufficient for that purpose. Any such proceeding or proceedings shall restate and reaffirm by reference all of the applicable terms, conditions and provisions of this Resolution.

An independent and recognized firm of certified public accountants shall certify that

(e) the City is complying with the requirements of Section 511(a) and (c) and has met the requirements of Section 511(b).

Such additional bonds or obligations and all proceedings relative thereto and the

(f) security therefor shall be validated as prescribed by law.

**Section 512. Completion Bonds.** In the event the cost of construction or completion of the Project shall exceed the estimated cost, the City agrees to make available such funds as may be necessary to pay the excess costs not already provided for. If necessary, the City may provide such excess, and only such excess, through the issuance of parity bonds.

**Section 513. 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 Bonds.

Any funds paid to or received by the City at any time for the purchase or retirement of

(a) a series of Bonds shall be placed in a special fund to be created by the governing body of the City and designated the CITY OF SWAINSBORO WATER AND SEWER SYSTEM REVENUE BOND, SERIES 2011, REDEMPTION FUND (the "**Redemption Fund**"), and applied to such purpose so far as possible in the same manner as funds in the Sinking Fund 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 series of Bonds being defeased, and anything herein contained to the contrary notwithstanding, the sole right of the owner of such 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 Bond, if such year is different from the designation as set forth herein, in order to more appropriately reflect the nature of said fund.

Payment in full of a series of Bonds shall also be accomplished if and when sufficient

(b) 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 series of Bonds being defeased.

In the event Bonds from more than one series of parity bonds are to be redeemed or

(c) provision for their payment in full is to be made at the same time, the funds for such redemption or payment may be deposited to, and such Bonds may be redeemed or paid from, one fund, and in the event all outstanding parity bonds are to be redeemed or provisions for their payment in full are to be made at the same time from such funds, the funds for such redemption or payment may be deposited to and such Bonds may be redeemed or paid from the Sinking Fund.

After provision shall have been made for the payment of the Bonds and the interest

(d) 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.

At such time as payment in full of a series of Bonds shall be accomplished in

(e) accordance with the provisions of this Section, the lien of such Bonds created by this Resolution on the revenue of the System shall be discharged, and such 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 Bonds, 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.**

Citizens Bank of Swainsboro, in the city of Swainsboro, Georgia, is hereby  
(a) designated as the depository for the Revenue Fund, the Sinking Fund and the Short-Lived Assets Fund. 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.

The City, from time to time, may designate a successor depository for or custodian  
(b) 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 Moneys.** Subject to the provisions of this Resolution, moneys in the Construction Fund may be invested 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:

The local government investment pool created in O.C.G.A. § 36-83-8; or

1.

The following securities:

2.

A. Bonds or other obligations of the City, or bonds or obligations of the State or of counties and municipal corporations 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;

Obligations of and obligations guaranteed by agencies or  
C. 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 a nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

Bonds or other obligations issued by any public housing agency or  
D. 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;

Certificates of deposit of national or state banks located within the  
E. State of Georgia 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 of Georgia 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 of Georgia or with a trust office within the State of Georgia, 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 of Georgia or other states or any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations included in paragraph (B) above, obligations of the agencies and instrumentalities of the United States government included in paragraph (C) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities included in paragraph (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:

the portfolio of such investment company or investment

(1)

trust or common trust fund is limited to the obligations referenced in paragraphs (B) and (C) above and repurchase agreements fully collateralized by any such obligations;

such investment company or investment trust or common

(2)

trust fund takes delivery of such collateral either directly or through an authorized custodian;

such investment company or investment trust or common

(3)

trust fund is managed so as to maintain its shares at a constant net asset value;

securities of or other interests in such investment company

(4)

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 moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys.

(b) Revenue Fund, Sinking Fund, Short-Lived Assets Fund and Renewal and Extension Fund Moneys. Moneys in the Revenue Fund, Sinking Fund, Short-Lived Assets Fund and Renewal and Extension Fund, if any, may be invested by the custodian of such fund in the following investments, if and to the extent the same are at the time legal for investment of such moneys:

1. 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;

2. Bonds or certificates of indebtedness of the State of Georgia and of its agencies and instrumentalities;  
Certificates of deposit of banks which have deposits insured by the Federal
3. 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;  
The local government investment pool established by O.C.G.A. §
4. 36-83-8; and  
Such other investments as shall be authorized by law at the time such
5. investments are made.

[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.**

The City will continuously maintain the System in good order and repair and will

(a) 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.

The City will at all times carry a fidelity bond on all of its officers and employees who

(b) 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; Environmental Measures.**

(a) 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.

(b) In order to mitigate the effect of the Project on the environment, the City covenants to comply with the mitigation measures set forth in Paragraph I of the Letter of Conditions.

**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 or sewer line, if any, constituting a part of the System to connect thereto.

**Section 707. System Free of Liens.** 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, the efficient utilization of the System is not impaired by such damage, and
- (ii) such damage will not result in the loss of a significant amount of revenue
- (iii) from the System.

Liability and Property Damage. Upon receipt of any funds acquired pursuant to the

(b) 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.

Workers' Compensation. The City will procure and maintain Workers' Compensation

(c) Insurance as required by law, on written advice of its counsel, for all its employees engaged in work on the System.

Application of Insurance Proceeds. The proceeds of all such insurance policies, except

(d) the public liability policies and Workers' Compensation Insurance, are pledged as security for the payment of the Bonds and additional parity 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:

Condemnation of all or substantially all of the System. Condemnation proceeds related

(a) 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 the Bonds or, if all the principal and interest on 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.

Condemnation of less than substantially all of the System. Condemnation proceeds

(b) 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.

If any part of the improvements or premises is taken or if no such  
(ii) 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.

If all principal and interest on the Bonds payable from the Sinking Fund shall  
(iii) have been paid or if sufficient funds will be placed in the Sinking Fund for the payment in full of 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 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.**

So long as the Bonds issued hereunder or additional parity bonds are outstanding and

(a) 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 shall be at least sufficient to provide for the payment of the principal of and the interest on the Bonds and any such future parity bonds at their respective maturities as such principal and interest shall become due, or by redemption, and the proceeds of any such sale shall be deposited in the Sinking Fund and applied, to the extent necessary, to the redemption or payment of such bonds and the interest thereon.

The City, however, from time to time may sell or dispose of any machinery, fixtures,

(b) 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.

The City, also, may lease or sell any part of the System, provided, (i) such lease or sale

(c) 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, 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.** Any deposits to the Sinking Fund, 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 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.**

The City will maintain its accounting records on an accrual basis; provided, however,

(a) 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.

Prior to the issuance and delivery of the Series 2011 Bond, the City shall have received

(b) 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."

Audited financial statements of the City, together with audit reports, will be submitted

(c) on an annual basis to the United States of America in accordance with paragraph 17 of Section H of the Letter of Conditions.

The City will appoint one member of its governing body to serve as liaison with

(d) the United States of America.

**Section 716. NonArbitrage 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 Series 2011 Bond which, if such use or investment had been reasonably expected on the date of issuance of the Series 2011 Bond, would have caused the Series 2011 Bond to be an "arbitrage bond" within the meaning of the Code and such regulations promulgated from time to time as may be applicable to the Series 2011 Bond. The City further covenants that it will comply throughout the term of the Series 2011 Bond with the requirements of the Code and any applicable regulations to the end of preventing the Series 2011 Bond from becoming an "arbitrage bond." 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 Series 2011 Bond necessary to be complied with in order for the interest on the Series 2011 Bond to be excluded 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 Series 2011 Bond 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 Series 2011 Bond from becoming an "arbitrage bond" and in order to prevent the interest on the Series 2011 Bond 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 Series 2011 Bond, as well as such other documents as may be necessary or desirable in connection with the issuance and delivery of the Series 2011 Bond.

**Section 717. Designation as Qualified Tax-Exempt Obligation.** In accordance with Section 265(b)(3) of the Code, the Series 2011 Bond is hereby designated as a "qualified tax-exempt obligation." The Series 2011 Bond is not a private activity bond 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 Series 2011 Bond is 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 Series 2011 Bond because the issuance of the Series 2011 Bond to the United States of America complies with the exemption contained in Section 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:

Payment of interest or principal and interest on the Bonds shall not be made when the

(a) same shall become due and payable, either at maturity or by proceedings for prepayment or redemption;

The City, for any reason, shall be rendered incapable of fulfilling its obligations

(b) hereunder;

An order or decree shall be entered with the consent or acquiescence of the City

(c) 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;

Final judgment for the payment of money shall be rendered against the City if such

(d) 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

The City shall default in the due and punctual performance of any other of the

(e) 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.** 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.** Nothing in the 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 such 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.

**Section 902. Subsequent Proceedings.** Any subsequent proceeding or proceedings authorizing the issuance of additional parity bonds as permitted under the provisions of 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.**

Should the Bonds not be presented for payment when due, either at final maturity or

(a)  
for prepayment, the City will retain in the Sinking Fund, 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 such 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.

If the Bonds shall not be presented for payment within the period of five years

(b)  
following the date when such Bonds become due, either at maturity or by redemption, the City may transfer to its Revenue Fund all funds theretofore held by it in the Sinking Fund for payment of such Bonds, and, thereafter, subject to the defense of any applicable statute of limitations, such 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 Middle Judicial Circuit of Georgia in order that proceedings for the above purpose may be instituted in the Superior Court of Emanuel 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.

**Section 908. Official Intent.**

Prior to issuance of the Series 2011 Bond, the City reasonably expects to expend funds

(a) on the acquisition, construction, and equipping of the Project and wishes to be reimbursed for such expenditures from proceeds from the sale of the Series 2011 Bond. Therefore, the City hereby declares its official intent to issue the Series 2011 Bond in the principal amount of \$6,413,000 and to reimburse original expenditures on the Project in the maximum principal amount of \$6,413,000 with proceeds from the sale of the Series 2011 Bond (to the extent permitted by Section 1.150-2 of the Treasury Regulations).

The City shall make its reimbursement allocations not later than 18 months after the

(b) 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 8038G, Tax and NonArbitrage 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 Series 2011 Bond 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 Series 2011 Bond are ratified and approved.

**Section 910. Waiver of Performance Audit.** The City hereby specifically waives the requirements of O.C.G.A. § 36-82-100 that the expenditure of the Series 2011 Bond proceeds be subject to an ongoing performance audit or performance review, and authorizes such waiver to be published in the notice of hearing relating to the validation of the Series 2011 Bond.

[END OF ARTICLE IX]



APPROVED AND ADOPTED, ED, this March 7, 2011.

CITY OF SWAINSBORO, GEORGIA

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

CITY CLERK'S CERTIFICATE

I, the undersigned City Clerk of the City of Swainsboro, 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 of Swainsboro in public meeting properly and lawfully assembled on March 7, 2011, the original of which resolution has been entered in the official records of the City of Swainsboro 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.

(SEAL)

City Clerk

### **C. Old Business**

1. Council heard the request for an alcoholic beverage application from Shailesh Patel dba HANSA located at 350 East Main St. for beer and wine package only. Mayor announced this was a Public Hearing and asked if anyone was present to speak for or against the proposed change. No one was present. Motion to grant was made.

**Motion: by Stafford Seconded: by Stroud 6-0**

2. Council heard the request for an alcoholic beverage application from Jerry Hall dba West Main St. located at 227 West Main St. for beer and wine package only. Mayor announced this was a Public Hearing and asked if anyone was present to speak for or against the proposed change. No one was present. Motion to grant was made.

**Motion: by Parker Seconded: by Stroud 6-0**

3. Council heard the reading of the ordinance to change the charter of the city of Swainsboro as follows: Mayor announced this was a Public Hearing and asked if anyone was present to speak for or against the proposed change. No one was present. Motion was made to adopt as presented.

**Motion: by Stafford Seconded: by Edenfield 6-0**

**AN ORDINANCE TO BE ENTITLED AN ORDINANCE TO AMEND THE MUNICIPAL CHARTER OF THE CITY OF SWAINSBORO PURSUANT TO THE AUTHORITY GRANTED MUNICIPALITIES UNDER GEORGIA STATE LAW AS SET FORTH IN SECTION 36-35-3 AND THE SUBSECTIONS THERETO OF THE OFFICIAL CODE OF GEORGIA ENTITLED "HOME RULE FOR MUNICIPALITIES".**

**WHEREAS**, Article IV, Courts and Criminal Procedure, Section 101 of the Charter of the City of Swainsboro, entitled "Maximum punishment of law violators.", which reads as follows:

"Sec. 101. Maximum punishment of law violators.

The recorder (municipal judge) or any authorized presiding officer of the recorder's (municipal) court may punish for any violation of a city ordinance or law by fine (set by the city council; by imprisonment not to exceed 90 days; work in the workgang on public streets, or such other public works as the authorities may employ the workgang, not to exceed 30 days; or by any one or more of these punishments in the discretion of the recorder (municipal judge) or presiding officer of said court."

And,

**WHEREAS**, it has been brought to the attention of the City Council of the City of Swainsboro that this provision has become antiquated and outdated, and is need of revision as allowed by Section 36-35-6 of the Georgia Code Annotated, and

**WHEREAS**, after due consideration and study, the City Council of the City of Swainsboro deems it appropriate to amend the Charter of the City of Swainsboro so as to adopt the provisions allowed by law relative to maximum punishment of law violators;

**NOW THEREFORE, BE IT ORDAINED** that the **ARTICLE IV**, entitled "**COURTS AND CRIMINAL PROCEDURE**", **Section 101**, entitled "**Maximum punishment of law violators**" be amended, so that Section 101 of said Article shall henceforth read as follows:

“Sec. 101. Maximum punishment of law violators.

The recorder (municipal judge) or any authorized presiding officer of the recorder’s (municipal) court may punish for any violation of a city ordinance or law by fine or forfeiture not exceeding \$1,000.00 or by confinement not to exceed six (6) months; work in community service on public streets, or such other public works as the authorities may employ community service workers, not to exceed 30 days; or by any one or more of these punishments in the discretion of the recorder (municipal judge) or presiding officer of said court.”

**SO ORDAINED**, this \_\_\_\_ day of \_\_\_\_\_, 2011.

#### **D. Committee Reports**

**Police:** Councilperson Faulkner reported that the first annual Police Banquet was a success and congratulated the department on all of their achievements. Police Chief Ellison reported that he was pleased with his officers and that Officer Heidi Hall had been voted and presented the Purple Heart for being injured in the line of duty.

Councilperson Stafford reported that Police Officer Chris Griner has been working part time for the department and in the recent departure of a full-time worker he was asking council to ratify his move to full time. Motion was made to move Chris Griner from part time to full time.

**Motion: by Stafford Seconded: by Stroud 6-0**

Chief Ellison reported to the council that the Omega Club located at 425 Gumlog Rd. have violated their Game Room License and had been sited and found guilty in Records Court for numerous violations. He stated that he has over two pages of incidents at this location over the past year. In this light it is his responsibility to present the license to council for a ruling on the continuance of the business license. Council discussed the options and after a lengthy discussion a motion was made to revoke the business license.

**Motion: by Stafford Seconded: by Faulkner 6-0**

Administrator Lawson explained that the city was having continuous problems with the issuance of Game Room Licenses. These were intended to be used for amusement centers but were being abused. Council suspended the issuance of any more Game Room License until the ordinance can be reviewed. Motion was made to suspend the issuance of any Game Room License until a review has been made.

**Motion: by Stafford Seconded: by Parker 5-1**

**Edenfield Opposed**

**Executive:** Councilperson Stroud

**Public Works:** Councilperson Parker reported that there are a lot of streets in need of repair and he has requested a list from OMI. Mayor Schwabe stated if the SPLOST passed this would be the cities top priority.

Councilperson Edenfield presented a speed bump request for Race Track St. (From Main St. to Church St.) He presented a signed petition from the residents in the neighborhood requesting the speed bumps. Motion was made to grant the request.

**Motion: by Edenfield Seconded: by Stroud 6-0**

**Recycle:** Councilperson Parker had no report.

**Fire:** Councilperson Stafford asked Chief Strobridge to give a report from the Fire Department. Chief Strobridge reported that Standards and Training have been auditing the department the last few days and he was proud to report that the department received 100% pass grade. This will allow the department to be certified and continue operations. Chief Strobridge presented a nuisance burning ordinance for consideration. This ordinance is as follows; Motion was made to accept as a first reading

## **City Ordinance for Open Burning**

- I. Open Burning
- a. No person shall cause, suffer, allow, or permit open burning in any area of the City of Swainsboro except as follows :
1. Reduction of leaves on the premises on which they fall by the person in control of the premises.
  2. For recreational purposes or cooking food for immediate human consumption.
  3. Fires set for purposes of training fire-fighting personnel when authorized by the appropriate governmental entity.
  4. Disposal of vegetative debris from storm damage.
  5. For weed abatement, disease and pest prevention.
  6. Open burning for the purpose of land clearing or construction or right-of-way maintenance provided the following conditions are met :
    - i. Prevailing winds at the time of the burning are away from the major portion of the area's population;
    - ii. The location of the burning is at least 1,000 feet from any occupied structure, or lesser distance if approved by the appropriate governmental entity;
    - iii. The amount of dirt on or in the material being burned is minimized;
    - iv. Heavy oils, asphaltic materials, items containing natural or synthetic rubber, or any materials other than plant growth are not being burned; and
    - v. No more than one pile 60 feet by 60 feet, or equivalent, is being burned within a 9-acre area at one time.
  7. Open burning of vegetative material for the purpose of land clearing using an air curtain destructor provided the following conditions are met :
    - i. Authorization for such burning is received from the fire department;
    - ii. The location of the air curtain destructor is at least 300 feet from any occupied structure or public road. Air curtain destructors used solely for utility line clearing or road clearing may be located at a lesser distance upon approval by the appropriate governmental entity;
    - iii. No more than one air curtain destructor is operated within a ten (10) acre area at one time or there must be a least 1000 feet between any two air curtain destructors;
    - iv. Only wood waste consisting of trees, logs, large brush and stumps which are relatively free of soil are burned in the air curtain destructor;
    - v. Tires or other rubber products, plastics, heavy oils or asphaltic based or impregnated materials are not used to start or maintain the operation of the air curtain destructor;
    - vi. The air curtain destructor is constructed, installed and operated in a manner consistent with good air pollution control practice for minimizing emissions of fly ash and smoke;
    - vii. The cleaning out of the air curtain destructor pit is performed in a manner to prevent fugitive dust; and
    - viii. The air curtain destructor cannot be fired before 10:00 a.m. and the fire must be completely extinguished, using water or by covering with dirt, at least one hour before sunset.

**II** Burning in Containers

- a. No person shall cause, suffer, allow, or permit burning in any container in any area of the City of Swainsboro except as follows :
1. Containers must be constructed of metal only.
  2. Only the owner of the property shall have or allow the container to burn on their property.
  3. Container burning should not be conducted at any public place or event; such as, night clubs, sporting events, street corners, etc.
  4. Container burning can be conducted at job sites for hand warming purposes or to burn natural vegetation.

**III.** Bonfires

- a. Bonfires are allowed by permit only. Permits shall be issued at the Swainsboro Fire Dept. Administration office. Also, the Fire Dept. should be on scene during the entire event.

**Motion: by Parker Seconded: by Stafford 6-0**

**Recreation:** Councilperson Collins everything routine. They are starting baseball and softball.

**Airport:** No Report

**Water & WW:** Councilperson Edenfield everything routine.

**Downtown Development:** Lynn had no report. Mayor Schwabe stated that the Downtown Street Scape Project would be having a ribbon cutting ceremony on April 7, 2011 with more details forthcoming.

**Administrative:** Adm. Lawson 's report was in the minutes.

**Mayor :** Mayor Schwabe reported that the rail road crossing on Mable/Calhoun has been repaired.  
Mayor Schwabe reported that Green St. will be paved by the DOT under the 2011 LMIG Program.

Councilperson Parker recognized the success of the Swainsboro High Basketball Team and wished them good luck in the final four this Thursday. Mayor Schwabe stated he would draft a resolution of support for the team and the coaches.

Council Adjourned

**Submitted: A L Lawson, City Administrator**